

Rating Rationale

Brickwork Ratings assigns ‘BWR B+’ & ‘BWR A4’ for the Bank Loan Facilities aggregating ₹ 14.50 Cr of AB World Trade Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of AB World Trade Pvt. Ltd (‘ABT’ or ‘the Company’):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based Cash Credit	4.50	Long Term	BWR B+ (BWR B Plus) (Outlook: Stable)
Non Fund Based FLC	10.00	Short Term	BWR A4 (BWR A Four)
Total	₹14.50 Crores (INR Fourteen Crores & Fifty Lakhs 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 small scale of operations, thin profitability inherent to the trading business, low tangible networth, significant dependence on import of raw materials, exposure to risks arising from the volatility in the commodity prices and regulatory changes and presence in a highly competitive & fragmented industry.

Background:

AB World Trade Pvt Ltd (ABT) was incorporated in 2013 in Bathinda, Punjab and commenced its operations in November 2014. The Company is engaged in high seas trading of edible oils such as crude palm oil, soya bean oil, RBD (Refined, Bleached & Dried) etc. It 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.

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

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. Presently, the Directors of the Company are Mr. Darshan Paul, brother of Mr. Bishnu Goyal and Mrs. Sunita Goyal who possess more than 25 years of experience in the oil trading business.

Financial Performance:

The Company has started its business operations in Nov 2014 and on a provisional basis, it has achieved a turnover of ₹ 15.67 Cr till 28th Feb 2015. Further, Company expects to achieve a turnover of ₹ 20.50 Cr for FY15.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the Company's ability to stabilize its business operations, achieve projected revenue, improve its capital structure and ensure continued funding support from promoters and the group companies shall be the key rating sensitivities.

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