

February 16, 2026

Suttatti Enterprises Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based-Others	18.00	18.00	[ICRA]BBB+ (Stable); reaffirmed
Total	18.00	18.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation in the rating for the bank lines of Suttatti Enterprises Private Limited (SEPL/ the company) factor in the company's established relations with reputed clients, a healthy share of business in its supplied products and the stable trend in revenue and profits, which supports cash generation and geographical diversification. Additionally, the rating considers SEPL's adequate financial risk profile and healthy liquidity position, which are expected to support the company's comfortable debt-servicing capabilities.

The rating is, however, constrained by the company's modest scale of operations in each segment along with the moderately high working capital intensity of operations. Moreover, the rating is constrained by fluctuation in company margins in last 4 to 5 years due to the changes in the product mix. The net profit margin of the company has moderated to 3.5% in FY2025 vis-à-vis 8.3% in FY2024 as the company recorded one-time extraordinary gains of ~ Rs 6 and Rs 7 crore in FY2023 and FY2024 from sale of Unit-4 Galvanisation plant in FY2023 and FY2024. Further pressure on ratings arises by the significant client concentration risk as the top five customers contributed more than 85% of the revenue in FY2025. However, the company's long association with these customers resulted in repeat orders and integration of SEPL's products into the customers' supply chains which also resulted in the customers absorbing the entire tariff levied on the company's products supplied to the US markets. Further, the challenging global economic conditions led to a moderation in demand due to the supply chain issues encountered by the customers, resulting in lower offtakes and adversely impacting SEPL's revenues in the near term which will be a key monitorable.

ICRA believes that SEPL's established relationships with its customers, which have facilitated the integration of its products into the customer's supply chain, will support adequate offtake, cash generation and thereby maintain a stable credit profile.

Key rating drivers and their description

Credit strengths

Established relationship with reputed clients – The company has an established relationship with reputed players in the auto and construction equipment segments and a healthy share of business for its supplied products. Further, the commercialisation of a new unit for domestic and international defence supplies with orders from large international players is expected to drive revenue growth over the medium term, although at present, the ramp-up remains subdued.

Steady performance across units enables geographic diversification of revenues and support profitability – The company's exports have been steady with comfortable profits over the past few years. SEPL's ability to meet the specific product requirements of its clients while maintaining high-quality standards has led to elevated operational margins from the division. This has also helped the company diversify its revenues across countries such as the US, the UK, Hong Kong and India.

Adequate credit metrics with healthy liquidity position - SEPL has adequate capital structure, characterised by a gearing of 0.2x at the end of FY2025. The coverage indicators are supported by healthy accruals with TOL/TNW at 0.5x and interest

coverage ratio at 8.3x for FY2025. Liquid investments in the form of equity instruments continue to provide sufficient cushion to the company's liquidity. SEPL had liquid investments (equity instruments, mutual funds and debentures) of Rs. 25.3 crore in FY2025 and Rs. 20.9 crore as on October 31, 2025.

Credit challenges

Client concentration risk – SEPL's key clients contributed to more than 80% of its total sales in FY2025 and H1 FY2026, exhibiting high client concentration risk. However, its healthy share of business for certain products manufactured for these clients and the long-term relationship with them mitigate the risk to an extent.

Moderation in the scale of operations with subdued outlook for revenue recovery in the near term – SEPL's scale of operation remains modest with Rs. 110.1 crore revenue in FY2025 and is expected to witness modest growth in FY2026. Muted demand from the domestic market due to low capex by the consuming infrastructure industries has been the major reason for low domestic revenues over the past few fiscal years.

Working capital-intensive operations – SEPL's working capital intensity has remained moderately high owing to the credit period offered to the export customers and the elevated inventory levels. However, the extended credit from the suppliers helped mitigate the impact of the increase in inventory levels. The working capital intensity came down to 47.9% in FY2025 from 50.8% in FY2024.

Muted demand due to global economic conditions and supply chain disruptions – Direct exports have contributed to 40-60% of SEPL's sales over the past few fiscals, with a large part of such exports being for one big customer in the US and others in the European markets. However, the volume offtake has been lower for the current year amid subdued macroeconomic conditions and geopolitical tensions.

Liquidity position: Strong

The liquidity position of the company is expected to remain strong in the near-to-medium term supported by ~Rs. 20.9 crore of free cash and liquid investments and Rs. 10.3 crore of fixed deposits at the end of October 2025, along with a healthy cushion in the fund-based working capital limits. The company should be able to comfortably meet its debt servicing obligations from the retained cash flows on an ongoing basis.

Rating sensitivities

Positive factors – The rating could be upgraded if SEPL exhibits a significant growth in revenue coupled with an improvement in profitability on a sustained basis while maintaining a healthy credit profile and liquidity position.

