Rating Rationale

Brickwork Ratings revises the rating to 'BWR BB' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 34.00 Cr of AB Infra Investments Pvt. Ltd., Bathinda.

Brickwork Ratings (BWR) has revised the **Ratings**[1] for the Bank Loan Facilities of AB Infra Investments Pvt Ltd. ('ABI' or the 'Company'), as follows:

Facility	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Ratings History	Ratings after review[1]
Fund Based **Cash Credit**	2.00	**2.00**	**Long Term**	BWR BB – (BWR Double B Minus) Outlook: Stable March 2015	**BWR BB (BWR Double B) Outlook: Stable (Upgraded)**
Non Fund Based **Letter of Credit**	20.00	**32.00**	**Short Term**	BWR A4 (BWR A Four) March 2015	**BWR A4 (BWR A Four) (Reaffirmed)**
Total	22.00	**34.00**	**INR Thirty Four Crores Only**		

The ratings continue to draw comfort from the extensive experience of the promoters of the Homeland Group, consistent improvement in topline, group support besides satisfactory feedback from the bankers. The ratings are, however, constrained by the Company's low profitability margins, inherent to its trading nature of business, moderate financial risk profile and exposure to risks arising from the volatility in commodity prices & regulatory changes.

Background:
AB Infra Investments Pvt. Ltd. (ABI) was incorporated in 2013 at 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 imports the oil from South Asian countries such as Singapore, Malaysia etc. and also buys from the domestic markets. The Company sells to edible/non-edible refining companies in India.

Management Profile:
Homeland Group comprises 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 this Group are led directly by family members of the promoters.

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

Financial Performance:

ABI's turnover increased significantly from Rs. 12.15 Cr in FY14 to Rs. 61.88 Cr in FY15. On a provisional basis, the company achieved a turnover of Rs. 97.69 Cr in FY16. It has reported PAT of Rs. 0.13 Cr in FY15 as against Rs. 0.10 Cr in FY14. Tangible Networth of the company stood at Rs. 2.24 Cr 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

ABI has reported significant improvement in its top line over the past three years. However, due to trading nature of business, profit margins continue to remain at less than 1% level. Also, the company reports high fungibility of cash flows between the group companies in the current year. The rating outlook is expected to remain stable over the current year. Going forward, the ability of the Company to maintain its top line growth, improves its profitability, reduce fungibility of cash flows between the group companies and strengthen its capital structure shall be the key rating sensitivities.

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