

## Rating Report

### Brickwork Ratings reaffirms “BWR BB+/A4+” Ratings for the Bank Loan Facilities aggregating Rs. 27.36 Cr of AB Global Trade Pvt. Ltd, Delhi.

Brickwork Ratings (BWR) has reaffirmed the **Ratings**<sup>1</sup> for the Bank Loan Facilities of AB Global Trade Pvt. Ltd (‘AGTPL’ or the ‘Company’), Delhi, as follows:

Facility	Previous Amount (Rs. Cr)	Rating Amount (Rs Cr)	Tenure	Ratings after review <sup>1</sup>	Ratings History
Fund Based Cash Credit	2.00	2.00	Long Term	<b>BWR BB+</b> (BWR Double B Plus) Outlook: Stable <b>(Reaffirmed)</b>	<b>BWR BB+</b> (BWR Double B Plus) Outlook: Stable December 2014
Non Fund Based Letter of Credit	25.00	25.00	Short Term	<b>BWR A4+</b> (BWR A Four Plus) <b>(Reaffirmed)</b>	<b>BWR A4+</b> (BWR A Four Plus) December 2014
FC/CL/Derivative	0.36	0.36			
<b>Total</b>	<b>27.36</b>	<b>27.36</b>	<b>Rs. 27.36 Cr (INR Twenty Seven Crores &amp; Thirty Six Lakhs Only)</b>		

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, consistent improvement in top line over the past three years, low gearing profile and group support 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 risk arising from the volatility in commodity prices & regulatory changes.

#### Background:

AB Global Trade Pvt Ltd (AGTPL) was incorporated in Feb 2012 and promoted by Mr. Hemant Jindal. The Company has its corporate office at New Delhi.

The Company is engaged in the trading of edible & non edible oils by importing the same from overseas market and selling in domestic market on high sea sale basis.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

AGTPL sources crude palm oil largely through imports from South East Asian countries and sells it to large edible/non-edible oil refining companies in India. The Company belongs to Jindal Oil Group which comprises of diversified businesses including trading of edible oils, agro based business, pesticides etc.

### **Jindal Oil Group:**

Jindal Oil Group is a well-established group in North India having its corporate office at New Delhi. The group is promoted by Shree Bishnu Kumar and Shree Hemant Jindal who have a vast experience and proven record in the field of manufacturing, processing , trading, Real Estate and educational activities. The Turnover of the Group is Rs. 897.14 Cr with a PBT and net worth of Rs. 12.92 Cr and Rs. 134.18 Cr, respectively in FY15.

Particulars	AB Global Trade P Ltd	AB Chem India	KK Continental Trade Ltd	Jindal Oil & Fats Ltd	IS Proteins Pvt Ltd	Shree Jindal Soya Ltd	Total
Turnover	93.81	280.36	155.35	129.91	101.66	136.05	<b>897.14</b>
PBDIT	2.77	8.83	3.97	1.40	2.98	2.54	<b>22.49</b>
Interest Expenses	1.85	1.4	4.81	0.84	2.34	5.68	<b>16.92</b>
PBT	0.92	8.26	1.07	0.92	0.65	1.10	<b>12.92</b>
PAT	0.64	8.26	0.72	0.63	0.44	0.74	<b>11.43</b>
TNW	12.59	35.81	31.05	25.64	10.52	18.57	<b>134.18</b>
Total Debt (Fund Based)	2.00	5.00	3.00	3.00	0.00	3.00	<b>16.00</b>
Total Debt (Non Fund Based)	25.00	50.00	50.00	45.00	50.00	50.00	<b>270.00</b>
Current Ratio	1.47	1.37	1.36	1.52	1.35	1.37	<b>1.41</b>
ISCR	1.50	6.31	0.83	1.67	1.27	0.45	<b>1.33</b>

### **Management Profile:**

The promoters of the Group are Mr. Hemant Jindal and Mr. Bishnu Goyal. Most of the companies under the Group are led directly by the promoters themselves or by their sons.

