

Super Tannery Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	83.50	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	7.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Short Term Bank Facilities	18.30	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Super Tannery Limited (STL) continue to drive strength from the experienced promoters in the leather and tannery industry and the company's long operational track record and diversified customer base. Ratings also factor in locational advantage, and the company's moderate financial risk profile marked by comfortable gearing level and moderate debt coverage indicators. Ratings also take into cognisance the company's ability to sustain its operational performance despite sluggish demand scenarios in global markets. However, ratings are constrained by presence of large organised and unorganised players in the leather and footwear manufacturing industry, its elongated operating cycle and susceptibility of foreign currency price fluctuations. The ratings also take note of the announcement made by the company on Bombay Stock Exchange on November 12, 2025, pertaining to potential demerger of business undertakings and same remains the key monitorable from credit perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capacity utilisation with return on capital employed (ROCE) above 12.00% on a sustained basis.
- Reduction in Gross Current Asset Days below 150 days on a sustained basis

Negative factors

- Deterioration in overall gearing above 1.50x on sustained basis
- Reduction in total operating income (TOI) below ₹150 crore leading to reduction in profitability margins

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects the company is likely to maintain its operating and financial performance and adequate liquidity, maintaining its comfortable solvency profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

Iftikharul Amin, (aged 66 years) postgraduate, is the company's managing director and is associated with the company since inception. He has around four decades of experience in leather industry. Iqbal Ahsan, joint managing director, has been closely associated with the company for over 35 years and is involved in the company's operations. Mohd. Imran is a chartered accountant and looks after export, import, accounts, excise, customs, and foreign trade matters.

Long track record of operations, locational advantage albeit customer concentration risk

STL began its operations in 1953 as a partnership firm in Uttar Pradesh – one of the major leather producing states. In 1984, STL was converted into a closely held public limited company and made its initial public offering in 1993. STL exports to over 40 countries and same contributed ~81% of the total income in FY25 (refers to period April 01 to March 31). STL has a concentrated customer and with top ten customers contributing ~81% of total sales in FY25 (PY: ~80%).

Sustained improvement in scale of operations and profitability

STL has continued to demonstrate steady operational performance, with income from operations increasing to ₹284 crore in FY25 (FY24: ₹226.90 crore), reflecting a robust YoY growth of around 25%. PBILDT also increased to ₹21.26 crore in FY25 (FY24: ₹17.80 crore), though PBILDT margin moderated slightly to 7.48% due to higher input costs and freight variations. PAT margin remained stable at 2.56% in FY25 (FY24: 2.60%).

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

During H1FY26, the company reported income from operations of ₹129.66 crore, lower YoY versus ₹136.02 crore in H1FY25, on account of softer demand conditions in some key European markets. However, the PBILDT margin during H1FY26 improved to 9.40%, demonstrating continued cost efficiency and operating discipline.

The company's shift towards higher value-added leather footwear and components, which accounted for more than 50% of FY25 revenue, continues to support profitability and reduce reliance on commodity-grade finished leather.

Adequate capital structure and improved coverage indicators

STL's capital structure continues to improve, supported by healthy accretion of profits and reduced working capital borrowings. Overall gearing improved to 0.68x as on March 31, 2025, compared with 0.78x as on March 31, 2024. Total debt reduced to ₹73.11 crore in FY25, driven by lower utilisation of working capital limits and scheduled repayment of term loans.

Coverage indicators remain comfortable with PBILDT interest coverage at 4.02x in FY25 (FY24: 3.85x) and PBIT interest coverage at 2.62x (FY24: 2.40x), reflecting improved operating surplus. Total Debt/GCA improved to 4.96x in FY25 from 5.97x in FY24, indicating enhanced debt-servicing ability.

Further improvement is visible in H1FY26, with total debt reducing to ₹62.90 crore, aided by strong operating cash flow generation.

Key weaknesses

Elongated operating cycle

The company's operating cycle remained elongated although improving to 105 days in FY25, compared with 142 days in FY24 and 145 days in FY23, reflecting structural improvements in inventory management. Inventory holding reduced sharply to 82 days in FY25 (FY24: 107 days). Average collection period also improved to 77 days in FY25 (FY24: 94 days).

The improvement in working capital efficiency translated into a sharp rise in net Cash Flow from operations (CFO) to ₹44.26 crore in FY25, the highest in the last five years, versus ₹12.93 crore in FY24.

Competition from organised and unorganised players

Per the Council of Leather Exports, India is the second largest global producer of leather footwear after China. Footwear industry is highly competitive due to the low entry barriers considering low capital investment required for setting up of a new facility. Also, the industry's operations are labour intensive resulting in presence of large number of unorganised players in the industry. The company's prospects shall be governed by its ability to profitably scale up operations without adverse impact on the company's capital structure.

Foreign exchange fluctuation risk despite hedged

In FY25, exports accounted for ~81% of the company's total sales, consistent with the previous year. Given that a significant portion of sales revenue is realised in foreign currency, the company is exposed to fluctuations in exchange rates. To mitigate this risk, the company partially hedges its foreign currency exposure, covering ~45-50% of its total exports through forward contracts. Additionally, it reduces exposure by making shipments and receiving payments in Indian currency for a portion of its exports, while ~10% is naturally hedged. The company imports lining and leather for shoe components based on customer specifications. However, in the absence of a formal hedging policy, the company remains vulnerable to volatility of exchange rate movements for the unhedged portion of its foreign exchange exposure. In FY25, the company recorded a foreign exchange fluctuation gain of ₹0.04 crore, compared to a foreign exchange loss of ₹0.45 crore in FY24.

Liquidity: Adequate

The company has adequate liquidity marked by sufficient cushion in expected gross cash accruals of Rs. 14-15 crore vis-à-vis scheduled repayment obligations of Rs.0.49 crore in FY26 and free cash and bank balance of Rs. 3.27 crore as on September 30, 2025. The reliance on bank limits is moderate at approx. 80-85% in last 12 months ending November 2025. The company majorly exports to the European countries, Russia and Brazil with negligible exposure towards the US market.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Leather And Leather Products

STL is engaged in manufacturing finished leather, leather shoes and components. The company has five manufacturing facilities in Uttar Pradesh. The company is promoted by Iftikharul Amin, who is the company's managing director and is associated with the company since its inception. He has around four decades of experience in leather and leather product industry.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	226.90	284.00	129.66
PBILDT*	17.80	21.26	11.62
Profit after tax (PAT)	5.91	7.26	3.57
Overall gearing (x)	0.78	0.68	0.56
Interest coverage (x)	3.85	4.02	4.68

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	83.50	CARE BBB-; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	7.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Working Capital Limits		-	-	-	18.30	CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (08-Jan-24)	1)CARE BBB-; Stable (06-Jan-23)
2	Fund-based - LT-Working Capital Limits	LT	83.50	CARE BBB-; Stable	-	1)CARE BBB-; Stable (08-Jan-25)	1)CARE BBB-; Stable (08-Jan-24)	1)CARE BBB-; Stable (06-Jan-23)
3	Non-fund-based - ST-Working Capital Limits	ST	18.30	CARE A3	-	1)CARE A3 (08-Jan-25)	1)CARE A3 (08-Jan-24)	1)CARE A3 (06-Jan-23)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	7.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (08-Jan-25)	1)CARE BBB-; Stable / CARE A3 (08-Jan-24)	1)CARE BBB-; Stable / CARE A3 (06-Jan-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple
3	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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