



## Rating Rationale

### Sukna Tea & Industries Ltd

11 Feb 2019

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**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.39 Crores of Sukna Tea & Industries Ltd.**

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#### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based:</b>			
FITL	0.92	Long Term	BWR D (Pronounced as BWR Single D)
FTL	0.81		
CC	2.71		
TL	1.95		
<b>Total</b>	<b>6.39</b>	<b>INR Six Crores and Thirty Nine Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR D' to the bank loan facilities aggregating Rs. 6.39 crores of Sukna Tea & Industries Ltd. ('STIL', or 'the company').

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating derives its strength from the long standing experience of its directors and favourable demand for the product. However the rating is constrained by small scale of operations, negative net worth, unfavourable ratios and delay in timely servicing of its debt obligations.

Going forward, ability of the company to improve its scale of operations, to improve its net worth and to service its debt obligations on a timely manner will be the key rating sensitivities.

<p><b>Description of Key Rating Drivers</b></p> <p><b>Credit Strengths:</b></p> <ul style="list-style-type: none"> <li>● <b>Experience of Directors:</b> The directors of the company have a long standing experience in this line of business.</li> <li>● <b>Industry Outlook:</b> The current outlook of the Indian tea industry is positive with an expected growth of 6.5% in FY19.</li> </ul> <p><b>Credit Risks:</b></p> <ul style="list-style-type: none"> <li>● <b>Negative Net worth:</b> TNW of the company stands at -4.72 crs due to losses incurred by the company in Previous years</li> <li>● <b>Low Scale of Operations:</b> Total Operating Income of the company is low and stands at Rs. 7.41 crs in FY18</li> <li>● <b>Stiff Competition from Others:</b> The company faces stiff competition from other well established players in the industry.</li> <li>● <b>Delays in Debt Servicing:</b> As confirmed by the banker there has been repeated instances of overdues and the account is classified as Substandard.</li> </ul>
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### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### About the Company:

Sukna Tea & Industries Ltd is one of the oldest tea manufacturing company and was registered at Registrar of Companies Kolkata on 11/04/1913. The registered address of the company is Jalpaiguri West Bengal 735101 IN. Mr. Manjula Kalyani, Mr. Harshvardhan Kalyani & Mrs. Bela Debi Moitra are the current directors of the company. The company is into manufacturing of different types of Tea. The garden area and factory of the company is located at Sukna, Siliguri.

### Company’s Financial Performance:

As per the audited financial results of FY18, the company has reported total operating income of ₹ 7.41 crores as against ₹ 5.87 Crores in FY17. The operating profit margin has improved from -16.40% in FY17 to -7.77% in FY18. Tangible Net Worth of the company stood at ₹ -4.72 crores in FY18 as against ₹ -3.93 crores in FY17.

**Key Financial Indicators**

Key Parameters	Units	2018	2017
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
Operating Revenue	₹ Cr	7.41	5.87
EBITDA	₹ Cr	(0.58)	(0.96)
PAT	₹ Cr	(0.79)	(1.40)
Tangible Net worth	₹ Cr	(4.72)	(3.93)
Total Debt/Tangible Net worth	Times	(1.80)	(2.11)
Current Ratio	Times	0.16	0.26

**Rating History for the last three years**

S.No	Facility	Current Rating(2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	6.39	<b>BWR D (Pronounced as BWR Single D)</b>	NA	NA	NA
	<b>Total</b>		<b>6.39</b>	<b>₹ Six Crores and Thirty Nine Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments  
Any other information

**Hyperlink/Reference to applicable Criteria**



- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

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