

January 27, 2025

## Crystal Interior Products Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based—Cash credit	41.25	41.25	[ICRA]BB-(Stable); reaffirmed
Long-term fund based—Term loan	2.85	0.79	[ICRA]BB-(Stable); reaffirmed
Short-term interchangeable limits - Others (LC/SBLC*)	(15.00)	(15.00)	[ICRA]A4; reaffirmed
Long-term/Short-term—Unallocated limits	6.90	8.96	[ICRA]BB-(Stable)/ [ICRA]A4; reaffirmed
<b>Total</b>	<b>51.00</b>	<b>51.00</b>	

\*Instrument details are provided in Annexure-I, \*Sublimit of cash credit

### Rationale

The ratings assigned to the bank lines of Crystal Interior Private Limited (CIPPL/the company) considers the extensive experience of the company's management in the kitchen hardware industry and its established pan-India sales and distribution network. The established presence of its Olive and Evershine brands in kitchen/furniture fittings and the architectural hardware industry was also favourably factored in while assigning the ratings.

However, the ratings continue to be constrained by the moderate scale of its operations along with a modest financial risk profile, given the subdued operating margins and elevated working capital intensity. As a result, the credit profile of the entity has remained weak. CIPPL's profitability has been constrained by a highly fragmented and competitive industry which has limited the company's ability to pass on the increase in raw material prices to consumers, thereby impacting its profitability.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's credit profile will be supported by an expected growth in revenue and profitability in the medium term, driven by capacity addition and new customer acquisitions.

### Key rating drivers and their description

#### Credit strengths

**Experience of promoters** - The operations of the Group are managed by a well-qualified top management, who have an experience of more than a decade in the trading and manufacturing of hardware, resulting in established relationships with customers and suppliers.

**Established brand presence in kitchen/furniture fittings and architectural hardware industry; geographically diversified clientele** – CIPPL's products are sold through a network of dealers and distributors across India. Its established brands, Olive and Evershine, in the architectural and kitchen hardware space benefits the company. The company has appointed state-wise distributors for its products, and there are numerous city/town-wise dealers who work under these distributors. The company has more than 50 distributors and 2,000 dealers across India. It also has its own exclusive product galleries in Gujarat, one each in Surat, Vadodara and Ahmedabad.

#### Credit challenges

**Moderate scale of operations** - The company has a moderate scale of operations even as its operating income (OI) grew to Rs. 133 crore in FY2024 from Rs. 106 crore in FY2023, driven by healthy demand and new customer acquisitions. The share of

manufactured products also improved in FY2024. Going forward, the share of manufactured products may increase with the addition of new production capacity.

**Working capital-intensive operations** - The company’s working capital intensity remained high at ~67% in FY2024 with a longer working capital cycle due to the higher inventory days on account of imports. The inventory has been high over the years owing to a wide range of products and the higher stock that needs to be maintained as import orders take 4-5 months to reach its Surat plant. The company used to extend a credit period of 60-90 days to its customers, which has increased in recent years on account of growing competition and the slowdown in the real estate sector.

**Stretched capital structure and weak coverage indicators; unsecured loans comprised a higher share in total debt as on March 31, 2024** - The capital structure of the company has been leveraged with a gearing of 3.2x as on March 31, 2024 (3.0 times as on March 31, 2023). The coverage indicators were also weak with total debt/OPBDITA of 7.5 times and NCA/total debt of 4.7% in FY2024 (9.5 times and 4.6%, respectively, in FY2023). The total adjusted debt/OPBITDA adjusted for unsecured loans from promoters stood at 5.3 times as on March 31, 2024.

**Stiff competition due to fragmented nature of industry** - The hardware and related accessories industry is highly fragmented with several organised and unorganised players. Domestic players also face competition from Chinese manufacturers, specifically on the pricing front. The risk of competition is particularly high in the price-sensitive low-end retail category. Hence, the product quality is the chief area of differentiation for organised players like CIPPL.

