

July 16, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.50	SMERA B+/Stable (Assigned)
Overdraft	0.75	SMERA B+/Stable (Assigned)
Packing Credit	4.00	SMERA A4 (Assigned)
Forward Contract	1.80	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA single B plus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.7.05 crore bank facilities of Regency Linx Exporters Private Limited (RLEPL). The outlook is '**Stable**'. The ratings are constrained by the company's short track record of operations and below average financial risk profile marked by weak coverage indicators and expected gearing level. The ratings are also constrained by the company's exposure to geographic concentration risk with respect to high dependence on Vietnam market. While the business is exposed to inherent industry – related risk like outbreak of diseases, change in climate condition, its margins/ accruals are also vulnerable to fluctuations in foreign exchange rates. However, the ratings draw comfort from the company's experienced management.

Outlook: Stable

SMERA believes RLEPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues and profitability while achieving strong improvement in debt protection metrics. The outlook may be revised to 'Negative' in case of decline in the company's revenues and profit margins, or in case of deterioration in the company's financial profile.

About the company

RLEPL, incorporated in 2013, is a Chennai-based company promoted by Mr. A. Raja and Mr. Sree Nirmaladevi. Mr. A. Raja, managing director of RLEPL, has around 13 years of experience in the seafood processing business. RLEPL undertakes processing and export of seafood. The company's export markets include Vietnam, Hong Kong, Australia and UAE.

For FY2014–15 (provisional), the company reported (profit after tax) PAT of Rs.0.46 crore on operating income of Rs.83.26 crore as against PAT of Rs.0.05 crore on operating income of Rs.28.97 crore for FY2013-14. The company's networth stood at Rs.6.21crore against total debt of Rs.7.74 crore as on March, 31, 2015 (Provisional).

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

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