

March 08, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan (Proposed)	0.45	SMERA B/Stable (Assigned)
Foreign Documentary Bill Purchased	4.00	SMERA A4 (Assigned)
Packing Credit	3.25	SMERA A4 (Assigned)

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**) to the above mentioned Rs.7.70 crore bank facilities of Newtech Creations (NC). The outlook is '**Stable**'. The ratings are constrained by the firm's below average financial risk profile, low profitability and exposure to forex fluctuation risk. However, the ratings draw comfort from the promoter's extensive industry experience and increasing revenue trend.

Rating Sensitivity Factors

- Improvement in capital structure
- Increase in revenue and profit margins

Outlook – Stable

SMERA believes that Newtech Creations will continue to benefit from its promoters extensive industry experience. The outlook may be revised to 'Positive' in case the firm improves its capital structure while registering growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' if its profitability declines or the firm registers further deterioration in its financial risk profile.

About The Firm

Established in 2002, Newtech Creations, a proprietorship concern was promoted by Mr. S Dhandapani. The firm is engaged in the manufacture and export of knitted garments like T-shirts, casual wear, sportswear among others and sells around 8,000 pieces per day. NTC caters largely to customers located in United States of America and Italy.

For FY2014-15, the firm reported net profit of Rs.0.39 crore on operating income of Rs.45.37 crore, as compared to net profit of Rs.0.25 crore on operating income of Rs.29.57 crore in the previous year.

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SMERA RATINGS LIMITED

Newtech Creations (NC)

**Rating
Rationale**

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