

APRIL 13, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ULKA SEA FOODS PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	5.59	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	26.50	CARE A3 (A Three)	Reaffirmed
Total Facilities	32.09		

Rating Rationale

The ratings assigned to the bank facilities of Ulka Sea Foods Private Limited (USFPL) continue to derive strength from its established track record of operations for more than a decade, experience of the promoters in the seafood processing industry, continuous financial support extended by promoters in the past and strategic tie-up with suppliers and approved processing facility located close to the fish procurement area.

The ratings, however, continue to be constrained by competitive nature of the industry coupled with foreign exchange fluctuation risk. The rating also factors in the low profitability margins and deterioration in capital structure & debt coverage indicators in FY14.

USFPL's ability to increase its scale of operation along with efficient management of working capital thereby leading to improvement in capital structure and debt coverage would be the key rating sensitivities.

Background

Incorporated in 2003, Ulka Sea Foods Private Limited (USFPL) was promoted by the Rohakale family. USFPL is engaged in surimi fish production & processing of the seafood (primarily fish). USFPL primarily exports to Russia, South-east Asian countries and Europe & procures fish from fishermen operating in the western coastline of India. USFPL has three manufacturing facilities with total capacity of 45000 Metric Tonne Per Annum (MTPA) located in Mumbai which are approved by Hazard Analysis Critical Control Point (HACCP) and are also certified by European Union (EU).

During FY14 (FY refers to period April 01 to March 31), USFPL had posted total operating income of Rs.226.15 crore (vis-à-vis Rs.264.03 crore FY13) and PAT of Rs.1.31 crore (vis-à-vis Rs.3.53 crore in FY13). Furthermore, during 11MFY15 (provisional), USFPL has reported total income of Rs.230 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors

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