

April 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
OCC	4.50*	SMERA B/Stable (Assigned)
Term Loan (proposed)	1.00	SMERA B/Stable (Assigned)
FDBP/FUBD	2.00	SMERA A4 (Assigned)
Letter of Credit	0.75	SMERA A4 (Assigned)

*Includes PCL as a sublimit to the extent of Rs.1.70 crore

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA single B)** and a short-term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.8.25 crore bank facilities of New Man Exports (NME). The outlook is '**Stable**'. The ratings are supported by the firm's long track record of operations, experienced management and comfortable operating profit margin. However, the ratings are constrained by the firm's weak debt protection metrics and small-scale operations. The ratings are also constrained by the firm's exposure to intense competition.

NME, established in 2000, is a Tirupur-based partnership firm engaged in manufacturing and export of garments. NME benefits from its experienced management. Mr. C. Ramasamy and Mr. R. Arun, partners of NME, have around 10 years of experience in the textile industry. NME registered comfortable operating profit margin of 6.50 per cent in FY2013-14 (refers to financial year, April 01 to March 31).

NME's weak debt protection metrics are reflected in high gearing of 2.15 times as on March 31, 2014 and moderate interest coverage of 1.18 times in FY2013-14. The firm has small-scale operations marked by operating income of Rs.13.72 crore in FY2013-14. NME faces intense competition from several players in the textile industry.

Outlook: Stable

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

About the firm

NME, established in 2000, is a Tirupur-based partnership firm promoted by Mr. C. Ramasamy and Mr. R. Arun. NME is engaged in manufacturing of garments. The firm has a manufacturing unit in

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Tirupur (Tamil Nadu), with installed capacity of 150 stitching machines. NME caters to customers in domestic and international markets.

For FY2013-14, NME reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.13.72 crore, as compared with PAT of Rs.0.01 crore on operating income of Rs.9.46 crore in FY2012-13. The firm's net worth stood at Rs.2.81 crore as on March 31, 2014, as compared with Rs.2.31 crore a year earlier.

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