

Press Release

New Man Exports

March 29, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 8.25 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 8.25 crore bank facilities of New Man Exports. The outlook is '**Stable**'.

New Man Exports (NME) is a partnership firm established in 2000. The firm procures yarn from local suppliers, manufactures garments and sells in the domestic as well as international market.

Key Rating Drivers

Strengths

- **Experienced management**

NME was promoted by Mr. C. Ramasamy and Mr. R. Arun, Partners, who possess around a decades experience in the textile industry.

Weaknesses

- **Average financial risk profile**

NME has average financial risk profile marked by average ICR of 1.16 times in FY2015-16 as compared to 1.19 times in FY2014-15. The debt to equity ratio stood at 2.92 times as on 31st March 2016 as compared to 2.34 times as on 31st March 2015. The networth of the firm stood at Rs.2.97 cr as on 31st March 2016 as against Rs.2.90 cr as on 31st March 2015.

- **Highly fragmented and competitive industry**

NME operates in a highly fragmented industry with limited entry barriers wherein the presence of a large number of players in the unorganised sector limits the bargaining power with customers.

- **Working capital intensive operations**

NME has working capital intensive operations marked by GCA of 318 days in FY2015-16 on account of high inventory days of 227 days. The creditor days also stood high at 123 days in FY2015-16 as compared to 114 days in FY2014-15. The cash credit utilisation stands at around 85 percent.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of New Man Exports to arrive at the rating.

Outlook: Stable

SMERA believes that NME will maintain a stable outlook in the medium term owing to the extensive experience of its promoters. The outlook may be revised to 'Positive' in case of improvement in profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of further stretch in working capital cycle or deterioration in the capital structure.

About the Rated Entity - Key Financials

For FY2015-16, NME reported Profit after tax (PAT) of Rs.0.07 crore on operating income of Rs.15.62 crore as against PAT of Rs.0.08 crore on operating income of Rs.15.61 crore in FY2014-15. The net worth stood at Rs.2.97 crore as on 31 March 2016 as against Rs.2.90 crore as on 31 March 2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
30-Jun-2016	Open Cash Credit	Long Term	INR 4.5	SMERA B / Stable
	Proposed Term loan	Long Term	INR 1	SMERA B / Stable
	FDBP/FUBD	Short Term	INR 2	SMERA A4
	Letter of Credit	Short Term	INR 0.75	SMERA A4
30-Apr-2015	OCC	Long Term	INR 4.5	SMERA B / Stable
	Proposed Term loan	Long Term	INR 1	SMERA B / Stable
	FDBP/FUBD	Short Term	INR 2	SMERA A4
	Letter of Credit	Short Term	INR 0.75	SMERA A4

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA B / Stable
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4
Term loans	Not Applicable	Not	Not	1.00	SMERA B / Stable

		Applicable	Applicable		
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Vishal Choudhary Rating Analyst Tel: 022-67141159 vishal.choudhary@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A 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.