

November 04, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	6.00	SMERA B/Stable (Assigned)
Cash Credit*	4.00	SMERA B/Stable (Assigned)
Proposed Term Loan	2.50	SMERA B/Stable (Assigned)

* EPC/FBP/FBN/FDB of Rs.1.00 crore and L/C of Rs.1.50 crore – sub limit within CC

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the Rs.12.50 crore bank facilities of L. G. Fibre Private Limited (L.G. Fibre). The outlook is '**Stable**'. The rating is constrained by the project's nascent stage of operations and below average financial risk profile marked by modest net worth and weak debt protection metrics. However, these rating weaknesses are partially offset by the extensive industry experience of the promoters.

Rating Sensitivity Factors

- Successful completion of the project
- Substantial or sustainable growth in revenues or operating margins
- Future capital expenditure and its funding mix thereof

Outlook: Stable

SMERA believes that L.G. Fibre will continue to benefit over the medium term from its promoters extensive industry experience. The outlook may be revised to 'Positive' if the company generates more than sufficient cash accruals against debt obligation or if it quickly ramps up its commercial operations. Conversely, the outlook may be revised to 'Negative' in case of cost overruns or if the company reports adverse financial results.

About the Company

Incorporated in 2013, L.G. Fibre is promoted by the Finava family from Gujarat. The company is in the process of setting up a pillow manufacturing plant in Ahmedabad, Gujarat with capacity to manufacture around 18000-20000 pillows per day. The commercial production is expected to start by the first week of December, 2015.

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