

Press Release

BRR Aqua Traders Private Limited (BATPL)

31 January, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA B+/ Outlook:Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 10.00 crore bank facilities of BRR Aqua Traders Private Limited (BATPL). The outlook is '**Stable**'

The Andhra Pradesh based BRR Aqua Traders Private Limited (BATPL) was incorporated on 16 December, 2016. It is engaged in the trading of fish and prawns. The company sells prawns to local dealers in Bhimavaram and fish to customers in West Bengal, Bihar, Delhi, Assam among others.

Key Rating Drivers

Strengths

Experienced management:

The Directors Mr. P Venkata Subba Raju, Mr. Harsha Vardhan, Mr. Rama Raju and others have more than a decades experience in the aqua feed industry.

Weakness:

Limited track record and small scale of operations

The company was incorporated on 16 December 2016 and commenced commercial operations from January 2017. During the three months period, the company has generated revenues of Rs. 3.51 crore. During 8MFY2018, the company has generated revenues of Rs. 24 crore.

Susceptibility to risks inherent in the seafood industry

The company remains vulnerable to risks such as susceptibility to diseases, climate changes among others inherent in the industry. Besides, the profit margins are also exposed to adverse changes in government policies.

Exposure to intense competition

The company operates in a highly fragmented industry and is exposed to intense competition from organised and unorganized players.

Outlook –Stable

SMERA believes that BATPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company exhibits significant improvement in its scale of operations and profitability, backed by a favourable capital structure. Conversely, the outlook may be revised to 'Negative' if the company reports lower-than-expected revenues and margins, deteriorating its financial risk profile owing to higher than envisaged working capital requirements.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of BATPL.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	3.51	-	-
EBITDA	Rs. Cr.	0.01	-	-
PAT	Rs. Cr.	0.01	-	-
EBITDA Margin	(%)	0.32	-	-
PAT Margin	(%)	0.22	-	-
ROCE	(%)	126.26	-	-
Total Debt/Tangible Net Worth	Times	0.00	-	-
PBDIT/Interest	Times	-	-	-
Total Debt/PBDIT	Times	-	-	-
Gross Current Assets (Days)	Days	17	-	-

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

None

***Annexure – Details of instruments rated**

Name of the facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Over Draft	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B+/Stable

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ABOUT SMERA

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