



**Press Release**  
**SUPERHOUSE LIMITED**  
**February 23, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	169.00	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	50.00	-	ACUITE A2+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	219.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and the short term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on Rs 219 crore bank facilities of Superhouse limited (SL). The outlook is '**Stable**'.

**Rationale for the rating**

The ratings derive comfort from extensive experience of promoters spanning over four decades in leather industry, long track record of operations, group's strong distribution network and reputed as well as diversified customer base across various industries. The rating also factors in healthy financial risk profile of the group marked by low gearing of 0.38 times as on 31st March 2022 which saw a minuscule dip and stood at 0.43 times in FY 2023, Operating income improved by ~18 percent and stood at Rs 768.13 crore for FY 23 (Rs 650.47 crore in FY 22), Adequate liquidity. The group has strong net worth, which stood at Rs. 418.34 crore as on 31st March 2022 which further increased to Rs. 445.28 Cr in FY 2023 on account of profit accretion. The above strengths are underpinned by working capital intensive nature of operation and intense competition in the industry. GCA Days of the group improved yet remained at a higher level at 232 days in FY 2023(270 days in FY 22).Further interest coverage ratio witnessed dip of 216 bps on account of higher interest cost and lower export incentives in comparison to last year. Coupled to this Operating margin witnessed decline by 102 bps in FY 23. Further, the performance of the company has witnessed moderation in 9MFY24 resulting into dip in revenue and profitability. Acuite believes that the revenue and profitability for FY24 will be lower than FY23 on account of lower demand in the European market.

**About Company**

Incorporated in 1980 as a private limited company in Kanpur, Superhouse Limited is promoted by Mr. Mukhtarul Amin along with his family members who have experience of more than four decades in the leather industry. The company is recognized as one of the leading manufacturers and exporters of finished leather. The company also deals in leather footwear, other leather products, textile garments and horse riding products. It was subsequently reconstituted as a public limited company in 1984 and is listed on Bombay Stock Exchange as well as National Stock Exchange. The company is operating through its 12 manufacturing units across the country and exports its products to more than 78 countries outside India. SL is a part of Superhouse group of companies.

**About the Group**

Superhouse Group is a multi-unit and multi-product conglomerate in the field of footwear,

leather and textile garments manufacturing and exports. Superhouse group is engaged in manufacturing and supplying of leather, leather goods and textile garments across the world. The group's manufacturing unit, i.e. SL is ably backed by marketing offices and distribution

channels routed through various offshore companies. Most of such companies are its wholly owned subsidiaries, i.e. Superhouse (U.K.) Limited, Superhouse (USA) International Inc., Superhouse Middle East FZC, Briggs Industrial Footwear Ltd, Superhouse GmbH, Linea De Seguridad SLU and LA Compagine Francaise D Protectio SARL, Creemos International Limited (Subsidiary) . All these companies collectively, hereinafter referred to as Superhouse Group.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

#### **Extent of Consolidation**

- Full Consolidation

#### **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has considered the consolidated view of business and financial risk profiles of the Superhouse Limited along with its wholly owned subsidiaries/subsidiaries (refer annexure 2) owing to presence in similar line of business, common promoters and operating as well as financial linkages between the entities to arrive at this rating.

### **Key Rating Drivers**

#### **Strengths**

##### **Experienced promoters & established market position in export market for leather goods**

Incorporated in the year 1980, Superhouse group's operations are led by Mr. Mukhtarul Amin along with his family, who possess more than four decades of experience in the aforementioned industry. The top management is ably supported by well experienced technical team. The extensive experience of the promoters has helped the company in establishing healthy relationship with its customers and suppliers. Acuité believes that Superhouse Group will continue to benefit owing to the extensive experience of the promoters and established brand name in the leather industry.

##### **Diversified product portfolio coupled with reputed clientele**

Superhouse group has a diversified product portfolio which includes finished leather, shoe uppers, finished footwear, textile garments, horse riding equipment and other leather products. The group also manufactures safety and fashion footwear. The group has an established market position in the export leather industry. The group is catering to reputed clientele such as Patrick Shoes Limited, ASOS Plc, Lloyds Shoe Company Limited, among others. In addition to this, the group is approved by vendors for global brands such as WalMart, Filanto, Auchan, Andre, Shoe Fayre, Hudson Bay and many more.

