

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan Facilities amounting to ₹ 6.70 Cr of Aqua Wave Biotech Pvt Ltd

Brickwork Ratings has assigned **Rating¹** for the bank loan facilities of Rs6.70 Cr (INR Six Crores and Seventy Lakhs Only) of **Aqua Wave Biotech Pvt Ltd** (or "the Company") as follows:

Limits	Sanctioned limits (₹ Cr)	Tenure	Rating
Fund based limits:			BWR B
Term Loans	5.70	Long Term	(Pronounced BWR Single B)
OCC/ ODBD	1.00		(Outlook: Stable)
Total	6.70	INR Six Crores and Seventy Lakhs only	

BWR has principally relied upon the audited financial results up to FY14, provisional Financials of FY15, and projected financials of Aqua Wave Biotech Pvt Ltd up to FY17, publicly available information and information/clarifications provided by the Company.

The rating factors, inter alia, the experienced promoters and the progress in the implementation of the project. The rating is constrained by the lack of operational track record in view of the nascent stage of operation and exposure to project implementation/execution risks.

Background

Incorporated in Guntur, Andhra Pradesh in Jan 2012, the Company proposes to set up a Prawn Hatchery unit with an estimated capacity of 1000 pairs/ annum. The Company is engaged in the business of agricultural farming aqua marine, marine processing and packing of seafood.

They are primarily engaged in the Brood stock development (R&D), domestication of fishes, shrimps, prawns, exotic species of fishes, aqua phonics, marine & fresh water ornamental fishes for seed production & nursery rearing culture.

Project Details

The proposed hatchery unit is located in an area of 5.21 1/2 acres at Adavi Village Bapatla Mandal, Guntur, Andhra Pradesh. The total estimated project cost is Rs9.70 Cr & is proposed to be funded by promoter's equity of Rs4.00 Cr and bank term loans of Rs5.70 Cr. As on date, promoter's contribution and term loan sanctioned towards the project is Rs3.55 Cr & Rs5.70 Cr respectively.

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

Management Profile

The Directors are Mr Battini Venkateswarlu, Mr Bollu Srinivasa Rao and Mrs Battini Prabhavathi.

Financial Performance

Commercial production is expected to commence only in September 2015. The Company expects to achieve revenues of around Rs7.00 Cr in FY16.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the Company to ensure timely project completion and successful commencement of business operations as planned, timely debt servicing, strengthen its capital structure and improve its overall financial risk profile would be the key rating sensitivities.

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