

Silvershine Corporation

May 04, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	2.30	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	2.95	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	5.25 (Rs. Five Crore and Twenty-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Silvershine Corporation (SC) to monitor the ratings vide e-mail communications/ letters dated April 15, 2021, April 19, 2021, April 20, 2021, April 26, 2021 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on Silvershine Corporation's bank facilities will now be denoted as **CARE B-; Stable/CARE A4; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in long term rating factors in non-cooperation by SC and CARE's efforts to undertake a review of the ratings outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

(At the time of last rating on March 27, 2020, the following were the rating strengths and weaknesses.)

Key Rating Weaknesses

Small scale of operations: SC operates on small scale being operates in the paper product manufacturing industry. However, SC's total operating income (TOI) has continuously increased in the range of Rs.8.70 crore to Rs.11.03 crore during FY16-FY18 on account of increased demand from both its existing customers and new customers with addition in its products line by baking lining, paper plates and cushion tapes etc. Moreover, the tangible net worth of the entity remained low which also limits the financial flexibility to an extent.

Moderate profit margins: SC's PBILDT margin remained moderately comfortable in the range of 6.81%-10.95% in during FY16-FY18 and the same base improved during FY17 & FY18 on the back of continuous growth in scale of operations. However, PAT margin has continuously declined marginally and stood at in the range of 2.74%-2.31% during FY16-FY18. Nevertheless the same continues to remain moderate.

Moderately leveraged capital structure and weak debt coverage indicators: The capital structure of the entity stood moderately leveraged with overall gearing of SC's remained at 1.40x as on March 31, 2018 (vis-à-vis 1.32x as on March 31, 2017) owing to higher debt level to fund its working capital requirements. Moreover, due to high debt level and moderate profitability, debt coverage indicators remained moderately weak.

Working capital intensive nature of operations: SC's operations are working capital intensive in nature on account of funds being blocked in inventory and debtors as the company procures raw materials on bulk in order to sustain continuous production as well as to avail bulk purchase cash discounts. Collection period also remained stretched due to liberal credit

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

period provided to its customers. Owing to above, the entity extends higher credit period to its suppliers and also led to high level of utilization of its working capital limits.

Key Rating Strengths

Long track record of operations and experienced promoters: The entity has established track record of operations of about a decade of operations in the industry. Further, Mr. Shishir Jhalundhwala, the proprietor of SC has an experience of nearly 3 decades in the packing industry. He was earlier associated with Ragal Foil Products LLP and Prisshi Packaging Private Limited and currently looks after the overall operations of the entity and over the years of operations, he has established strong business relationship with its stakeholders.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning outlook and credit watch to Credit Ratings](#)

[Rating Methodology – manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Established in the year 2009 by Mr. Shishir Sagunlal Jalundhwala, Silvershine Corporation (SC) is a proprietorship concern engaged into manufacturing of paper plates, lids, boxes and cups. It operates two manufacturing facilities, one at Vada, Palghar (which is spread over 4500 sq. ft.) and second at Talasari, Palghar (spread over 2000 sq. ft.) and exports around 51% of its products to its clients in the USA and remaining to domestic customers.

Brief Financials (Rs. crore)	FY17(A)	FY18 (A)
Total operating income	9.70	11.03
PBILDT	1.06	1.13
PAT	0.25	0.26
Overall gearing (times)	1.32	1.40
Interest coverage (times)	2.12	2.11

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	2.30	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-EPC/PSC	-	-	-	2.70	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Forward Contract	-	-	-	0.25	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	2.30	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (01-Apr-20)	-	1)CARE B+; Stable (19-Mar-19)
2.	Fund-based - LT-Term Loan	-	-	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (01-Apr-20)	-	1)CARE B+; Stable (19-Mar-19)
3.	Fund-based - ST-EPC/PSC	ST	2.70	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (01-Apr-20)	-	1)CARE A4 (19-Mar-19)
4.	Fund-based - ST-Forward Contract	ST	0.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (01-Apr-20)	-	1)CARE A4 (19-Mar-19)

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Firm

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - ST-EPC/PSC	Simple
3.	Fund-based - ST-Forward Contract	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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