

Press Release

New Man Exports (NME)

04 April, 2018



Rating Reaffirmed

Total Bank Facilities Rated	Rs.8.25 crore
Long Term Rating	SMERA B/ Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

Rating Rationale

SMERA has reaffirmed the 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 (NME). 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. It is a Tirupur - Tamil Nadu based company. The company is engaged in stitching and selling of garments. NME has 150 stitching machines with a capacity to produce 8000/10000 pieces per day. The firm procures yarn from local suppliers manufacture garments and supplies in 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. SMERA believes that the long track record of operations and extensive experience of the management have helped the company maintain long term relations with customers and suppliers.

Weaknesses

Below average financial risk profile

The financial risk profile of the company is below average marked by a low net worth of Rs.3.98 crore as on 31 March, 2017 as against Rs.2.97 crore as on 31 March, 2016. The gearing stood high at 2.24 times as on 31 March, 2017 as against 2.92 times as on 31 March, 2016. The total debt of Rs. 8.92 crore outstanding as on 31 March, 2017 comprises long term loans from Banks worth Rs. 1.63 crore and working capital facility of Rs. 7.29 crore from the bank. The ICR stood at 1.12 times in FY2017 against 1.16 times in FY2016. The Net Cash Accruals stands at Rs.0.14 crore in FY2017 as compared to Rs.0.18 crore in FY2016. The NCA/TD remained stable at 0.02 times in FY2017 and FY2016.

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 unorganized sector limits the bargaining power with customers.

Working capital intensive operations

NME has working capital intensive operations marked by GCA of 317 days in FY2016-17 on account of high inventory days of 262 days. The company maintains a high inventory for its domestic customers. The creditor days also stood high at 150 days in FY2016-17 as compared to 123 days in FY2015-16. The cash credit utilization stands at 100 percent.

Analytical approach:

SMERA has considered the standalone financials of New Man Exports.

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

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	18.92	15.62	15.61
EBITDA	Rs. Cr.	1.30	1.26	1.12
PAT	Rs. Cr.	0.02	0.07	0.08
EBITDA Margin	(%)	6.88	8.08	7.15
PAT Margin	(%)	0.11	0.44	0.54
ROCE	(%)	9.74	10.91	11.10
Total Debt/Tangible Net Worth	Times	2.24	2.92	2.34
PBDIT/Interest	Times	1.12	1.16	1.19
Total Debt/PBDIT	Times	6.80	6.81	6.02
Gross Current Assets (Days)	Days	317	329	277

Any other information:

“SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups”

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

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

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
29-March-2017	Open Cash Credit	Long Term	4.50	SMERA B/ Stable (Assigned)
	Term loans	Long Term	1.00	SMERA B/ Stable (Assigned)
	FDBP/FUBD	Short Term	2.00	SMERA A4 (Assigned)
	Letter of Credit	Short Term	0.75	SMERA A4 (Assigned)
30-Jun-2016	Open Cash Credit	Long Term	4.50	SMERA B/Stable (Suspended)
	Proposed Term loan	Long Term	1.00	SMERA B/Stable (Suspended)
	FDBP/FUBD	Short Term	2.00	SMERA A4 (Suspended)
	Letter of Credit	Short Term	0.75	SMERA A4 (Suspended)
30-April-2015	Open Cash Credit	Long Term	4.50	SMERA B/Stable (Assigned)
	Proposed Term loan	Long Term	1.00	SMERA B/Stable (Assigned)
	FDBP/FUBD	Short Term	2.00	SMERA A4 (Assigned)
	Letter of Credit	Short Term	0.75	SMERA A4 (Assigned)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Open Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.75	SMERA B/ Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B/ Stable (Reaffirmed)
FDBP/FUBD	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA A4 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4 (Withdrawn)

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ABOUT SMERA

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