

Silvershine Corporation

April 1, 2020

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|----------------------------|--|--|---|
| Long term Bank Facilities | 2.30 | CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*) | Issuer not cooperating; revised from CARE B+; Stable on the basis of based on best available information |
| Short term Bank Facilities | 2.95 | CARE A4; ISSUER NOT COOPERATING* (A Four; ; ISSUER NOT COOPERATING*) | Issuer not cooperating; Based on best available information |
| Total | 5.25 (Rs. . Five Crore and twenty five lakhs only)) | | |

Details of instruments/facilities in Annexure I
Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Silvershine Corporation (SC) to monitor the rating(s) vide e-mail communications/letters dated January 2, 2020, February 10, 2020 February 28, 2020 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 rating on Silvershine Corporation 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 ratings.

The ratings have been revised on account of 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 19, 2019 the following were the rating strengths and weaknesses:

Detailed description of the key rating drivers
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 network 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

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

liberal credit 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 to Credit Ratings](#)

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

[CARE's methodology for wholesale trading companies](#)

[Criteria for Short Term Instruments](#)

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

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* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information |
| Fund-based - LT-Term Loan | - | - | - | 0.00 | CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information |
| Fund-based - ST-EPC/PSC | - | - | - | 2.70 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |

| | | | | | |
|----------------------------------|---|---|---|------|---|
| Fund-based - ST-Forward Contract | - | - | - | 0.25 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Fund-based - LT-Cash Credit | LT | 2.30 | CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information | - | 1)CARE B+; Stable (19-Mar-19) | 1)CARE B+; Stable (28-Feb-18) | 1)CARE B+; Stable (15-Feb-17) |
| 2. | Fund-based - LT-Term Loan | LT | 0.00 | CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information | - | 1)CARE B+; Stable (19-Mar-19) | 1)CARE B+; Stable (28-Feb-18) | 1)CARE B+; Stable (15-Feb-17) |
| 3. | Fund-based - ST-EPC/PSC | ST | 2.70 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE A4 (19-Mar-19) | 1)CARE A4 (28-Feb-18) | 1)CARE A4 (15-Feb-17) |
| 4. | Fund-based - ST-Forward Contract | ST | 0.25 | CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE A4 (19-Mar-19) | 1)CARE A4 (28-Feb-18) | 1)CARE A4 (15-Feb-17) |

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 clarification

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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