

April 03, 2025

## Silver Crest Clothing Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term – Fund based limits	173.00	163.00	[ICRA]A1; Reaffirmed
Long-term – Fund based – Interchangeable limits^	(10.00)	(10.00)	[ICRA]A (Stable); Reaffirmed
Short-term – Unallocated limits	0.00	10.00	[ICRA]A1; Reaffirmed
<b>Total</b>	<b>173.00</b>	<b>173.00</b>	

\*Instrument details are provided in Annexure I

^Sublimit of Fund Based Limits

### Rationale

The ratings reaffirmation on the bank lines of Silver Crest Clothing Private Limited (SCPL) considers the consistent improvement in operational and financial performance over the last three fiscals, registering a CAGR of 23.7%, along with the expectation of a stable performance over the medium term. SCPL's operating income had grown by 20.4% in FY2024 on a YoY basis to Rs. 654.2 crore and further by ~4% (on an annualised basis) in 9M FY2025, supported by an increase in realisation, a strong product portfolio and its healthy order book position. SCPL's operating margin improved by 477 bps to 14.2% in FY2024 with an increase in realisation and a modest volume growth in select segments. Besides, a modest improvement in the operating margins is expected in FY2025, supported by moderation in raw material prices. SCPL's credit profile remains supported by a strong liquidity position and healthy coverage indicators.

The ratings, however, remain constrained by high customer concentration risk with the top five customers contributing around 68% to the revenues in FY2024 (against 63% in FY2023). Nevertheless, SCPL has an established track record of maintaining a healthy relationship with its existing customers and obtaining repeat orders. SCPL's profitability remains exposed to any adverse changes in foreign currency rates and export incentive structure. SCPL has high working capital intensity, however, the same improved to 28.6% in FY2024 from 33.6% in FY2023. ICRA also notes that SCPL in FY2024 had concluded a buyback of its equity shares, resulting in a cash outflow of Rs. 38.0 crore (representing 15% of the pre-buyback equity share capital, inclusive of taxes). The company funded its buy-back out of its own reserves. The company remains exposed to external risk factors, such as regulations and duty structures across the markets, given the limited pricing power enjoyed by its established buyers.

The Stable outlook on the long-term rating reflects ICRA's expectation that SCPL is likely to sustain its operational metrics with a modest revenue growth. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

### Key rating drivers and their description

#### Credit strengths

**Established presence and strong customer base** – SCPL is an established manufacturer and exporter of men's formal wear and is one of the largest organised exporters of jackets, suits and trousers from India. SCPL specialises in these product categories owing to relatively lower competition among the apparel exporters from India and the value-added nature of the products (jackets, suits and waistcoats). SCPL exports to renowned retailers across the US and Europe and enjoys extensive relationships with its customers, which has helped it receive recurring orders from key customers over the years.

**Comfortable capitalisation levels and coverage metrics** – SCPL’s financial profile is characterised by a comfortable capital structure, strong liquidity position and healthy coverage metrics, despite high working capital requirements in the business and equity share buyback done in FY2024, resulting in a cash outflow of Rs. 38 crore (representing 15% of the pre-buyback equity share capital, inclusive of taxes). Over the years, a sizeable portion of SCPL’s working capital requirement was funded through internal accruals, limiting its dependency on external debt. In FY2024, SCPL’s external debt increased to Rs. 104.8 crore from Rs. 87.3 crore in FY2023. Nevertheless, the entity’s key capital ratios continue to remain comfortable, including gearing and TOL/TNW, which stood at 0.5 times and 0.9 times, respectively in FY2024. Going forward, with limited dependency on external borrowings, leverage and coverage metrics are likely to remain healthy over the medium term.

### Credit challenges

**High customer concentration and working capital intensive nature of operations** – SCPL’s customer concentration continues to remain high. So, its revenues and earnings are exposed to the volatility in the performance of its top five customers, which accounted for ~68% of its operating income in FY2024. The entity’s performance is also susceptible to regulations and duty structures across the markets. Nevertheless, the risk is mitigated to an extent by the established relationship that SCPL enjoys with its key clientele, as reflected in the repeat business generated over the years. Further, addition of new customers in the last few years mitigates the customer concentration risk marginally. SCPL’s operations continue to be working capital intensive with NWC/OI of 28.6% in FY2024 even as it improved from 33.6% in FY2023 on account of a reduction in inventory holding. However, the same has moderated to 47% due to increase in receivables and inventory holdings based on 9M FY2025 (Standalone) financials shared by the company. Given the nature of its operations, SCPL’s working capital intensity of operations would continue to remain at an elevated level, going forward.

