



Rating Rationale

Super Seal Flexible Hose Ltd.

29 May2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.50 Crores of Super Seal Flexible Hose Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based S.O.D.H	8.50	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Non Fund Based ILC/FLC	(1.00)**	Short Term	BWR A4 (Pronounced as BWR Single A Four)
Total	Rs 8.50 Crores (INR Eight Crores Fifty Lakhs Rupees Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Sub Limit ILC/FLC of S.O.D.H

Rating Assigned:

BWR has assigned Long Term Rating of BWR B+ (*Outlook: Stable*) for the bank loan facilities and Short Term Rating of BWR A4 for Super Seal Flexible Hose Limited . (‘the Company’)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company’s audited financial results upto FY18, and publicly available information and information/clarifications provided by the Company’s management.

The rating draws strength from the experienced promoters and long track record of business, and low gearing level. However, the rating is constrained by negative net profit margins, low current ratio, decline in revenues. Going forward, the ability of the Company to improve its net profit margins,, improvement in current ratio, and improvement in revenues, However the company has achieved a turnover of Rs 30.24 crores till 31/03/2019 as informed by management but still at constant level would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

1. **Extensive Experience of the Promoters :** The promoters of the Company has rich experience of more than 20 years in the same line of business. The company has a long track record of more than 10 years that them to maintain a healthy relationship with their customers and suppliers.
2. **Low Gearing Level :** The company has low gearing level with TOL/TNW of 1.63 Times and TD/TNW of 0.82 times coupled with moderate net worth and Low borrowings in FY18.

Credit Weakness:

1. **Negative Net Profit Margins :** The company has negative net profit margins of (3.25%) in FY18 due to increase in depreciation cost that leads to decline in net profit margins.
2. **Low Current Ratio :** The company has low current ratio of 0.98 Times in FY18. It has remained at a constant level as compared to previous year of 0.98 Times in FY17.
3. **Decline in Revenues :** The revenues of the company has declined from Rs 29.83 crores in FY17 to Rs 25.92 crores in FY18, However the company has achieved revenues of Rs 30.24 crores till 31/03/19 as informed by Management.

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).

Support from Holding/Subsidiary Company:

The Company has no associate concerns or subsidiary concerns.

Liquidity

The Company has liquid investments of Bank FDRs of Rs 0.54 crores and Cash & Bank Balances of Rs 0.28 crores. Current ratio was at 0.98 times in FY18 . Average working capital utilization for the six months period (September 2018 to March 2019) is 98.95% .The conversion cycle has been 97 days in FY18. The Company has nil long term debt. The Company ISCR at 1.25 times and Debt Service Coverage Ratio of 1.31 Times as on March 31 2018.



Rating Outlook: *Stable*

BWR believes the **Super Seal Flexible Hose Limited** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Super Seal Flexible Hose Limited incorporated in 25/11/2005 with Directors namely Mr Sanjay Kumar and Mrs Satabdi Gangopadhyay. The Company is engaged in manufacturing of Hydraulic and Industrial Hoses The company has its unit located at Greater Noida, Uttar Pradesh.

Company Financial Performance

Total operating income (TOI) of the Company has declined from Rs 29.83 Cr in FY17 to Rs 25.92 Cr. in FY18. The company has achieved revenues of Rs 30.24 crores till 31/03/19 As informed by the management. PAT has declined from Rs (0.78) Cr in FY17 to Rs. (0.84) Cr in FY18.

Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
Result Type			
Operating Revenue	₹ Cr	25.92	29.83
EBITDA	₹ Cr	1.55	1.50
PAT	₹ Cr	(0.84)	(0.78)
Tangible Net worth	₹ Cr	10.73	11.58
TOL:TNW	Times	1.63	1.64
Current Ratio	Times	0.98	0.98

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based S.O.D.H	Long Term	8.50	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA	NA
2.	Non Fund Based ILC/FLC	Short Term	(1.00)	BWR A4 (Pronounced as BWR Single A Four)	NA	NA	NA
	Total		8.50	Eight Crores Fifty Lakhs ₹ Only			

* ** Sub Limit ILC/FLC of S.O.D.H

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

Any other information : Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

For any other criteria obtain hyperlinks from website



Analytical Contacts	Investor Contacts
<p>V K Kukreja Associate Director - Ratings B :+91 11 2341 2232 kukreja.vk@brickworkratings.com</p> <p>Aman Sharma Ratings Analyst B :+91 172 5032 295 / 6 aman.s@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 80 6745 6666 satish.n@brickworkratings.com</p>
1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 Investors queries can be sent to 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.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.