

Rating Report

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 **Ratings¹** for the bank loan facilities of Rs 6.70 Crores (Rupees 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:			
Term Loans	5.70	Long term	BWR B (Pronounced BWR B) (Outlook: Stable)
OCC/ ODBD	1.00		
Total	6.70	INR Six Crores and Seventy Lakhs only	

*Annexure-I provides details of the bank facilities

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 upto 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 Rs 9.70 Crs, and is proposed to be funded by promoter's equity of Rs 4.00 Crs and bank term loans of Rs 5.70 Crs. As on date, promoter's contribution and term loan sanctioned towards the project is Rs 3.55 Crs and Rs 5.70 Crs 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.

Credit Risk

Nascent stage of Business operations

The business operations will commence in Sep-15. The Company is yet to create a market share and witness the various economic cycles.

Project Implementation risk

The First batch of 250-parent brood is expected to start in Sep-15 and the project will be operational then. Project implementation in a timely manner without any cost overruns will be a crucial factor.

Weak Financial risk profile

The Company's overall financial risk profile is weak marked by low net worth and modest debt coverage metrics.

High working capital intensity of the business

Their working capital requirements are high due to the nature of the business.

Financial Performance

Commercial production is expected to commence only in September 2015. The Company expects to achieve revenues of around Rs 7.00 Crs in FY16.

The Financials are summarized in Annexure II, III & IV.

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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Aqua Wave Biotech Pvt Ltd

Annexure I: Details of the bank facilities rated

Nature of Facilities	Bank: Canara Bank	(Rs Cr)	
		Limits	Sanctioned Limits
OCC/ ODBD		1.00	1.00
Term Loan-I		4.50	4.50
Term Loan-II		1.20	1.20
Total Fund Based Limits		6.70	6.70
Total	Rs 6.70 Cr	INR Six Crores and Seventy Lakhs only	

Aqua Wave Biotech Pvt Ltd

Annexure II

Profit & Loss (Rs Crs)

Particulars	31-Mar-2012	31-Mar-2013	31-Mar-2014
Result Type	Audited	Audited	Audited
Net Sales	0.00	0.00	0.00
Other Operating Income	0.00	0.00	0.00
Total Operating Income	0.00	0.00	0.00
Operating Expenses	0.00	-0.04	-0.07
OPBDIT	0.00	0.04	0.07
Depreciation/Amortization/Impairment	0.00	0.03	0.04
OPBIT	0.00	0.01	0.03
Interest and Finance Charges	0.00	0.01	0.03
OPBT	0.00	0.00	0.00
Non-Operating Income(Expenses)	0.00	0.00	0.00
PBT	0.00	0.00	0.00
Extraordinary/Prior Period - Income(Expense)	0.00	0.00	0.00
Provision for Taxes	0.00	0.00	0.00
PAT	0.00	0.00	0.00

Aqua Wave Biotech Pvt Ltd

Annexure III

Balance Sheet (Rs Crs)

Particulars	31-Mar-2012	31-Mar-2013	31-Mar-2014
Result Type	Audited	Audited	Audited
EQUITY AND RESERVES	1.90	2.70	2.97
Share capital	1.90	2.70	2.92
Share Application money Pending allotment	0.00	0.00	0.05
Reserves and Surplus	0.00	0.00	0.00
Non-current liabilities	0.00	0.37	0.57
Long-Term Borrowings	0.00	0.36	0.56
Deferred tax Liabilities (Net)	0.00	0.01	0.01
Current liabilities	0.01	0.01	0.00
Short-Term Borrowings	0.00	0.00	0.00
Other Current Liabilities	0.00	0.00	0.00
Total Liabilities	1.91	3.08	3.54
ASSETS			
Non-current assets	0.97	2.29	2.38
Net Fixed assets	0.94	2.26	2.35
Other Non-Current Assets	0.03	0.03	0.03
Miscellaneous Expenditure To the Extent Not Written off(Non-Current)	0.00	0.00	0.00
Current assets	0.94	0.79	1.16
Current Investments	0.00	0.00	0.00
Inventories	0.00	0.49	0.84
Cash and Cash Equivalents	0.04	0.00	0.02
Short-Term Loans and Advances	0.61	0.01	0.01
Other Current Assets	0.29	0.29	0.29
Total Assets	1.91	3.08	3.54

Aqua Wave Biotech Pvt Ltd

Annexure IV

Key Ratios

Particulars	31-Mar-2012	31-Mar-2013	31-Mar-2014
Result Type	Audited	Audited	Audited
Long Term Borrowings (Rs Crs)	0.00	0.36	0.56
Short Term Borrowings (Rs Crs)	0.00	0.00	0.00
Current Portion Of Long Term Debt (Rs Cr)	0.00	0.00	0.00
Total Debt (Rs Crs)	0.00	0.36	0.56
Tangible Net Worth (Rs Crs)	1.90	2.70	2.97
Capital Employed (Rs Crs)	1.90	3.07	3.54
Total Debt/TNW (X)	0.00	0.13	0.19
Long Term Debt/TNW (X)	0.00	0.13	0.19
TOL/TNW (X)	0.00	0.01	0.00
ISCR (X)	NA	5.94	2.08
DSCR (X)	NA	5.91	0.81
Net Cash Accruals/Total Debt (X)	0.00	0.10	0.07
Net Cash Accruals/Long Term Debt (X)	NA	0.10	0.07
ROCE (%)	0.00	0.28	1.05
Current Ratio (X)	111.45	66.77	1160.31