**Vulnerable to volatility in raw material prices, demand trends, exchange rate fluctuation and changes in export incentive structure** – Like other apparel exporters, SCPL’s profitability is susceptible to adverse movements in raw material prices and foreign exchange rates, given its export-driven revenue profile. Any volatility in exchange rates could adversely impact SCPL’s revenues and profitability as well as its competitiveness against other exporting countries. However, with more than 90% of hedging done through forward contracts, the risk is mitigated to a greater extent. Besides, high dependence on export incentives exposes SCPL’s profitability and competitiveness in the international markets to any adverse change in the export incentive structure.

### Liquidity position: Strong

SCPL’s liquidity position is likely to remain **strong** in the medium term with expected healthy cash flow from operations, cash buffer of ~Rs. 51 crore as on December 31, 2024, and undrawn working capital limits of ~Rs. 78 crore in January 2025 (on a standalone basis). The average utilisation of the working capital limit stood at ~53% of its sanctioned limit of Rs. 173.0 crore during the last 12 months ending in January 2025. Subsequently in February 2025, the sanctioned working capital limits were reduced to Rs. 163.0 crore. In relation to these sources of cash, SCPL has a capex commitment of ~Rs. 6 crore for FY2025, funded through internal accruals and has no term loan repayment obligation.

### Rating sensitivities

**Positive factors** – ICRA may upgrade SCPL’s ratings if there is a significant improvement in the scale of operations while maintaining profitability, along with diversification in its product and customer profiles.

**Negative factors** – SCPL’s inability to improve the working capital cycle or sustained pressure on the operating performance, adversely impacting the company’s debt protection metrics and liquidity position, could result in ratings downgrade. Further, any cash outflow towards promoters in the form of share buyback or dividend could also exert pressure on the ratings. Specific credit metrics, which may trigger ratings downgrade include the interest cover reducing to less than 5 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles – Apparels</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of SCPL. Details of its wholly-owned subsidiary and two associate companies have been provided in Annexure – II

## About the company

SCPL was incorporated in 1993 as a garment manufacturing export company and is one of the largest organised manufacturers of formal suits, blazers and trousers in the country. CPL sells primarily to retailers in the US and European markets, with exports accounting for ~90% of its revenues. Besides, the company has presence in the domestic market with its in-house brand, Theme, which started in 1995. SCPL has a wholly owned subsidiary, Carreman Silvercrest Clothing (India) Private Limited, which undertakes job work for SCPL.

## Key financial indicators (audited)

SCPL (Consolidated)	FY2023	FY2024
Operating income	543.6	654.2
PAT	31.7	60.1
OPBDIT/OI	9.7%	14.5%
PAT/OI	5.8%	9.2%
Total outside liabilities/Tangible net worth (times)	0.9	0.9
Total debt/OPBDIT (times)	1.7	1.1
Interest coverage (times)	10.5	16.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based limits	Short term	163.00	Apr 03, 2025	[ICRA]A1	-	-	Mar 25, 2024	[ICRA]A1	Jul 28, 2022	[ICRA]A2+
			-	-	-	-	Sept 18, 2023	[ICRA]A1	-	-
Fund based – Interchangeable limits <sup>^</sup>	Long term	(10.00)	Apr 03, 2025	[ICRA]A (Stable)	-	-	Mar 25, 2024	[ICRA]A (Stable)	Jul 28, 2022	[ICRA]A- (Stable)
			-	-	-	-	Sept 18, 2023	[ICRA]A (Stable)	-	-
Unallocated limits	Short term	10.00	Apr 03, 2025	[ICRA]A1	-	-	-	-	-	-

<sup>^</sup>Sublimit of Fund Based Limits

## Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term – Fund based limits	Simple
Long-term – Fund based – Interchangeable limits^	Simple
Short-term – Unallocated limits	Not Applicable

