

## Uniroyal Marine Exports Limited

February 27, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Short Term Bank Facilities	30.75	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE has been seeking information from Uniroyal Marine Exports Limited to monitor the rating vide e-mail communications dated December 06,2022 to December 26, 2022 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Uniroyal Marine Exports Limited bank facilities will now be denoted as CARE A4; ISSUER NOT COOPERATING\*

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

### Detailed description of the key rating drivers

The ratings assigned to the bank facilities of Uniroyal Marine Exports Limited (UMEL) takes in to account the decline in scale of operations and weak debt coverage indicators during FY22 (refers to the period April 01 to March 31). The ratings continues to be tempered by modest scale of operations, leverage capital structure, elongated operating cycle, lack of price control on both supply and demand side and highly fragmented and competitive industry. The rating however continues to draw its strength from long track record and experienced managements, and location advantage.

### Detailed description of the key rating drivers

#### Updated for the information available from Bombay Stock Exchange (BSE)

**Analytical approach:** Standalone

### Key Weakness

#### Modest scale of operations

The scale of operations has declined and stood at Rs.26.84 Cr in FY22 when compared to Rs.33.78 Cr in FY21. The company has achieved Rs.20.05 Cr in 9MFY23

#### Weak Financial risk profile

PBILDT margins of the company has seen an improvement in FY22 and stood at 5.11% when compared to 3.43% in FY21 on account of lower raw material cost of the company. The capital structure of the company though improved In FY22 it remained leveraged with overall gearing of 3.85x as on March 31,2022 when compared to 5.08x as on March 31,2021 on account of lower working capital utilization. Total Debt to GCA stood at 20.13x and ICR of 1.26x for FY22. The Operating cycle has seen a deterioration and stood at 244 days in FY22 when compared to 178 days in FY21 on account of averaging affect and due to higher inventory levels maintained by the company

#### Lack of price control on both supply and demand side

The sea food exporters have no control over the procurement price of the marine catches. The price demanded by the fishermen varies depending on the availability and quantum of marine catches. With sea food exporters, having scaled up their processing capacity over the years anticipating higher demand in the export market, demand for the scarcely available marine catches usually remains high. The processed fish price in the international market depends on numerous factors like seasonality in demand and marine supplies from various countries. The fierce competition from numerous sea food exporters from various countries competing for these orders results in lack of pricing power for these exporters.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### Highly fragmented and competitive industry

The company faces tough competition from processors in various maritime states of India with better fishery resources-particularly from Vizag, Kochi and Pipavav. There is also competition from other exporting countries such as the US, China, Thailand, Vietnam etc. Moreover, there has been increasing scarcity of marine supplies on account of overfishing coupled with the adverse changes in climatic conditions leading to poor fish breed which can result in loss of competitive edge.

### Key strengths

#### Long track record and experience management in sea food industry

UMEL was incorporated in 1992 by Mr. Anush K Thomas, Mr. Iype Mathew, Mr. Nath Ram, Mr. Mohanlal, Mr. KC Thomas and Ms. Nithya Alex. The promoters have been in the business of sea food over two decades. Mr. Anush K Thomas, the Managing director, has experience of more than a decade in administrative affairs and sea food industry.

### Location advantage

The processing plant is located near to Calicut, Kerala which is on the emerald coast of Malabar where two of the largest fishing harbours enables the company to procure good quality fish which can be processed immediately. The proximity of the processing plant to the fishing belt also helps to lower transportation costs on account of proximity to harbour.

### Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

### About the company and industry

#### Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Seafood

Calicut based Uniroyal Marine Exports Limited (UMEL) was incorporated on August 21, 1992 as Public Limited Company and listed in BSE. The company is engaged in processing and trading of sea food (Shrimps and Squids) with the installed capacity of 17, 100 Ton per annum.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	December 31, 2022(UA)
Total operating income	33.78	26.83	20.05
PBILDT	1.16	1.37	0.98
PAT	-0.43	0.14	-0.36
Overall gearing (times)	5.08	3.85	NA
Interest coverage (times)	1.11	1.26	1.07

A: Audited; UA: Un Audited; NA: Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Non-fund-based - ST-Bill Discounting / Bills Purchasing		-	-	-	15.75	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-EPC/PCFC		-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Non-fund-based - ST-EPC/PCFC	ST	15.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Jan-22)	1)CARE A4; ISSUER NOT COOPERATING* (11-Jan-21)	1)CARE A4; ISSUER NOT COOPERATING* (25-Nov-19)
2	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	15.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (20-Jan-22)	1)CARE A4; ISSUER NOT COOPERATING* (11-Jan-21)	1)CARE A4; ISSUER NOT COOPERATING* (25-Nov-19)

\*Issuer did not cooperate; based on best available information.

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable****Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - ST-Bill Discounting / Bills Purchasing	Simple
2	Non-fund-based - ST-EPC/PCFC	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

**Contact us****Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)**Analyst contact**

Name: Himanshu Jain

Phone: 8123793395

E-mail: [himanshu.jain@careedge.in](mailto:himanshu.jain@careedge.in)**Relationship contact**

Name: Pradeep Kumar V

Phone: +91-98407 54521

E-mail: [pradeep.kumar@careedge.in](mailto:pradeep.kumar@careedge.in)**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**Disclaimer:**

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**