

March 08, 2016

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

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.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**Contact List:**

<b>Media/Business Development</b>	<b>Analytical Contact</b>	<b>Rating Desk</b>
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.