Negative factors – The rating could be downgraded if the revenues decline further or if there is a significant deterioration in profitability. Further, a stretched working capital cycle leading to a moderation in its liquidity could trigger a downward movement in rating. Any high debt-funded capex impacting the coverage metrics adversely could also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the company's standalone financial profile

About the company

Incorporated in 1995, Suttatti Enterprises Private Limited (SEPL) is the flagship company of the Suttatti Group, promoted by brothers Mr. C.G. Suttatti & Mr. P.G. Suttatti. It is engaged in manufacturing of precision sheet metal components for

engineering and auto segment. The other two group companies are Vijay Engineering (VE) and Sumax Enterprises Pvt Ltd. (Sumax). Vijay Engineering was incorporated in 1964 and is a tooling company, which provides a wide range of quality tools and tool holders. Incorporated in 1980, Sumax looks after the machining requirements of the group. The sheet metal division of the Sumax was incorporated as a private limited company in 1996, which was converted into a closely held public company Suttatti Enterprises Limited in 2006. SEPL was again converted to private limited company in November 2016. SEPL is a family run business with members of the Suttatti family on its Board.

Key financial indicators (audited)

SEPL – Standalone	FY2024	FY2025	7MFY2026*
Operating income	112.0	110.1	65.0
PAT	9.3	3.9	5.9
OPBDIT/OI	13.5%	14.2%	16.8%
PAT/OI	8.3%	3.5%	9.0%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	-
Total debt/OPBDIT (times)	1.9	1.9	-
Interest coverage (times)	8.4	8.3	-

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	16-Feb-2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Others	Long term	18.00	[ICRA]BBB+ (Stable)	10-Jan-2025	[ICRA]BBB+ (Stable)	20-Feb-2024	[ICRA]A- (Negative)	24-Jan-23	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term-Fund-based-Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term-Fund-based-Others	-	-	-	18.00	[ICRA]BBB+ (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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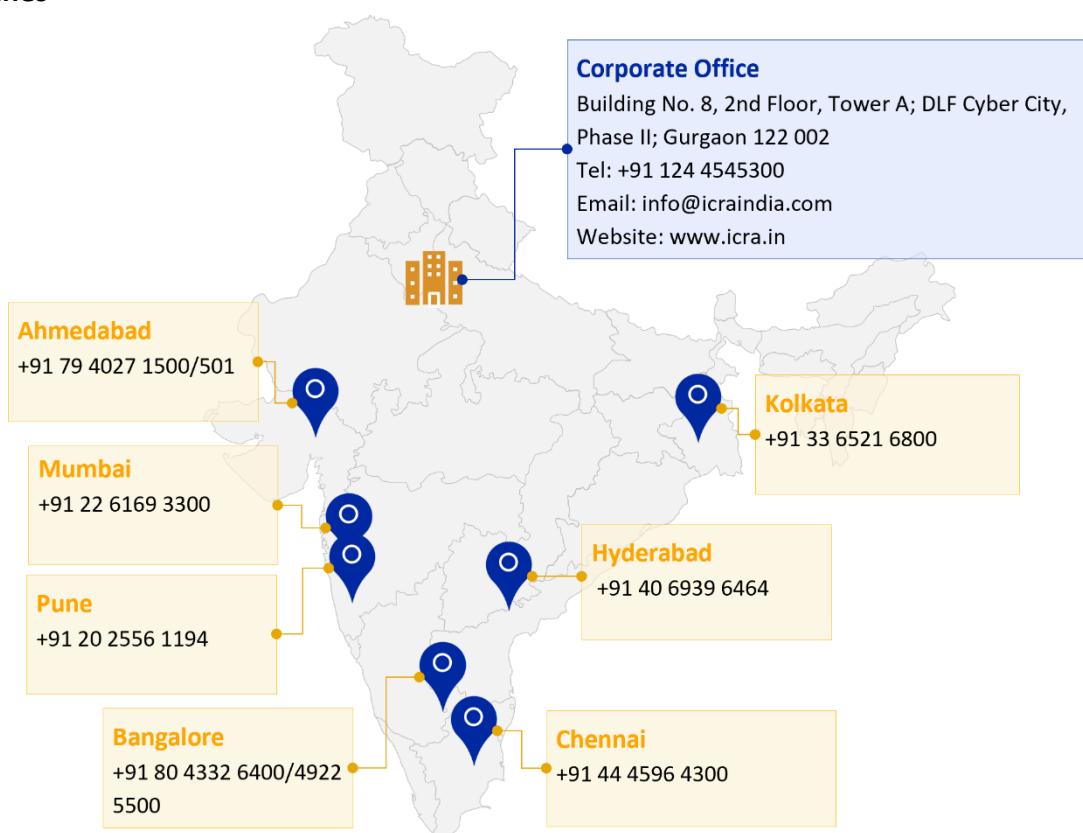
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