

June 17, 2025

## Crystal Quinone 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/Electronic dealer finance	75.00	70.00	[ICRA]BBB (Stable); reaffirmed
Short term - Non-fund based limits – Bank guarantee	10.00	10.00	[ICRA]A3+; reaffirmed
<b>Total</b>	<b>85.00</b>	<b>80.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation takes into account Crystal Quinone Private Limited's (CQPL/the company) comfortable financial risk profile, characterised by healthy return indicators, satisfactory debt coverage metrics and an adequate liquidity position. The ratings also derive comfort from the extensive experience of the promoters in the chemical manufacturing and polymer trading business; CQPL is a del credere agent (DCA) for Indian Oil Corporation Limited. ICRA also notes the company's vast range of product portfolio in the chemical segment as well as its diversified clientele with a track record of repeat business.

The ratings, however, are constrained by the company's moderate scale of operations, the exposure of profitability to raw material price volatility, the fluctuations in foreign exchange rates and intense competitive pressure. Moreover, it recently completed a greenfield project at Bharuch which was funded through debt which has moderated the consolidated leverage and coverage indicators. However, the debt metrics are expected to improve as the production is set to commence by September-October 2025.

The total capex for the greenfield project under its subsidiary (Crystal Colourchem Private Limited) at Bharuch stood at approximately Rs. 100 crore, inclusive of preoperative expenses, capitalised interest and personal costs. The capex was financed through a mix of unsecured loans from the parent entity (CQPL) amounting to Rs. 47 crore (as of FY2025-end) and external debt of Rs. 60 crore. The project has been completed, and the company expects to start production by mid-FY2026. The company is also in discussions for additional contracts, which should support cash generation from the new project. The ramp-up of the new facility will remain a key monitorable, going forward.

The Stable outlook on the rating reflects ICRA's opinion that the credit profile of CQPL will be supported by its healthy financial performance, backed by the extensive experience of its promoters in the chemical industry and its established market position as a DCA for IOCL in the western region.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in chemical manufacturing and established DCA for IOCL** – CQPL, established in 1983, is promoted by Mr. Anang Shah who is a technocrat and has three decades of experience in the chemical industry. Mr. Shah's experience has enabled the company to diversify its product portfolio and establish strong relationships with customers as well as suppliers. CQPL has been a DCA of IOCL to distribute the latter's polymer products in western India since 2010. The other promoters, Mr. Aniket Shah and Mr. Hitendra Chopra, have also been instrumental for the growth of IOCL's DCA business and expansion of its chemical business. It has been among the leading DCAs of IOCL for the last three fiscals. It sells polymer products, such as polyethylene (PE) and polypropylene (PP) manufactured by IOCL.

**Diversified product portfolio and diversified revenue stream** – CQPL's product portfolio includes a range of vinyl sulphones, dyes and pigment intermediates and antioxidants, which find application in the production of lubricants, ink, resins, edible oil, fibre glass, cosmetics and dyes. CQPL also trades in polymer granules and acts as a DCA agent for IOCL. The company derived ~59% of its revenue from the export market in FY2025. CQPL's diversified product range and revenue stream reduces dependence on the performance of a specific segment.

**Comfortable financial risk profile and diversified customer base** – The consolidated credit profile of CQPL has moderated over the last couple of years because of the capex programme under Crystal Colourchem, for which a debt of around Rs. 60 crore was availed. As a result, the TD/OPBDITA increased to 4.4x in FY2024 from 1.7x in FY2023. The TD/OPBDITA is expected to remain around 2.8x till the end of FY2025 as the entire debt was availed in FY2025. The profitability is expected to improve from FY2025 and improve further with the scheduled repayments and ramp-up of CQPL's facility. The consolidated debt also includes Rs. 17.7 crore of debt from directors/related parties. The interest coverage ratio moderated to 3.2x in FY2024 but is expected to improve to 4.0x in FY2025, driven by a sharp uptick in operating profits. A major share of the interest was paid to directors and related parties.

### Credit challenges

**Vulnerability of profitability to fluctuations in raw material prices and foreign currency exchange rates** – The profit margins remain exposed to fluctuations in key raw material prices (being crude-based derivatives). Nevertheless, majority of the company's raw material procurement is order-backed, which results in low inventory holding requirement, thereby mitigating the price fluctuation risks to some extent. The profitability also remains susceptible to the adverse movements in foreign exchange rates, given its export-driven revenue profile, although this is protected to some extent by the natural hedge in operations.

**Exposure to counterparty credit risk and decline in interest income for DCA business** – The company bears credit risk while supplying IOCL's products to the customers and any default on payments by the customers could adversely affect its profitability. CQPL charges them interest for payments received after the given credit period. The interest cost on the working capital borrowings availed by CQPL is lower than the interest charged from customers, allowing it to earn an income from interest arbitrage. The company normally offers credit period only to select customers and makes sales against spot/advance payments. Consequently, the counterparty credit risk related to the DCA business moderated significantly.

