

Rating Rationale

Brickwork Ratings Reaffirms 'BWR BB+' & 'BWR A4+' Ratings for the Bank Loan Facilities aggregating ₹ 27.36 Cr of AB Global Trade Pvt. Ltd, Delhi.

Brickwork Ratings (BWR) has *reaffirmed* the **Ratings**¹ for the Bank Loan Facilities of AB Global Trade Pvt. Ltd ('AGTPL' or the 'Company'), Delhi, as follows:

Facility	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Ratings after review ¹	Ratings History
Fund Based Cash Credit	2.00	2.00	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable (Reaffirmed)	BWR BB+ (BWR Double B Plus) Outlook: Stable December 2014
Non-Fund Based Letter of Credit FC/CL/Derivative	25.00 0.36	25.00 0.36	Short Term	BWR A4+ (BWR A Four Plus) (Reaffirmed)	BWR A4+ (BWR A Four Plus) December 2014
Total	27.36	27.36	INR Twenty Seven Crores & Thirty Six Lakhs Only		

BWR has essentially relied upon the audited financial results up to FY15, projected financials up to FY17, publicly available information and information/clarifications provided by the Company.

The ratings continue to draw comfort from the extensive experience of the promoters in the industry, consistent improvement in top line over the past three years, low gearing profile and group support and significant business synergy. The rating is, however, constrained by a moderate scale of operations, low profitability inherent to the trading business, low debt protection metrics and exposure to risk arising from the volatility in commodity prices & regulatory changes.

Background:

AB Global Trade Pvt. Ltd (AGTPL) was incorporated in Feb 2012 and promoted by Mr. Hemant Jindal. The Company has its corporate office at New Delhi.

The Company is engaged in the trading of edible & non-edible oils by importing the same from overseas market and selling in domestic market on high sea sale basis. AGTPL sources crude palm oil largely through imports from South East Asian countries and sells it to large edible/non-edible oil refining companies in India.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Company belongs to Jindal Oil Group which comprises of diversified businesses including trading of edible oils, agro based business, pesticides etc.

Jindal Oil Group:

Jindal Oil Group is a well-established group in North India having its corporate office at New Delhi. The group is promoted by Shree Bishnu Kumar and Shree Hemant Jindal who have a vast experience and proven record in the field of manufacturing, processing , trading, Real Estate and educational activities. The Turnover of the Group is Rs. 897.14 Cr with a PBT and net worth of Rs. 12.92 Cr and Rs. 134.18 Cr, respectively in FY15.

Management-Profile:

The promoters of the Group are Mr. Hemant Jindal and Mr. Bishnu Goyal. Most of the companies under the Group are led directly by the promoters themselves or by their sons.

Presently the Directors of the Company are Mr. Hemant Jindal, Mr. Kewal Jindal and Ms. Renu Jindal. Mr. Hemant looks at the overall business operations of the company and holds more than three decades of experience in the industry.

Financial-Performance:

Total Operating Income increased from Rs. 82.11 Crs in FY14 to Rs. 93.81 Crs in FY15. AGTPL reported PAT of Rs. 0.64 Cr in FY15 as against Rs. 0.56 Cr in FY14. Tangible Networth of the company stood at Rs. 12.57 Crs in FY15. Most of the bank limits are non-fund based in nature, for which the company has deposited adequate margin money with the bank.

Rating-Outlook

AGTPL has able to achieve consistent growth in its top line, but due to trading nature of business, profit margins continue to remain at less than 1% level.

The rating outlook is expected to remain stable over the current year. Going forward, the ability of the company to increase its scale of operations by increasing top line, improve its profitability significantly, maintain its capital structure and ensure continued funding support from promoters and the group companies shall be the key rating sensitivities.

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