Presently the Directors of the Company are Mr. Hemant Jindal, Mr. Kewal Jindal and Ms. Renu Jindal. Mr. Hemant looks at the overall business operations of the company and holds more than three decades of experience in the industry.

### **Recent Updates:**

- No changes in the Limits availed: There are no changes in the facilities availed during FY15. The Company has availed FB limit of Rs. 2.00 Cr & NFB of Rs. 25.36 Crs.

- **Total Operating Income** – Total operating income increased by 14.24% from Rs. 82.11 Cr in FY14 to Rs. 93.81 Cr in FY15, owing to new orders received from its existing customers. Further, the Company has able to achieve the turnover as projected in FY15 and expects to achieve over Rs. 100 Cr in the current financial year.
- **Profitability** – The Operating margins of the Company has declined from 3.74% in FY14 to 2.04% in FY15. However, net margins remain at the same level. Non operating income consists of insurance claim & interest received FDR in FY15. Net margins of the Company stood at 0.68 % in FY15.
- **Share Capital** – No change in share capital during FY15. Total Networth increased from Rs. 11.93 Cr in FY14 to Rs. 12.57 Cr in FY15 on account of accumulation of profits in reserves & surplus. The company has availed CC limit of only Rs. 2.00 Cr and NFB limit of Rs. 25.36 Cr from SBI. Further, AB Global has not availed any term debt borrowings till date.
- **Current Order Book Position:** Orders are placed on daily basis. The Company gets regular and repetitive orders from their customers.
- **Debt Protection Metrics** – Debt protection metrics improved slightly during FY15. ISCR & DSCR of the Company stood at 1.04 times & 1.35 times, respectively in FY15.
- **FLC Exposure & % of exposure hedged during FY15** – The total purchase made through LC during FY 2014-2015 were about Rs. 52.94 Cr. As regards to the exposure hedged, the Company makes constant touch with international brokers dealing in crude edible oil and before placing orders to overseas Suppliers; they verify the prevailing market rate in international market through different brokers and place orders at competitive rates. Further, the Company has ready buyers for crude edible oil, contracts for sell at prevailing rate in domestic market, deals are finalised on the terms that goods will be supplied on arrival at the port in India. The selling rate is decided after keeping some margin of profit on the rate at which the goods are purchased and also the credit period allowed.

### **Financial Performance:**

Total Operating Income increased from Rs. 82.11 Crs in FY14 to Rs. 93.81 Crs in FY15. AGTPL reported PAT of Rs. 0.64 Cr in FY15 as against Rs. 0.56 Cr in FY14. Tangible Networth of the company stood at Rs. 12.57 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.

### **Rating Outlook**

AGTPL has able to achieve consistent growth in its top line, but due to trading nature of business, profit margins continue to remain at less than 1% level.

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, maintain its capital structure and ensure continued funding support from promoters and the group companies shall be the key rating sensitivities.

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**AB Global Trade Pvt. Ltd**  
**Annexure I – Profit & Loss Account**

<b>Particulars (in Cr)</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Result Type</b>	Audited	Audited	Audited	Audited
Gross Sales	62.26	71.81	80.00	91.85
Traded Goods Sales	0.00	0.00	0.00	0.00
Excise Duty/Sales Tax	0.00	0.00	0.00	0.00
<b>Net Sales</b>	<b>62.26</b>	<b>71.81</b>	<b>80.00</b>	<b>91.85</b>
Other Operating Income	0.00	0.00	2.11	1.96
<b>Total Operating Income</b>	<b>62.26</b>	<b>71.81</b>	<b>82.11</b>	<b>93.81</b>
<b>Operating Expenses</b>	<b>62.62</b>	<b>72.41</b>	<b>79.04</b>	<b>91.90</b>
<b>OPBDIT</b>	<b>-0.37</b>	<b>-0.60</b>	<b>3.07</b>	<b>1.91</b>
Depreciation	0.00	0.00	0.00	0.01
<b>OPBIT</b>	<b>-0.37</b>	<b>-0.60</b>	<b>3.07</b>	<b>1.90</b>
Interest and Finance Charges	0.69	1.82	3.59	1.85
<b>OPBT</b>	<b>-1.06</b>	<b>-2.42</b>	<b>-0.52</b>	<b>0.05</b>
Non-Operating Income(Expenses)	1.62	3.58	1.33	0.87
<b>PBT</b>	<b>0.56</b>	<b>1.16</b>	<b>0.81</b>	<b>0.92</b>
Provision for Taxes	0.17	0.36	0.25	0.28
<b>PAT</b>	<b>0.39</b>	<b>0.80</b>	<b>0.56</b>	<b>0.64</b>

