

## Press Release

### New Era Self Help India Limited

March 27, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Cr.
<b>Long Term Rating</b>	SMERA BB- / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) on the Rs. 6.00 crore bank facilities of New Era Self Help India Limited. The outlook is '**Stable**'.

The Jalgaon-based New Era Self Help India Limited (NESHIL), incorporated in 2002 is in the process of setting up a manufacturing facility for PVS electrical insulation tapes. The manufacturing unit is located at Jalgaon and the expected installed capacity is around 6.03 crore pieces per year. The company promoted by Mr. Vilas Jain plans to commence operations from April, 2017.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The promoter, Mr. Vilas N. Jain has more than three decades of experience in the manufacturing and trading of Adhesives, Sealant, PVC Solvent Cement & Self Adhesives tapes products through group companies - New Era Adhesive Industries (established in 1995) and New Era Adhesives and Sealants Private Limited (incorporated in 1994).

- **Operational support from group companies**

The New Era group has been part of the adhesive and sealants segment since 1989. The company has an established market position with a geographical network of around 10,000 customers to market its products. Going forward, NESHIL is expected to leverage on the established customer base of the group. The group, on its part will have a common distribution channel to promote products manufactured by all its group companies.

#### Weaknesses

- **Project implementation Risk**

The total project cost of Rs. 5.15 cr is expected to be funded through a term loan of Rs. 4.00 cr and the balance through promoter's contribution. The company has already incurred cost of around Rs. 1.50 crore till date which includes term loan of Rs.1.00 cr with the balance funded by promoters. The project is expected to be completed by March 2017 end with operations scheduled to commence from April, 2017.

- **Intense competition**

The adhesive and sealant industry is highly fragmented with a large number of small and medium enterprises. The intensifying competition has put increasing pressure on market share.

#### Analytical Approach

SMERA has considered the envisaged operational and financial support from the parent company while arriving at the rating of NESHIL.

**Outlook: Stable**

SMERA believes that the outlook on NESHIL's rated facilities will remain Stable over the medium term owing to the extensive experience of the management. The outlook may be revised to 'Positive' in case the company is able to implement the project within the estimated cost & time period and also achieves expected scale of revenue. The outlook may be revised to 'Negative' in case NESHIL registers lower-than-expected revenue after implementation of the project, or experiences time and cost overruns in the ongoing project.

**About the Rated Entity - Key Financials****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>
- Criteria For Group And Parent Support - <https://www.smera.in/criteria-group.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)**

Not Applicable

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	30-Sep-2023	4.00	SMERA BB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BB- / Stable

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