### Liquidity position: Stretched

The company’s liquidity profile has remained stretched due to its elevated working capital intensity on the back of high inventory levels and receivables. CIPPL’s cash balance and investments stood at Rs. 0.5 crore as on March 31, 2024. CIPPL also had a sanctioned working capital facility of ~Rs.61.25 crore as on November 30, 2024, while the average utilisation remained at around 94% over the past 12 months. The company had outstanding term loans of Rs. 12.6 crore as on March 31, 2024. However, unsecured loans from promoters will support the liquidity of CIPPL.

### Rating sensitivities

**Positive factors** – ICRA could upgrade CIPPL’s ratings if the company demonstrates a consistent growth in revenue, coupled with higher profits on a sustained basis. A better working capital management, leading to an improved liquidity profile, would also be a positive trigger.

**Negative factors** – Pressure on the ratings could arise if there is any moderation in the profitability metrics or revenue, or any deterioration in the entity’s working capital position.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of the rated entity

### About the company

Crystal Wire Products (CWP) was established in 1998 and was engaged in the manufacturing of PVC baskets. CWP expanded its product range and launched stainless steel baskets and other accessories in 2001. In 2006, the firm was converted into a private limited entity, Crystal Interior Products Private Limited. It also ventured into the trading of hardware products like channels, hinges and decorative aluminium profiles under the brand name of Evershine.

Evershine Appliances Pvt. Ltd. was established in 2004 & was engaged in the trading of imported hardware products under the brand name of Olive. The company started manufacturing aluminium kitchen baskets and accessories and became one of the leading and first manufacturers of aluminium kitchen baskets in India.

The company also trades in hardware goods for modular furniture and has more than 500 SKUs in the segment. It has in-house R&D facilities to cater to the needs of the modular furniture hardware and accessories industry.

The boards of directors of both the entities decided to amalgamate the separate entities as Crystal Interior Products Pvt. Ltd. in 2020 and got the approval of the National Company Law Tribunal in November 2022.

### Key financial indicators (audited)

	FY2023	FY2024
<b>Operating income</b>	106.6	133.7
<b>PAT</b>	0.9	1.1
<b>OPBDIT/OI</b>	8.8%	9.6%
<b>PAT/OI</b>	0.9%	0.8%
<b>Total outside liabilities/Tangible net worth (times)</b>	3.7	3.8
<b>Total debt/OPBDIT (times)</b>	9.5	7.5
<b>Interest coverage (times)</b>	1.8	1.6

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 (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 27, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
<b>Cash credit</b>	Long term	41.25	[ICRA]BB-(Stable)	17-Oct-23	[ICRA]BB-(Stable)	-	-	-	-
<b>Term loan</b>	Long term	0.79	[ICRA]BB-(Stable)	17-Oct-23	[ICRA]BB-(Stable)	-	-	-	-
<b>Interchangeable limits – Others (LC/SBLC*)</b>	Short term	(15.00)	[ICRA]A4	17-Oct-23	[ICRA]A4	-	-	-	-
<b>Unallocated</b>	Long term/Short term	8.96	[ICRA]BB-(Stable)/[ICRA]A4	17-Oct-23	[ICRA]BB-(Stable)/[ICRA]A4	-	-	-	-

\*Sublimit of cash credit

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based—Cash credit	Simple
Long-term fund-based—Term loan	Simple
Short-term interchangeable limits - Others (LC/SBLC*)	Very Simple
Long term/Short term—Unallocated limits	NA

\*Sublimit of cash credit

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	Cash credit	NA	NA	NA	41.25	[ICRA]BB-(Stable)
NA	Term loan	March 2022	NA	November 2027	0.79	[ICRA]BB-(Stable)
NA	Interchangeable limits - Others (LC/SBLC*)	NA	NA	NA	(15.00)	[ICRA]A4
NA	Unallocated	NA	NA	NA	8.96	[ICRA]BB-(Stable)/ [ICRA]A4

Source: Company, \*Sublimit of cash credit

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

**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

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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.

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