

Rating Rationale

Brickwork Ratings reaffirms “BWR B+/A4” Ratings for the Bank Loan Facilities aggregating Rs. 14.50 Cr of AB World Trade Pvt. Ltd, Bathinda.

Brickwork Ratings (BWR) has reaffirmed the **Rating¹** for the Bank Loan Facilities of AB World Trade Pvt. Ltd (‘ABT’ or the ‘Company’), Bathinda, as follows:

Facility	Previous Amount (Rs. Cr)	Rating Amount (Rs Cr)	Tenure	Rating History	Ratings after review ¹
Fund Based Cash Credit	4.50	4.50	Long Term	BWR B+ (BWR Single B Plus) Outlook: Stable March 2015	BWR B+ (BWR Single B Plus) Outlook: Stable (Reaffirmed)
Non Fund Based Letter of Credit	10.00	10.00	Short Term	BWR A4 (BWR A Four) March 2015	BWR A4 (BWR A Four) (Reaffirmed)
Total	14.50	14.50	Rs. 14.50 Cr (INR Fourteen Crores & Fifty 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 and significant business synergy and group support. The ratings are, however, constrained by a small scale of operations, high gearing ratio coupled with low tangible networth, low profitability margins and exposure to risk arising from the volatility in commodity prices & regulatory changes.

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.

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

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

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 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:

In the first year of operations, the Company has reported a turnover of Rs. 15.67 Crs with a PAT of Rs. 0.06 Crs. Tangible Networth of the company stood at Rs. 2.08 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. Due to trading nature of business, profit margins continue to remain at less than 1% level.

Rating Outlook

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 and strengthen its capital structure shall be the key rating sensitivities.

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