Superhouse Limited

Instrument	Amount	Rating Action
	In Crore	As on July 2016
Fund Based Facilities	Rs. 208.33 (reduced from Rs. 237.03 crore)	[ICRA]A- (Stable Outlook) (Reaffirmed)
Non-Fund Based Facilities	Rs. 68.50 crore	[ICRA]A2+ (Reaffirmed)

ICRA has reaffirmed the long term rating assigned to the Rs. 208.30 crore fund based limits (reduced from Rs. 237.03 crore) of Superhouse Limited (Superhouse) at **[ICRA]A-** (pronounced ICRA A minus). The outlook on long term rating is stable.. ICRA has also reaffirmed the short term rating assigned to the Rs. 68.50 crore non fund based limits of Superhouse at **[ICRA]A2+** (pronounced ICRA A two plus).

The reaffirmation of Superhouse's ratings favorably factors in its experienced promoters, its integrated manufacturing operations which increase its cost competitiveness and its established market position as one of the leading exporters of leather products in India. Further, ICRA notes that post incurring substantial debt funded capital expenditure during FY16, Superhouse has limited capital expenditure plans going forward and its annual cash accruals from operations are expected to remain comfortable to service the overall debt obligations in a timely manner. The ratings are however constrained due to steep decline in Superhouse's revenues during FY16 mainly on account of weak demand from its customers in the European region. Moreover, with the continuing recession in the European region which forms the company's main export market, its top line and profitability are expected to remain under pressure in the short to medium term. The ratings continue to be constrained owing to high competitive intensity in the leather footwear industry, geographical concentration in Superhouse's revenue profile and vulnerability of its profits to adverse movements in exchange rates, raw material prices and changes in duty drawback rates. Going forward, Superhouse's ability to grow its turnover with improvement in profitability while managing its working capital intensity as well as capital structure will be the key rating sensitivities. Further, the extent of future capital expenditure and investments will be a key rating monitorable.

About the Company

Superhouse Limited is a manufacturer and exporter of finished leather, leather products (including footwear, accessories etc.) and textile garments. The company was originally incorporated in 1980 as a private limited company in the name of Aminsons Leather Finishers Pvt. Ltd and was later converted to a public limited company and subsequently its name was changed to Aminsons Ltd. in 1989. Post the merger of other group companies its name was changed to Superhouse Leather Ltd. and then to Superhouse Ltd. in 2006. The company is promoted by Mr. Mukhtarul Amin, and he and his family members together hold around 54.5% stake in the company.

Recent Results: In FY2016, Superhouse reported a profit after tax (PAT) of Rs. 25.11 crore on an operating income of Rs. 619.28 crore as compared to a PAT of Rs. 32.47 crore on an operating income of Rs. 706.62 crore during the previous year. Superhouse had long term debt outstanding of Rs. 56.11 crore at the end of FY2016 which will be repaid between FY17-FY20.

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