



Rating Rationale

Aqua Food and Cold

4 Jun 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.35 Crores of Aqua Food and Cold.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: CC TL	2.00 4.35	Long Term	BWR B+ (Pronounced as BWR B plus) Outlook: Stable
Total	6.35	INR Six Crores Thirty five lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Aqua Food & Cold Storage(AFCS) projected financial statements for FY19 - FY23 publicly available information and information / clarification provided by the AFC management.

The ratings assigned to the bank facilities of AFC draws strength from extensive experience of the partners, strategic location, statutory approvals.

The ratings are however constrained by constitution as a partnership firm, nascent stage of the project, no existing order book.

The ability of the company to implement the project as scheduled, improve its scale, network, profitability, coverage and maintaining its liquidity, gearing and working capital would be its key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

Extensive experience of partners: The partners Meeta Agarwal , Anita Agarwal, Satish Agarwal, Mahesh Agarwal have an experience in the same field for over a decade having worked earlier for Lingaraj Food Products Pvt Ltd.

Strategic Location: Unit is strategically located as the cold storage is being established on the main road and is easily approachable by Road and it is in close proximity of growing area as well as market and at the same time easily accessible for heavy vehicles round the year.

Statutory approvals: All the statutory approvals are in place.

Credit Risks:

Constitution as a partnership firm: It exposes the firm to the risk of fluctuations in the capital due to withdrawal by the partners.

Nascent stage of the project: The Trial Run /commercial production is yet to start and execution risk still remains owing to the nascent stage of the project.

No existing order book: No existing order book or proposed clientele in order to materialise projected sales.

Liquidity profile: The projected cash and cash balances stand at Rs 0.10 cr in FY20. The projected current ratio stands at 1.96x in FY20.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Aqua Food and Cold** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

The firm M/s Aqua Food and Cold Storage is a partnership firm incorporated in November 2018, having office address A-145, Swarnabhoomi, Vidhan Sabha Road, Raipur (C.G.) and factory address Village-Giraud, Tehsil- Raipur, District- Raipur(C.G.) going to be run and managed by Smt. Meeta Agrawal W/o Shri Satish Agrawal, Smt. Anita Agrawal W/o Shri Mahesh Agrawal, Shri Satish Agrawal S/o Shri Arjunlal Agrawal and Shri Mahesh Agrawal S/o Late Shri Laxman Prasad Agrawal. The main object of the firm is to Set up Cold Storage and Channa Processing Unit. The firm is proposed to set a Cold Storage with a capacity of 6,125 MT and Channa Processing Unit with a capacity of 1500 MT.

Company Financial Performance

The projected coverage ratios are at an average level with the ISCR & DSCR standing at 2.61x & 1.16x respectively in FY20 as compared to 0.00x times in FY19. The firm has projected a total operating income of Rs 9.75 Cr out of which 96% will be on account of trading and the rest 4% from rental income. The partners have introduced a capital of Rs 2.70 Cr till date.

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	NA	NA
EBITDA	₹ Cr	NA	NA
PAT	₹ Cr	NA	NA
Tangible Net worth	₹ Cr	NA	NA
Total Debt/Tangible Net worth	Times	NA	NA
Current Ratio	Times	NA	NA



Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based	Long term	6.35	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable	NA	NA	NA
	Total		6.35	₹ Six Crores Thirty Five Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-NA

Any other information

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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