##### **Integrated and healthy scale of operations**

Superhouse Limited sources its key raw materials from its tanneries and in-house leather product divisions, thereby reducing the risk of fluctuation in raw material prices. It also imports leather from countries such as Brazil, Italy and Columbia. Superhouse group has a total of twelve manufacturing facilities including two tanneries, across Uttar Pradesh. These units are ably backed by various marketing offices located in USA, UK, UAE, Spain and Germany. Group's revenue improved which is apparent from growth in revenue from operations by ~18.09% in FY2023 to Rs.~768.13 crore as against Rs. 650.47 crore in FY2022. (overall ~43 percent increase in last three years FY 21 to FY 23). However, the Group has booked Operating income of Rs~500.13 crore in 9M of FY 24 and is expected to moderate in current fiscal on account of sluggish demand in export market.

##### **Healthy Financial Risk Profile**

The group has healthy financial risk profile marked by strong net worth, comfortable gearing and coverage indicators. The Total Tangible net worth stood at Rs. 445.28 Cr as on 31st March 2023 as against Rs. 418.34 Cr a year earlier. Debt to Equity ratio witnessed minuscule

increase of 5 bps and stood at 0.43 times in FY 2023 as against 0.38 times in FY 22. Moderation is on account of rise in short term borrowings.

Further, the interest coverage ratio deteriorated by 216 bps and yet stood comfortable at 4.74 times for FY2023 as against 6.90 times in FY2022. Deterioration in Interest coverage ratio is on account of high interest cost in FY 23 in comparison to FY 22. Finance cost was Rs 9.66 crore in FY 22 and jumped by ~47 percent in FY 23 to Rs 14.20 crore. However, Debt Service coverage ratio improved by 22 bps and stood at 1.68 times for FY2023 as against 1.46 times in FY2022. Total outside liabilities to total net worth (TOL/TNW) stood at 0.85 times as on March 31, 2023 vis-à-vis 0.86 times as on March 31, 2022. Debt-EBITDA increased and stood at 2.85 times as on 31st March 2023 as against 2.40 times as on 31st March 2022. The Net Cash Accruals to Total debt stood at 0.23 times as on FY2023 and 0.29 times for FY2022. On account of dip in profitability in the 9MFY24 the group's coverage indicator will see some moderation Albeit moderated it will still remain comfortable.

### **Weaknesses**

#### **Working capital intensive operations**

Group has improved yet intensive working capital requirements as evident from gross current assets (GCA) of 232 days in FY2023 as compared to 270 days in FY2022. Intensiveness of Working capital is on account of High Inventory and Receivable Days. Debtor days stood at 90 days in FY2023 as against 88 days in FY 22. Inventory days witnessed efficiency and stood at 134 days in FY 23 (158 days in FY22) however same is now in line with FY 21 level. . Fund based working capital limits are utilized at ~84 per cent during the last six months ended December 23 while Non fund based limits utilization is 54.81 percent.

#### **Incessant decline in profitability**

The profitability margin of the group has witnessed incessant decline in past three years through FY23 wherein the EBITDA margin declined from 9.07% in FY21 to 7.68% in FY23 unlike EBITDA the PAT remained volatile as can be seen from PAT margin which stood at 4.55%, 4.83% & 3.64% in FY21, FY22 & FY23 respectively. The dip in profitability in FY23 was on account of lower export incentives given by the Government. The profitability margins of the group has further shown a downward trend in the current fiscal and is expected to be lower than FY23. The further dip in profitability is on account of higher selling expenses and suboptimal absorption of fixed cost on account of lower sales.

#### **Competition from organized and unorganized players & Foreign Currency fluctuation risk**

The group is engaged in leather industry which is a highly competitive and fragmented industry marked by the presence of a large number of small-to-medium sized players which exposes Superhouse group to pricing pressure. Since majority of the group's revenue is generated from export sales, this exposes the group to foreign currency fluctuation risk. However to mitigate this the group hedges its export orders and the financial team in the company monitors the currency rates.