<sup>^</sup>Sublimit of Fund Based Limits

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

#### Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based limits	NA	NA	NA	163.00	[ICRA]A1
NA	Fund based – Interchangeable limits <sup>^</sup>	NA	NA	NA	(10.00)	[ICRA]A (Stable)
NA	Unallocated limits	NA	NA	NA	10.00	[ICRA]A1

Source: Company; <sup>^</sup>Sublimit of Fund Based Limits

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Company Name	SCPL Ownership	Consolidation Approach
Carreman Silvercrest Clothing (India) Private Limited	100.00%	Full Consolidation
Camden Apparel Solutions Pvt Ltd	50.00%	Equity Method
Munro Silvercrest Private Limited	50.00%	Equity Method

Source: Company

## ANALYST CONTACTS

**Shamsher Dewan**  
+91 124 4545 328  
[shamsherd@icraindia.com](mailto:shamsherd@icraindia.com)

**Ramakrishnan G S**  
+9144 4596 4300  
[g.ramakrishnan@icraindia.com](mailto:g.ramakrishnan@icraindia.com)

**Srikumar Krishnamurthy**  
+91 +91 444596 4318  
[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**Trusha Mahendra Patil**  
+91 94 2350 3574  
[trusha.patil@icraindia.com](mailto:trusha.patil@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6.00 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



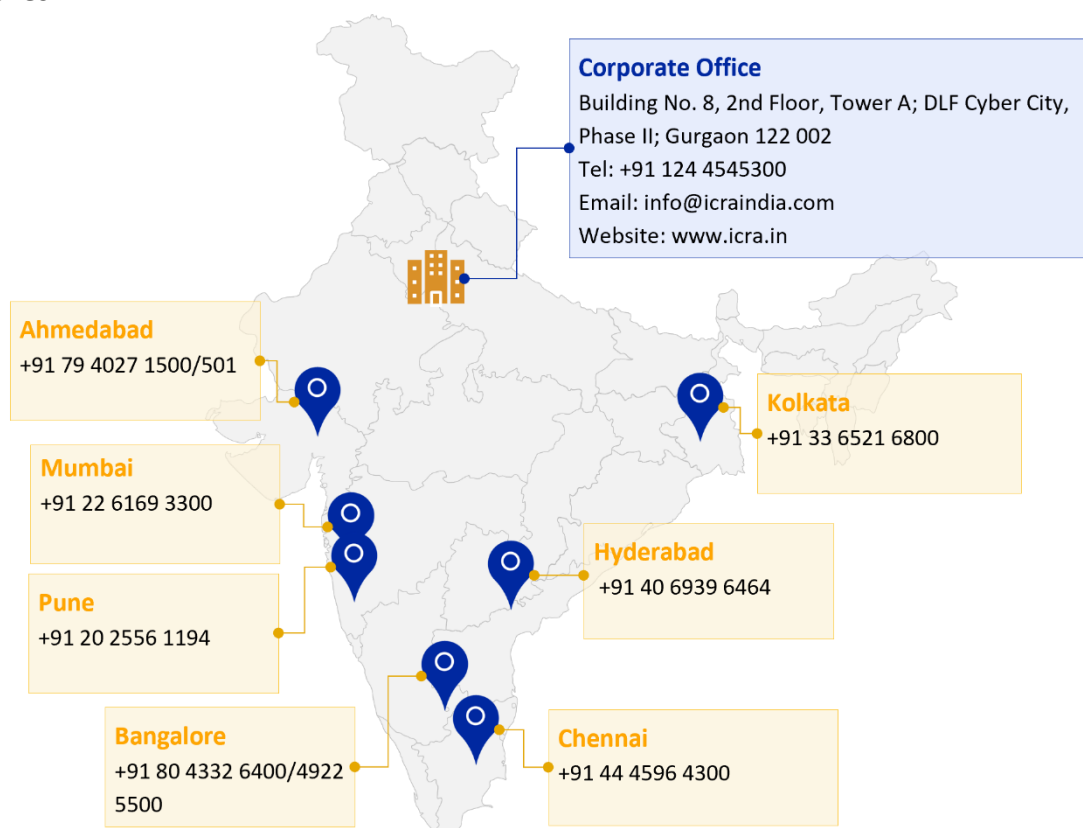
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.