

Rating Rationale

Brickwork Ratings has upgraded ratings for the Bank Loan Facilities aggregating to ₹ 40 Cr of AB Global Trade Pvt. Ltd

Brickwork Ratings has upgraded the **Ratings¹** for the Bank Loan Facilities of **AB Global Trade Pvt. Ltd.** (ABGTPL or the ‘company’) as under:-

Facility	Limit (₹ Cr)	Tenure	Recommendation
Fund Based: Cash Credit	2.00	Long Term	BWR BBB- (Pronounced as Triple B Minus) Outlook: Stable
Non Fund Based: Letter of Credit	38.00	Short Term	BWR A3 (Pronounced as Single A Three)
Total	40.00	INR Forty Crore only	

* Facility wise details in the Annexure 1.

BWR has principally relied upon the audited financial results up to FY16, projected financials up to FY17, publicly available information and information/clarifications provided by the Company.

The ratings draw comfort from the experienced promoters, consistent improvement in top line over the past three years, low gearing profile and group support from other four companies which have common line of business activity, 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 risks arising from the volatility in commodity prices & forex fluctuations.

Key Rating Drivers: Support of Jindal Oil Group, as all companies in the Group are engaged in same business line of business activity. The majority of the sales in Group companies are derived through trading in edible oils and the balance is through manufacturing of agriculture based pesticides products. The Group has common promoters who are adequately experienced in their line of business activity. The company is in a growth phase with a likelihood of increase in operating revenues in the long term.

Background:

AB Global Trade Pvt Ltd. (ABGTL), incorporated in Feb 2012, with its corporate office at Delhi, is promoted and managed by Mr. Hemant Jindal. The Jindal Oil Group comprises 5 independent companies and one partnership firm. These group entities viz. AB Chem (India), Shree Jindal Soya Ltd., IS Proteins Pvt. Ltd., Jindal Oil & Fats Ltd., KK Continental Trade Ltd., and AB Global Trade Pvt. Ltd. have common promoters and are engaged in sourcing crude palm and other oils through imports from Indonesia, Malaysia and Brazil and selling it on high-seas sales basis to edible/non-edible oil refining companies in India.

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

ABGTL had a turnover of Rs. 99.04 cr. with PAT of Rs. 0.76 cr and TNW of 13.27 cr in FY16. The consolidated turnover of the Group was Rs. 1001.84 Cr. and PAT of Rs. 7.40 Cr, with a TNW of Rs. 180.14 Cr in FY16

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Annexure 1: Details of Bank Facilities Rated

Facility	Tenure	Rating Assigned (2016)			Rating History		
		Previous Amount (Rs. Crs)	Amount (Rs. Crs)	Rating	2015	2014	2013
Fund Based: Cash Credit	Long Term	2.00	2.00	BWR BBB- (Pronounced as Triple B Minus) Outlook: Stable	BWR BB+	BWR BB+	NA
Non Fund Based: Letter of Credit FC/CL/ Derivative	Short Term	25.00 0.36	38.00 NIL	BWR A3 (Pronounced as Single A Three)	BWR A4+	BWR A4+	NA
Total		27.36	40.00	Rupees Forty Crore only			