**Exposure to intense competition** – The chemical and polymer industry is highly competitive because of the presence of many organised and unorganised players. However, established relationships with its customers have helped the company receive repeat orders.

### Liquidity position: Adequate

The liquidity position of the company is expected to remain adequate, given the minimal debt repayments of Rs.4.5 crore over the next one year, while the cash accruals are expected to remain at Rs. 28-30 crore per annum on an ongoing basis. The company has free cash balances of Rs. 2.2 crore as on May 31, 2025, investments worth Rs.76.9 crore (ICRA has considered limited benefit towards liquidity as some of the investments are in instruments that may not be readily liquid) and unutilised working capital limits (average utilisation of 49% over the last 12 months ended March 2025).

### Rating sensitivities

**Positive factors** – The rating may be upgraded in scenario of material improvement in the scale of operations while maintaining healthy profitability and liquidity position, thereby driving improvement in the leverage and coverage metrics.

**Negative factors** – The rating may witness negative pressure if the company witnesses a material decline in revenue and/or profitability resulting in an adverse impact on the leverage and coverage metrics. Any materially large debt funded capex resulting in the moderation in the leverage and coverage metrics and/or a stretch in the working capital cycle resulting in the moderation in the liquidity position may also result in a rating downgrade. Any material delay in the ramp up of operations

under Crystal Colorchem Private Limited (CCPL) may result in a rating downgrade. A key specific metric due to which rating downgrade may happen is DSCR remaining below 1.6x times on a sustained basis.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Chemicals</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of the company

### About the company

Crystal Quinone Pvt. Ltd., established in 1983, is promoted by Mr. Anang Shah and Mr. Aniket Shah. It is involved in the manufacturing and trading of chemicals such as antioxidants (food preservatives and oxygen scavengers like TBHQ-tert-butylhydroquinone and BHA-butylated hydroxy anisole), dyes and pigment intermediaries and a range of vinyl sulphones. Since 2010, the company also acts as a del credere agent (DCA) for Indian Oil Corporation Limited for PP (polypropylene) and PE (polyethylene) polymers in the domestic market.

The company has three manufacturing units at GIDC, Vatva (Ahmedabad). Of these three units, two manufacture dyes and pigment intermediaries, while the third unit produces oxygen scavengers/antioxidants such as TBHQ and BHA. The company has an annual installed production capacity of 600-MT organic and 1,500-MT inorganic chemicals.

The company's manufacturing facility complies with the standards of ISOQAR (9001-2008), KOSHER Certificate, Halal Assurance System-Malasiya. The company is also acknowledged as a Star Export House by the Government of India.

### Key financial indicators (Audited)

Consolidated	FY2023	FY2024
Operating income	410.7	283.0
PAT	13.8	11.9
OPBDIT/OI	6.0%	7.9%
PAT/OI	3.4%	4.2%
Total outside liabilities/Tangible net worth (times)	1.0	1.1
Total debt/OPBDIT (times)	1.8	4.4
Interest coverage (times)	3.3	3.2

Amounts in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with the results reported by the company in some instances; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; total debt includes lease liabilities

### Status of non-cooperation with previous CRA:

CRA	Status of non-cooperation	Date of press release
CRISIL	CRISIL B+(Stable)/ CRISIL A4; ISSUER NOT COOPERATING	March 06, 2025
ACUITE	ACUITE B+/ ACUITE A4; ISSUER NOT COOPERATING	November 14, 2024

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)	Jun 17, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	50.00	[ICRA]BBB (Stable)	-	-	Mar 15, 2024	[ICRA]BBB (Stable)	Dec 30, 2022	[ICRA]BBB (Stable)
Electronic dealer finance	Long term	20.00	[ICRA]BBB (Stable)	-	-	Mar 15, 2024	[ICRA]BBB (Stable)	Dec 30, 2022	[ICRA]BBB (Stable)
Bank guarantee	Short term	10.00	[ICRA]A3+	-	-	Mar 15, 2024	[ICRA]A3+	Dec 30, 2022	[ICRA]A3+

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term -Fund-based –Cash credit/Electronic dealer finance	Simple
Short term -Non-fund based limits –Bank guarantee	Very Simple

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	50.00	[ICRA]BBB (Stable)
NA	Electronic dealer finance	NA	NA	NA	20.00	[ICRA]BBB (Stable)
NA	Bank guarantee	NA	NA	NA	10.00	[ICRA]A3+

Source: Company

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

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

Company name	Ownership	Consolidation approach
Crystal Colourchem Private Limited	100.00%	Full consolidation

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