

December 21, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.50	SMERA B-/Stable (Assigned)
Term Loan	5.80	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (read as SMERA B minus) to the Rs.7.30 crore bank facilities of Earthbags Export Private Limited (EEPL). The outlook is '**Stable**'. The ratings are constrained by the weak financial risk profile marked by low networth and small scale of operations of the company. The ratings are also constrained by risks associated with the debt funded project scheduled to complete in 2016. However, the ratings derive comfort from the extensive experience of the management in the jute industry.

Outlook: Stable

SMERA believes that EEPL will continue to benefit from the management's experience. The outlook may be revised to 'Positive' if the company completes the project as per schedule and achieves the expected scale of operations. Conversely, the outlook may be revised to 'Negative' if there are significant costs or time overruns in the project leading to a further deterioration in the financial and liquidity position.

Rating Sensitivity Factors

- Project implementation risk
- Scaling up of operations

About the Company

The West Bengal-based EEPL, incorporated in 2006 was promoted by Mr. Anurag Himatsingka who has experience of around two decades in the jute industry. The company manufactures jute shopping bags and proposed capacity of plant is 1,50,000 Nos. bags per month.

EEPL reported profit after tax (PAT) of Rs. (0.01) crore on operating income of Rs. 0.06 crore for FY2014-15.

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