

November 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan/ Demand Loan	2.94	SMERA B+/Stable (Assigned)
Packing Credit Limit	11.70	SMERA A4 (Assigned)
Letter Of Credit	3.00	SMERA A4 (Assigned)
Bank Guarantee	0.25	SMERA A4 (Assigned)
Bank Facilities (Proposed)	1.11	SMERA B+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs. 19.00 crore bank facilities of Evergreen International Limited (EIL). The outlook is '**Stable**'.

The ratings are constrained by the weak liquidity profile as evident from the full utilisation of packing credit limit on account of delays in realisation of exports. The ratings are also constrained on account of decline in revenues from Rs.76.34 crore in FY2012-13 to Rs.53.99 crore in FY2014-15 amidst intense competition in the furniture manufacturing industry. However, the ratings draw support from the established operations, experienced management and moderate financial risk profile.

Outlook: Stable

SMERA believes EIL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profit margins and capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile, or stretch in the working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Working capital management

About the Company

EIL, incorporated in 1994, is a Gurgaon-based company promoted by Mr. Shamshar Ahmed Siddiqui who has around three decades of experience in the furniture manufacturing business.

For FY2014-15, EIL reported profit after tax (PAT) of Rs.0.60 crore on operating income of Rs.53.99 crore, as compared with loss of Rs.5.99 crore on operating income of Rs.50.97 crore in FY2013-14. The company's net worth stood at Rs.10.02 crore as on March 31, 2015 against Rs.9.41 crore a year earlier.

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