

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 22.00 Cr of AB Infra Investments Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of AB Infra Investments Pvt. Ltd ('ABI' or 'the Company'):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based ODBD	2.00	Long Term	BWR BB – <i>(Pronounced BWR Double B Minus)</i> (Outlook: Stable)
Non Fund Based FLC	20.00	Short Term	BWR A4 <i>(Pronounced BWR A Four)</i>
Total	22.00	INR Twenty Two Crores Only	

BWR has principally relied upon the audited financial statements up to FY14, projections upto FY17, publicly available information and information/clarifications provided by the company's management.

The rating assigned derive comfort from the extensive industry experience of the promoters and support from the group (Homeland Group, Bathinda) in view of commonality of management and significant business synergies. The ratings are, however, constrained by the limited track record of operations, relatively small scale of operations, low profitability inherent to the trading business, significant dependence on import of raw materials, exposure to risks arising from the volatility in the commodity prices and regulatory changes, presence in a highly competitive and fragmented industry and significant inter-group transactions.

Background:

AB Infra Investments Pvt Ltd (ABI) was incorporated in 2013 in Bathinda, Punjab and commenced its operations in February 2014. The Company is engaged in the trading of edible oils such as crude palm oil, soya bean oil, RBD (Refined, Bleached & Dried) Palmolein etc. It

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

imports the oil from South Asian countries such as Singapore, Malaysia etc. and also buys from domestic market. The Company sells to edible/non-edible refining companies in India.

Management Profile:

Homeland Group comprises of diversified businesses including real estate development, trading of edible oils, manufacturing of agro commodities and fertilizers & pesticides etc. The promoters of the Group are Mr. Hemant Jindal and Mr. Bishnu Goyal. Most of the Companies under the Homeland Group are led directly by their family members.

Financial Performance:

During the first year of operations (2M FY14), the company has reported Total Operating Income of Rs. 12.15 Crs with a PAT of Rs. 0.10 Crs. Further, on a provisional basis, AB Infra Investments has reported revenue of Rs. 35.13 Cr for 9MFY15.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward the Company's ability to increase its scale of operations, improve its profitability amidst volatility in the commodity prices and ensure continued funding support from promoters and the group companies shall be the key rating sensitivities.

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