### **Rating Sensitivities**

- Substantial Improvement in scale of operations and profitability
- Significant Improvement in Working capital Operations
- Improvement in Financial Risk profile

### **Liquidity Position Adequate**

Group has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. Group generated cash accruals of Rs. 43.93 crore for FY2023 as against debt repayment obligations of Rs. 20.49 crore for the same period. Current Ratio stood at 1.53 times as on 31 March 2023 as against 1.54 times in the previous year. Fund based working capital limits are utilized at ~84 per cent during the last six months ended Dec 23 while Non fund based limits utilization is ~55 percent leaving additional cushion to meet the contingencies in near future. Cash and Bank Balances of company stood at Rs 23.95

crore. The liquidity of the group is expected to remain adequate with group expected to generate cash accruals in the range of Rs. 25 to 30 Cr.

**Outlook: Stable**

Acuité believes that Superhouse Group will maintain a 'Stable' outlook over the medium term on the back of promoters' extensive experience in the industry, healthy financial risk profile and strong distribution network. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in its revenue and profitability while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability or in case of deterioration in the company's financial risk profile or further elongation in working capital cycle.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	768.13	650.47
PAT	Rs. Cr.	27.92	31.44
PAT Margin	(%)	3.64	4.83
Total Debt/Tangible Net Worth	Times	0.43	0.38
PBDIT/Interest	Times	4.74	6.90

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

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Jan 2024	Cash Credit	Long Term	18.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Long Term	50.00	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	83.00	ACUITE A-   Stable (Reaffirmed)
	Stand By Gold Card	Long Term	8.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	33.00	ACUITE A2+ (Reaffirmed)
	Derivative Exposure	Short Term	7.00	ACUITE A2+ (Assigned)
07 Sep 2023	Term Loan	Long Term	10.00	ACUITE Not Applicable   Not Applicable (Withdrawn)
	Packing Credit	Long Term	28.00	ACUITE Not Applicable   Not Applicable (Withdrawn)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	33.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Long Term	50.00	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	83.00	ACUITE A-   Stable (Reaffirmed)
	Stand By Gold Card	Long Term	8.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A2+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.82	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.99	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	5.34	ACUITE A-   Stable (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	28.00	ACUITE A-   Stable (Reaffirmed)
		Long		



24 Jun 2022	Term Loan	Term	7.35	ACUITE A-   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	4.80	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	3.20	ACUITE A-   Stable (Reaffirmed)
	FBN/FBP/FBD/PSFC/FBE	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	10.50	ACUITE A-   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	8.50	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	1.50	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	35.00	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	7.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	16.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	4.50	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	2.50	ACUITE A2+ (Reaffirmed)
27 Mar 2021	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	26.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	7.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	4.50	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	2.50	ACUITE A2+ (Assigned)
	Bills Discounting	Long Term	30.00	ACUITE A-   Stable (Assigned)
	Bills Discounting	Long Term	20.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	1.50	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	3.20	ACUITE A-   Stable (Assigned)
	PC/PCFC	Long Term	55.00	ACUITE A-   Stable (Reaffirmed)
	PC/PCFC	Long Term	28.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.82	ACUITE A-   Stable (Assigned)



	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	10.50	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	7.35	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	5.34	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	10.99	ACUITE A-   Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	8.50	ACUITE A-   Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	4.80	ACUITE A-   Stable (Assigned)
03 Mar 2021	PC/PCFC	Long Term	20.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE A2+   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	33.00	ACUITE A2+   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	83.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Stand By Gold Card	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2028	Simple	10.00	ACUITE A-   Stable   Reaffirmed

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Name of Company	Relationship
Superhouse (U.K.) Limited	Subsidiary
Superhouse (USA) International Inc.	Subsidiary
Superhouse Middle East FZC	Subsidiary
Briggs Industrial Footwear Ltd	Subsidiary
Linea De Seguridad SLU Spain	Subsidiary
Superhouse GmbH	Subsidiary
LA Compagine Francaise SARL Headquarter	Subsidiary
Creemos International Limited	Subsidiary

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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