

Ennovators (India) Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	5.70	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) on the Rs.5.70 crore bank facility of Ennovators (India) Private Limited (EIPL). The outlook is '**Stable**'. The rating is constrained by the modest scale of operations, weak financial risk profile and working capital intensive business. However, the rating is supported by the experienced management and reputed customer base.

The Mumbai-based EIPL, established in 2000, is engaged in the manufacture of readymade garments. The company has modest scale of operations with revenue of Rs.18.12 crore in FY2015-16. Further, the company earned revenue of Rs.10.36 crore from April to October, 2016.

EIPL has a weak financial risk profile. The company has low networth of Rs.1.68 crore and the overall gearing stands high at around 4.47 times as on March 31, 2016. The interest coverage ratio is low at 1.33 times in FY2016. The company has working capital intensive operations reflected in the high GCA days of around 258 in FY2016 with debtor days of 101 days and inventory of 170 days.

However, the company benefits from its experienced management. The promoter, Mrs. Gauri Vichare, possesses experience of around a decade in a similar industry. The company caters to a reputed client base that includes retail outlets of the Future Group, Central and Shoppers Stop.

Rating Sensitivity Factors

- Scaling up operations and improving profitability
- Improvement in capital structure
- Efficient working capital management

Outlook-Stable

SMERA believes that EIPL will maintain a stable outlook and benefit over the medium term from its promoters' extensive industry experience and reputed clientele base. The outlook may be revised to 'Positive' if the company reports substantial and sustainable revenues or operating margins resulting in improvement in its business risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates resulting in weakening of its financial risk profile especially liquidity or if it undertakes significant debt-funded capex.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

EIPL was incorporated in 2000 by Mrs. Gauri Vichare (Managing-Director) and her husband Mr. Sandeep Vichare (Director) to manufacture readymade garments for women. The manufacturing capacity is around 1,75,000 pieces per month. The company also outsources its manufacturing activity.

For FY2015-16, EIPL reported profit after tax (PAT) of Rs.0.18 crore on operating income of Rs.18.12 crore as compared with PAT of Rs.0.29 crore on operating income of Rs.15.26 crore in FY2014-15.

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ABOUT SMERA

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