

Abans Finance Private Limited

April 11, 2017

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	5.00	CARE BB; ISSUER NOT COOPERATING (Double B; ISSUER NOT COOPERATING)	Issuer not cooperating. Revised from CARE BB+ (Double B Plus) on the basis of best available information

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Abans Finance Private Limited to monitor the rating(s) vide e-mail communications dated January 25, 2017, February 10, 2017, February 22, 2017, February 23, 2017, February 28, 2017, March 6, 2017, March 8, 2017, March 10, 2017, March 15, 2017, March 17, 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Abans Finance Private Limited's bank facilities will now be denoted as **CARE BB; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

In the absence of information on group company's latest financial performance and other critical data including borrowing level, proprietary trading volume, client concentration in broking business as well in loan portfolio post the last review in March 2016, CARE is unable to assess the company's ability to service its debt obligations and hence the revision in the rating.

Detailed description of the key rating drivers

Key Rating Weakness

Moderate profitability

On a combined basis, in FY15, the group had a PAT of Rs.21.4 crore on total income of Rs.48.5 crore (PAT of Rs.6.3 crore on total income of Rs.23.3 crore in FY14). On a standalone basis, in FY16, AFPL reported PAT of Rs.0.24 crore on total income of Rs.9.21 crore (PAT of Rs.0.22 crore on total income of Rs.6.05 crore in FY15). On the group level, majority of the profit in FY15 was derived from one of the group company Abans Middle East DMCC, Dubai (AMED - indirect wholly owned subsidiary of AFPL through ASPL). CARE has not received the FY16 financials of AMED and many other group companies.

High dependence on revenue from trading activities which have inherent volatility

A significant proportion of Abans group's revenue comprise of trading income which is volatile in nature. During FY15, on a combined basis, Abans group earned total income of Rs.48.5 crore of which trading income accounted for 68% the group's total income. Sharp volatility witnessed in the capital markets can lead to volatility in the income profile of the company. Reducing dependence on the capital markets will be a key rating sensitivity. In FY15, interest income and fee income accounted for 25% and 3% of the total income respectively.

High gearing

Overall gearing on a group combined basis was 2.91 times as on March 31, 2015 (3.51 times as on March 31, 2014). The group uses borrowings primarily for working capital requirements. AFPL's gearing ratio (on a consolidated basis) was 1.87 times as on March 31, 2015 (1.77 times as on March 31, 2014). On a standalone basis, AFPL's gearing ratio was 2.48 times as on March 31, 2015 (2.15 times as on March 31, 2014).

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

High concentration of clients in broking business

Abans group's broking business is highly focused on a few numbers of high net worth individuals (HNIs) and corporates leading to client concentration. Reducing client concentration is a key rating sensitivity.

High concentration of clients in loan portfolio

As on March 31, 2015, the top two accounts amounted to Rs.49.5 crore of AFPL's loan book (standalone) of Rs.54 crore. As on March 31, 2015, the two accounts comprised 168% of AFPL's Net-worth (on a standalone) basis and 86% of the group's combined Net-worth.

Key Rating Strengths**Diversified business profile within commodity and metals space**

The group undertakes trading in various products including gold, Castor seed, Jeera, Chana, Coriander, R.M. Seed, Turmeric, Cotton Oil Cake in both the derivative and physical segments. The group also undertakes manufacturing of gold jewellery and has recently started Gold Dore Refinery plant in Rudrapur, Uttarakhand, where the group manufactures refined Gold Bars.

Experienced management

The group has been founded by Mr. Abhishek Bansal, who has significant experience in the trading of metals, commodities and equities. The management team includes personnel having strong experience in capital markets, compliance and taxation matters.

Analytical approach:

CARE has considered the combined business and financial profile of the various entities of the Abans Group for arriving at the rating as there is a common management and significant operational and financial integration between the various entities.

Applicable Criteria

[Policy in respect of Non Cooperation by Issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's policy on default recognition](#)

[Financial Ratios- Financial Sector](#)

About the Company

Abans Group of Companies was promoted by Abhishek Bansal in 2009. Abans Group is engaged in commodity business which includes arbitrage trading, distribution of gold & silver, jewelry manufacturing and gold & silver refining. The group is also engaged in broking operations in the commodities, equities and currency segments.

Abans Finance Private Ltd. (AFPL) is one of the group entity of Abans group which is RBI registered non- systemically important not deposit accepting NBFC. It provides loans primarily to corporates and also the holding company for other group entities such as Abans Broking Services Private Limited (ABSPL), Abans Commodities (I) Private Limited (ACPL) and Abans Securities Private Limited (ASPL).

Status of non-cooperation with previous CRA: Not Applicable**Any other information: Not Applicable**

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	5.00	CARE BB; ISSUER NOT COOPERATING

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Bank Overdraft	LT	5.00	CARE BB; ISSUER NOT COOPERATING	-	1)CARE BB+ (21-Apr-16)	-	-

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