

January 27, 2012

CARE ASSIGNS 'CARE BBB' AND 'CARE A3' RATINGS TO THE BANK FACILITIES OF ULKA SEA FOODS PVT. LTD.**Ratings**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2.71	CARE BBB- (Triple B Minus)	Assigned
Short-term Bank Facilities	9.42	CARE A3 (A Three)	Assigned
Total Facilities	12.13		

Rating Rationale

The ratings derives strengths from the rich experience of the promoters of Ulka Sea Foods Pvt. Ltd's (USFPL) in the seafood processing industry, established track record of operations, comfortable capital structure and approved processing facility located close to the raw material procurement area.

The ratings, however, are constrained by moderate financial risk profile marked by fluctuating turnover, low profitability margins and usage of short-term funds for capital expenditure and the competitive nature of the industry coupled with foreign exchange fluctuation risk.

Improvement in the overall financial risk profile and increase in the economies of scale with stabilization of enhanced facilities are the key rating sensitivities.

Background

USFPL, incorporated in the year 2003, is promoted by Mr Salim Dange and the Rohakale family and is engaged in Surimi (processed fish) manufacturing and frozen fish processing. It started operation in 2003 at a leased unit plant of Surimi manufacturing and expanded its operations thereon. It currently has Hazard Analysis Critical Control Point (HACCP) approved four units with a total capacity of 38,000 Metric Tonne Per Annum (MTPA) out of which two units (in Mumbai and Goa) are certified by European union (EU). The promoters have rich experience in the sea foods industry and are also engaged in purchase of fish for large players. USFPL procures fish from fishermen operating in western coastline of India and exports to Russia, other south-east Asian countries and Europe.

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

As per Audited results for FY11 (refers to the period April 1 to March 31), USFPL reported a total operating income of Rs.188.19 crore (Rs.175.50 crore in FY10) on which it earned a PAT of Rs.2.00 crore (Rs. 1.67 crore in FY10).

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