

Rating Report

Brickwork Ratings assigns ‘BWR BB’ for the proposed Bank Loan facilities amounting to ₹18.00 Crores of Aarshadhaatu Green Nanotechnologies India Private Limited

Brickwork Ratings has assigned the following **Ratings**¹ for the proposed Bank Loan facilities of ₹ 18.00 Crores of *Aarshadhaatu Green Nanotechnologies India Private Limited* (“Aarshadhaatu” or “the Company”):

Proposed Facility	Limits (₹ Crores)	Tenure	Rating
Term Loan	15.00	Long Term	BWR BB (BWR Double B) (Outlook Stable)
Working Capital	3.00		
Total	18.00	Rupees Eighteen Crores Only.	

BWR has principally relied upon the audited financial results upto FY14, provisional financials of FY15, proposed financial model of the project, publicly available information and information/clarifications provided by the Company’s management.

The rating positively factors the technology developed by the promoters to manufacture Nano Metal Powders, current pilot scale operations and technical support from a premier governmental institution for designing and setting up of the proposed project. However, the rating is constrained by the nascent stage of the company’s operations, project implementation and execution risks and pending financial closure and statutory approvals for the project.

As the rating is for ‘proposed’ bank loan facilities, BWR has assumed standard terms & conditions that lenders stipulate for such loans, including, but not limited to, security & margins, release linked to project construction progress, escrowing of cash-flows and commencement of repayment after reasonable moratorium period.

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

Business overview:

Aarshadhaatu Green Nanotechnologies India Pvt Ltd (AARSHADHAATU) was incorporated in Nov 2011 at Guntur, Andhra Pradesh. The promoters have developed a technology to manufacture metal powders using herbal route (Green Nano Technology) with the support of Srimaharshi Research Institute of Vedic Technology (SRIVT), Secunderabad, Telangana, an institute recognized by Department of Science and Industrial Research (DSIR), Govt. of India and supported by Tirumala Tirupati Devasthanam (TTD). Presently, the Company has two pilot units in Guntur, Andhra Pradesh and Hyderabad, Telangana for manufacturing nano copper powders at small scale, which is sold to customers like TATA Chemicals, Amnion Bio sciences Pvt Ltd, UTC Aerospace, Defence Institute of Advanced Technology, ALFA -AESAR etc.

Aarshadhaatu proposes to set up a nano metal and metal oxides manufacturing unit at Kondaveedu, Edlapadu, Guntur, Andhra Pradesh to manufacture Nano Metals (Copper, Zinc, Tin, Iron, Aluminium, Nickel), Nano Metal Oxides (Copper, Cuprous, Zinc, Tin, Iron, Alumina, Titanium) and Nano Alloys (Brass, Bronze, CTZ) . Commercial operations are expected to commence from mid FY17.

Project Details:

The estimated cost for setting up the Nano metal and metal oxides project at Kondaveedu, Edlapadu, Guntur, Andhra Pradesh is around ₹24.00 Crores, to be funded by redeemable preference share capital of around ₹9.00 Crores and debt of ₹15.00Crores. The financial closure of the project is yet to be achieved. The Company has approached banks to part finance the project. Indian Institute of Chemical Technology (IICT) would be assisting the company for manufacturing of plant and machinery for the unit. The Government of Andhra Pradesh has provisionally allotted Land of 27.90 Acres in June 2015 for the project. However, the allotment formalities are yet to be completed. Civil construction works are expected to commence from H2FY16. Statutory approvals for the project are pending. The Company is expected to receive all the approvals and clearances under the single window clearance scheme of the Andhra Pradesh government.

Management

Dr. Amanchi Bala Sudhakara Sastry and Mr. Aamanchi Raghavendra Bhagyaraj Karthik (son) are the key promoters. Dr. Amanchi Bala Sudhakara Sastry, Chairman, is a Sanskrit scholar who has authored several books in the domain of Astrology, Sciences in Vedas etc. He has established a research institute by name "Srimaharshi Research Institute of Vedic Technology" at Secunderabad, Telangana, which is conducting research on Metallurgy, Physics, Chemistry, Medicinal, Ayurveda, Agriculture, Meteorology, Astronomy and bio-medical etc.

Mr. Aamanchi Raghavendra Bhagyaraj Karthik, Managing Director, Aarshadhaatu, holds a Master's degree in aeronautical engineering with specialization in composite material manufacturing and testing.

Financial Performance:

The proposed project is under implementation. Currently, the company earns negligible revenue from the sale of Nano copper powder being manufactured in the pilot plant.

Rating Outlook:

The rating outlook is expected to be stable. Going forward, early approval of the proposed bank loan facilities, timely receipt of all required approvals, execution of the project within the estimated time and costs, efficient marketing of the products and timely debt servicing will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.