

Press Release

Brickwork Ratings assigns “BWR IPO Grade 3” to the proposed Initial Public Offer of Aqua Logistics Limited.

Aqua Logistics Limited

IPO Grading: BWR IPO Grade 3 (Average Fundamental)

Brickwork Ratings (BWR) has assigned BWR IPO Grade 3 to the proposed Initial Public Offer (IPO) of equity share by Aqua Logistics Limited (AL). Brickwork Ratings’ BWR IPO Grade 3 indicates average fundamentals for the issue in relation to its peers. BWR assigns IPO grading on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 signifying strong fundamentals and Grade 1 poor fundamentals. The grading is not a comment on the issue price at which the shares are offered or the price performance of the listed equity shares.

The grading factors Aqua Logistics Limited’s (AL) end-to-end logistics solutions which includes supply chain domain, freight forwarding, third-party logistics services, supply chain consulting, logistics execution and project logistics. The grading is constrained by lack of own assets like warehouses or trucks, highly competitive and unorganized industry with multiple players, company’s track record of negative cash flows from operating activities and lower profit margins than peers and creation of 6 group companies in same/ complimentary line of activity.

Company Profile:

AL started as a freight forwarding company, Aqua Logistics Private Limited, on September 20, 1999. In 2006, AL acquired the entire business of the firm; M/s. Rajesh G. Uchil & Co., a partnership firm established in the year 1989. AL became a public limited company in March, 2009. Over the period the company has increased its presence by opening branch offices at various locations. AL has arrangement with third party logistics service providers and vendors, internationally. The company’s logistic services cover all three modes of transportation- surface, air and sea.

The Issue:

Aqua Logistics is planning to raise Rs 150 crores by issue of equity shares having face value of Rs 10 per share at a premium. AL proposes to use the issue proceeds to fund the purchase of specialized equipments (Rs 30 crs), expansion and establishment of offices (17 crs), overseas acquisitions (Rs 35) , to meet the working capital gap (Rs 45 crs) and other expenses (Rs 23 crs) .

The funds requirement for the project is neither appraised nor funded by any term lending / financial institution. The project is in a preliminary stage with AL having spent Rs 15.87 Lacs towards the project implementation. The company has neither placed order for the specialized equipment nor identified specific acquisition target.

Aqua Logistics is founded by Mr. Gopalkrishna Uchil. Mr Gopalkrishna Uchil has over 30 years in the field of Logistics. Mr Rajesh G Uchil is the Chairman for AL. Mr Rajesh started as a custom house agent and diversified in the logistics industry. Mr M.S. Sayad is the Vice Chairman of the Company. Mr. Sayad has 20 years experience in the operations, finance and strategy in steel, finance and electronics. Mr. Harish G. Uchil, is the Managing Director and Chief Executive Officer of AL. Mr Harish joined his brother Mr Rajesh G. Uchil’s freight forwarding business in 2001. The three other directors on the board are independent.

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