

Rating Rationale

Silver Spring Spinners India (P) Ltd

11th August 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 13.10 Crs of Silver Spring Spinners India (P) Ltd

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *	
FUND BASED			BWR B (Pronounced as BWR B) Outlook : STABLE	
Cash Credit	6.75	Long Term		
Term Loan - I	*0.42			
Term Loan - II	*1.18			
FUND BASED			BWR A4 (Pronounced as BWR A Four)	
Sub-limit for Cash Credit : PC/FBN/FBP/FBD/AACB	(2.00)	Short Term		
NON - FUND BASED				
Inland Bill Negotiation	1.50			
ILC/FLC/FCL/BG - STTC	3.00			
Bank Guarantee	0.25			
Total	Rs. 13.10 Crores (Rupees Thirteen Crores and Ten Lakhs only.)			

* Asterisk Represents present outstanding of term loans

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials results of FY16 of the firm, Provisional Financials of FY17, Projected financials and publicly available information/clarifications provided by the management.

The rating has factored extensive experience of the promoters, Long track record of operations, and continuous customer base. However it is constrained by fluctuations in revenue and PAT, below average financial risk profile and volatility of price in key consumables.

Rating Outlook: Stable

BWR believes the **Silver Spring Spinners India (P) Ltd's** 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 Firm

Silver Spring Spinners India (P) Ltd was incorporated in the year 1994 at Srivilliputhur, Tamil Nadu. The company engaged in manufacturing of cotton yarn. The promoters are Mr. Sridhar R, Mrs. Menaka S and Mr. Rajendran R.

Company Financial Performance

Net sales of the company has increased in to Rs. 43.30Cr in FY16 from Rs. 37.55Cr in FY15. and achieved sales of Rs. 37.47Cr in FY17. Though the company reported Net Loss of Rs. 0.28Cr in FY15, it has earned profit of Rs. 0.38Cr in FY16, and Rs. 0.12 in FY17. Networth of the company is Rs. 11.06Cr in FY16. Current ratio stands at 1.17 in FY16.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amt (in Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	6.75	BWR B	NA	NA	NA
2	Term Loan - I		0.42				
3	Term Loan - II		1.18				
4	Sublimit of Cash Credit: PC/FBN/FBP/FBD/AACB	Short term	(2.00)	BWR A4	NA	NA	NA
5	Inland Bill Negotiation		1.50				
6	ILC/FLC/FCL/BG - STTC		3.00				
7	Bank Guarantee		0.25				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)

Analytical Contacts	Media
Varadarajan R Chief Manager Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives

in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.