**AB Global Trade Pvt. Ltd**  
**Annexure II – Balance Sheet**

<b>Particulars (in Cr)</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Result Type</b>	Audited	Audited	Audited	Audited
<b>Liabilities</b>				
<b>EQUITY AND RESERVES</b>	<b>10.39</b>	<b>11.39</b>	<b>11.95</b>	<b>12.58</b>
Share capital	0.61	1.03	1.03	1.03
Preference Share Capital/Quasi Equity	0.00	0.00	0.00	0.00
Share Application money Pending allotment	4.00	0.00	0.00	0.00
Reserves and Surplus	5.78	10.36	10.92	11.55
<b>Non-current liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Long-Term Borrowings	0.00	0.00	0.00	0.00
<b>Current liabilities</b>	<b>62.12</b>	<b>31.72</b>	<b>23.17</b>	<b>26.68</b>
Short-Term Borrowings	0.10	0.00	0.00	0.00
Current Portion Of Long Term Debt	0.00	0.00	0.00	0.00
Trade Payables	61.84	31.33	22.91	26.32
Other Current Liabilities	0.01	0.03	0.01	0.07
Short-Term Provisions	0.18	0.36	0.25	0.29
<b>Total Liabilities</b>	<b>72.51</b>	<b>43.11</b>	<b>35.12</b>	<b>39.26</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>1.44</b>	<b>0.62</b>	<b>0.01</b>	<b>0.01</b>
Net Fixed assets	0.00	0.00	0.01	0.01
Non-Current Investments	1.44	0.61	0.00	0.00
<b>Current assets</b>	<b>71.07</b>	<b>42.49</b>	<b>35.11</b>	<b>39.25</b>
Inventories	0.00	0.00	0.00	0.00
Trade Receivables < Six Months	23.72	11.80	18.07	13.41
Cash and Cash Equivalents	0.01	0.02	4.15	6.00
Short-Term Loans and Advances	9.92	25.73	6.68	19.57
Other Current Assets	37.40	4.92	6.19	0.26
Misc. Exp. To the Extent not written off	0.03	0.02	0.02	0.01
<b>Total Assets</b>	<b>72.51</b>	<b>43.11</b>	<b>35.12</b>	<b>39.26</b>

**AB Global Trade Pvt. Ltd**  
**Annexure III – Ratio Analysis**

<b>Particulars</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Result Type</b>	Audited	Audited	Audited	Audited
Total Debt	0.10	0.00	0.00	0.00
Tangible Net Worth	10.36	11.37	11.93	12.57
Capital Employed	10.46	11.37	11.93	12.57
Total Debt/TNW	0.01	0.00	0.00	0.00
Long Term Debt/TNW	0.00	0.00	0.00	0.00
TOL/TNW	5.99	2.79	1.94	2.12
ISCR	-0.53	-0.33	0.86	1.04
Net Profit Margin	0.63	1.11	0.68	0.68
Operating Profit Margin	-0.59	-0.83	3.74	2.04
ROCE	-3.54	-5.50	26.33	15.51
Current Ratio	1.14	1.34	1.52	1.47
Days Receivables	139	90	68	63
Days Inventory	0	0	0	0
Days Payable	362	237	126	98
Conversion Cycle	-223	-147	-58	-35

(As per BWR Calculations)