

## Press Release

### SUKEE ENTERPRISES

February 05, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 9.50 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)** on the Rs. 9.50 crore bank facilities of SUKEE ENTERPRISES. The outlook is '**Stable**'.

Sukee Enterprises (SE), a Bengaluru-based proprietorship firm was established in 1968 by Mr. V S Sukananda to manufacture corrugated boxes, cartons, posters, labels, wrappers from kraft paper. The firm is also engaged in offset printing as well as packaging services. SE operates from Bengaluru (Head office) and Harohalli (Karnataka). The customer base is diversified and spread across India (Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat and other states).

### Key Rating Drivers

#### Strengths

- **Experienced management, established track record**

The Bengaluru-based SE was established by Mr. V S Sukananda (Proprietor) in 1968. The proprietor has more than five decades of experience in the business and has been able to establish long term relations with customers and suppliers.

- **Healthy order book position, reputed clientele**

SE has healthy order book position of Rs.24.50 crore worth of orders in hand as on 31 December, 2017 providing revenue visibility for the medium term. The orders are to be completed in six months. The firm caters to a reputed client base including Navaneet Education, MTR Foods Products, Wild craft and Wipro Enterprises.

- **Average financial risk profile**

The financial risk profile of the firm is average marked by low networth, moderate gearing and comfortable debt protection metrics. The net worth stood at Rs.4.45 crore as on 31 March, 2017 with moderate gearing ratio which stood at 1.94 times as on 31 March, 2017 as against 1.77 times as on 31 March, 2016. The Interest Coverage Ratio (ICR) stood at 2.54 times in FY2017 as against 1.88 times in FY2016. The Total Outside Liabilities to Tangible Networth (TOL/TNW) stood at 3.51 times in FY2017 and 2.71 times in FY2016.

#### Weaknesses

- **Working capital intensive operations**

The operations are working capital intensive marked by high Gross Current Assets days of 164 in FY2017 and 149 in FY2016. The GCA days stood high on account of high debtor days of 97 days in FY2017 compared to 85 days in FY2016.

- **Moderate scale of business**

Despite being in business for the last five decades, the scale continues to be moderate with limited capacity.

### Analytical Approach

SMERA has considered the standalone financial and business risk profiles of SE to arrive at the rating.

#### Outlook: Stable

SMERA believes that SE will maintain a stable outlook over the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenue and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability, or deterioration in the financial risk profile.

#### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	19.90	15.70	17.09
EBITDA	Rs. Cr.	2.70	2.37	2.46
PAT	Rs. Cr.	0.66	0.01	0.01
EBITDA Margin	(%)	13.55	15.07	14.37
PAT Margin	(%)	3.34	0.07	0.04
ROCE	(%)	13.44	9.39	16.98
Total Debt/Tangible Net Worth	Times	1.94	5.22	6.42
PBDIT/Interest	Times	2.54	1.88	2.02
Total Debt/PBDIT	Times	3.20	4.47	5.07
Gross Current Assets (Days)	Days	164	149	109

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

None

#### Any other information

Not Any

#### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.70	SMERA BB / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	3.80	SMERA BB / Stable

#### Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Rupesh Patel Analyst - Rating Operations Tel: 022-67141320 <a href="mailto:rupesh.patel@smera.in">rupesh.patel@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>  .

### ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smera.in](http://www.smera.in).

**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.*