

May 08, 2026

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	163.00	163.00	[ICRA]A1; reaffirmed
Long-term – Fund-based – Interchangeable limits^	(10.00)	(10.00)	[ICRA]A (Stable); reaffirmed
Short-term – Unallocated limits	10.00	10.00	[ICRA]A1; reaffirmed
Total	173.00	173.00	

*Instrument details are provided in Annexure II, ^Sublimit of fund-based limits

Rationale

The ratings reaffirmation of the bank lines of Silver Crest Clothing Private Limited (SCPL) considers a likely moderation in its performance in FY2026 due to US reciprocal tariff levies. However, the company's performance is expected to recover over the medium term with the removal of the levies from February 2026 onwards. This recovery remains supported by its established relationships with prominent retailers in the US and EU, as well as its strong financial profile. The entity derives around 96% of its revenues from standalone operations, based on which the entity registered revenues of Rs. 488.8 crore in 9M FY2026, representing a 3.1% decline on an annualised basis due to a decline in volumes exported, and discounts offered to its customers to mitigate impact relating to US reciprocal tariff and ad valorem levies. Additionally, operating margins moderated by 477 bps to 8.5% in 9M FY2026 compared to FY2025 levels (on a standalone basis). SCPL generates 60-65% of its revenues from the US market, and for select months in FY2026, the US government imposed reciprocal tariffs and additional ad valorem duties on apparel exported, prompting the company to offer discounts to retain its US customers. Although the entity's margins are estimated to decline by around 400 bps on a consolidated basis to around 10% in FY2026 due to these customer discounts, advantages from the depreciating rupee and ongoing cost-cutting measures partially counteracted the effect of the tariffs. The reduction of US tariffs from February 2026 and signing of a free trade agreement with the UK are likely to provide further diversification opportunities for the company and support a healthy recovery in the entity's profitability from FY2027 onwards. TD/OPBDITA, which stood at around 1.0x in FY2025, is expected to moderate to around 1.7x in FY2026 due to the reduction in profitability, with a strong recovery likely in FY2027. Various cost-cutting initiatives implemented by the entity are anticipated to improve the entity's margins over the medium term. However, the ongoing West Asia crisis and its impact on raw material prices as well as SCPL's profitability remains a key monitorable.

The ratings, however, remain constrained by high customer concentration risk, with the top five customers contributing around 73% of revenues in 9M FY2026 (against 69% in FY2025). Nevertheless, SCPL has an established track record of maintaining a healthy relationship with its existing customers and obtaining repeat orders. The company's profitability remains exposed to volatility in raw material prices, demand trends in key export markets, tariffs, adverse changes in foreign currency rates and export incentive structure. However, a portion of foreign currency volatility being hedged through forward contracts mitigates the exchange volatility risk to an extent. SCPL's working capital intensity has been high at 30-38% from FY2023 to 9M FY2026. The sustenance of the normal receivable cycle and timely receipt of export incentives continue to be crucial for the maintenance of its healthy liquidity position. The ratings also remain constrained by the intense competition in the industry, which limits the pricing flexibility of the participants.

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 anticipation that the entity's incremental capital expenditure

(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. The company 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. Over the years, a sizeable portion of its working capital requirement was funded through fund-based working capital facilities. SCPL’s working capital debt increased to Rs. 118.3 crore as on March 31, 2026 compared to Rs. 94.2 crore as on March 31, 2026 due to the increase in inventory holdings. Nevertheless, the entity had free cash and liquid investment of Rs. 76.7 crore as on March 31, 2026, and the entity’s key capital ratios remain comfortable. Gearing and TOL/TNW stood at 0.3 times and 0.5 times, respectively in 9M FY2026 (on a standalone basis). Going forward, with limited dependency on external borrowings, leverage and coverage metrics are likely to remain healthy over the medium term.

Credit challenges

High geographical concentration and working capital-intensive nature of operations – SCPL’s customer concentration remains high. So, its revenues and earnings continue to be exposed to the volatility in the performance of its top five customers, which accounted for 73% of its operating income in 9M FY2026. The entity’s performance also remains susceptible to regulations and duty structures across the markets. Nevertheless, these risks are mitigated to an extent by the established relationships that SCPL enjoys with its key clientele, as reflected in the repeat business generated over the years. Its operations continue to be working capital-intensive, with NWC/OI of 28.3% (standalone) in 9M FY2026 even as it improved from 30.8% in FY2025 on account of a reduction in inventory holding. Given the nature of its operations, SCPL’s working capital intensity of operations would continue at the same level, going forward

Vulnerable to volatility in raw material prices, demand trends, tariffs and changes in export incentive structure – Similar to other apparel exporters, SCPL’s profitability remains 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 the company’s revenues and profitability as well as its competitiveness against other exporting countries. However, with more than 90% of the net positions being hedged done through forward contracts, the risk to a greater extent is mitigated. 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 expected to remain Strong, supported by free cash and liquid investment of Rs. 76.7 crore and undrawn working capital limits of around Rs. 44.7 crore as on March 31, 2026. The average utilisation of the working capital limit stood at around 51% of its sanctioned limit of Rs. 163.0 crore during the last 12 months ending in March 2026. Against these sources of cash, SCPL has only minimal capex commitment of Rs. 3-5 crore in FY2027, 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 across geographies.

Negative factors – SCPL’s inability to improve the working capital cycle or sustained pressure on the operating margins, adversely impacting the company’s debt protection metrics and liquidity position, could result in a 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 unfavourably impact the ratings include the interest cover reducing to less than 5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparels
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 – III

About the company

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

Key financial indicators (audited)

SCPL (consolidated)	FY2024	FY2025
Operating income (OI)	654.2	699.6
PAT	60.1	63.6
OPBDITA/OI	14.5%	14.2%
PAT/OI	9.2%	9.1%
Total outside liabilities/Tangible net worth (times)	0.9	0.6
Total debt/OPBDITA (times)	1.1	1.0
Interest coverage (times)	16.3	16.6

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 ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 08, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based limits	Short term	163.00	[ICRA]A1	Sept 19, 2025	[ICRA]A1	-	-	Mar 25, 2024	[ICRA]A1
				Apr 03, 2025	[ICRA]A1	-	-	Sept 18, 2023	[ICRA]A1
Fund-based – Interchangeable limits[^]	Long term	(10.00)	[ICRA]A (Stable)	Sept 19, 2025	[ICRA]A (Stable)	-	-	Mar 25, 2024	[ICRA]A (Stable)
				Apr 03, 2025	[ICRA]A (Stable)	-	-	Sept 18, 2023	[ICRA]A (Stable)
Unallocated limits	Short term	10.00	[ICRA]A1	Sept 19, 2025	[ICRA]A1	-	-	-	-
				Apr 03, 2025	[ICRA]A1	-	-	-	-

[^]Sublimit of fund-based limits

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

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

[^]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 II: 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 [^]	NA	NA	NA	(10.00)	[ICRA]A (Stable)
NA	Unallocated limits	NA	NA	NA	10.00	[ICRA]A1

Source: Company; [^]Sublimit of Fund Based Limits

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

Annexure III: 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

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