

Spacewood Furnishers Private Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	29.88	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB-; Stable
Long Term / Short Term Bank Facilities	46.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB-; Stable / CARE A3
Short Term Bank Facilities	40.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE A3

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had, vide its press release dated March 31, 2025, placed the ratings of Spacewood Furnishers Private Limited (SFPL) under the 'issuer non-cooperating' category as SFPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. SFPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated September 21, 2025, September 24, 2025 and September 25, 2025. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The revision in the rating is pursuant to SEBI's circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 03, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. SEBI has stated in this circular that "If an issuer has all the outstanding ratings as noncooperative for more than 6 months, then the credit rating agency (CRA) shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status."

Ratings continue to remain constrained by moderate scale of operations, moderate and fluctuating profitability with susceptibility to raw material prices, moderately leveraged capital structure and moderate debt coverage indicators, working capital intensive nature of operations, and presence in a highly competitive industry.

Nevertheless, ratings derive comfort from experienced promoters, strong marketing and design team, diversified order book position, reputed clientele, and adequate liquidity position.

Analytical approach: Consolidated

The approach considers financials of the wholly owned subsidiary, Modern Living Solutions Private Limited (MLSPL) with SFPL. The list of subsidiaries consolidated is given in Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to benefit from experienced promoters and will sustain its financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on March 31, 2025 the following were the rating strengths and weaknesses (updated for the information received from SFPL):

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Key weaknesses**Moderate scale of operations**

Scale of operations remained moderate in the range of ₹200-₹440 crore in FY21-FY25 (FY refers to April 01 to March 31), with networth base of ₹167.35 crore as on March 31, 2025. In FY25, total operating income (TOI) increased by ~17% to ₹439.55 crore (PY: ₹375.56 crore).

Moderate and fluctuating profitability with susceptibility to volatile raw material prices

Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin reflected a fluctuating trend in FY21-FY25 depending on nature of projects undertaken and volatility in raw material prices. Key raw materials such as hardboard, plywood, paint, nuts and screws are major cost drivers and prices remain volatile. The company includes price escalation clauses in its contracts, with majority of current orders containing such clauses.

PBILDT margin improved to 12.30% in FY25 (PY: 9.28%) owing to better absorption of fixed costs with growth in TOI. PAT margin normalised at 7.05% in FY25 (PY: 14.06%). In FY24, PAT margin was higher owing to insurance claim received of ~₹50 crore.

Moderate capital structure and debt coverage indicators

As on March 31, 2025, capital structure moderated but remained comfortable with overall gearing of 0.44x (PY: 0.27x) owing to higher utilisation of working capital limits.

Debt coverage indicators remained moderate with total debt to gross cash accruals (TD/GCA) and interest coverage of 2.64x and 10.72x respectively in FY25 (PY: 0.55x and 4.24x respectively).

Working capital intensive nature of operations

Operations remained working capital intensive mainly due to funds blocked in debtors and inventory. Operating cycle remained elongated at 90 days in FY25 (PY: 81 days), driven by high collection period of 98 days and long inventory holding period of 72 days. Most working capital is blocked in raw material and finished goods inventory as SFPL maintains ~3 months inventory to ensure uninterrupted production and timely execution of orders. SFPL receives credit period of 60-100 days from suppliers and generally grants 60-90 days credit to customers. Payment retention clauses in government projects are released after one year, further stretching collection period.

Project execution risk

SFPL purchased land in Mihan, Nagpur. Previously, the company operated on rental basis in MIDC due to reduced operating space at fire-affected unit with re-layout of 3 new factory sheds post fire incident instead of 4 earlier. Considering future growth prospects, the company decided to shift to owned premises. Primary expenditure of project will be directed towards construction of building. Capacity is expected to remain largely unchanged. Existing machinery will be transferred to new site and additional machinery will be added if required. Total project cost is estimated at ~₹49 crore. Capex will be funded through term loan of ₹24 crore, for which application was filed with Union Bank of India and balance through insurance claim proceeds. Project was expected to be completed in FY25.

High competition and fragmented nature of industry

The industry is characterized by presence of large number of players both in organized and unorganized markets. The fragmented nature leads to intense competition, which impact the profitability margins of the players involved. Additionally, SFPL continues to face competition from branded furniture manufacturers as well. The sector though is not cyclical; it has dependence on real estate sector for sales which is cyclical in nature.

Key strengths**Well-established track record and extensive experience of the promoters in the industry**

Promoters, Vivek Deshpande and Kirit Joshi, have experience of over two decades in the industry. Their experience and strong understanding of market dynamics have enabled SFPL to maintain healthy relations with customers and suppliers and secure repeat orders. They are supported by qualified professionals with significant experience in respective fields.

Strong Marketing & Design Team

SFPL has an established market presence and strong relations with various suppliers, architects and contractors. The company has a central design team comprising 10 designers stationed at its head office, with additional design teams located at various branch offices across India.

Diversified order book across product segments

As on January 31, 2024, company had unexecuted orders of ₹192.04 crore (0.54x of net sales in FY23). These orders were to be executed over two years, with ~22% execution in FY24 and balance 78% in FY25. On an average, order book contributes ~30% to TOI of a fiscal year while balance revenue is generated from spontaneous works. Orders are well diversified under two main segments: kitchen projects and door projects. While orders come from various geographic locations, majority currently are from Gurgaon, Mumbai, Pune, Bangalore and Noida.

Well diversified and reputed clientele

SFPL has a well-diversified and reputed customer base. The company generates revenue through diverse channels such as e-commerce platforms, established dealer networks, original equipment manufacturers (OEMs), and retail outlets such as Spacewood stores (14 furniture showrooms across geographies managed by its wholly owned subsidiary, MLSPL), which contribute to brand visibility. Moreover, the company secures revenue from institutions through special projects via government tenders. SFPL also has established relationships and tie-ups with reputed builders for its kitchen and doors segment. Revenue from top five clients remains moderately concentrated at 30-35%.

Liquidity: Adequate

Liquidity position continues to remain adequate, marked by sufficient cushion in cash accruals against annual repayment obligations. As on March 31, 2025, free cash and bank balance stood at ₹3.76 crore.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Furniture, Home Furnishing

SFPL was established in 1986 by Kirit Joshi and Vivek Deshpande. The company is engaged in manufacturing of modular furniture. It offers solutions for modular kitchens, home and office furniture and also various institutional needs. The company has two manufacturing units located in Nagpur. It has over 500 dealers across India and has served over one lakh customers.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	375.56	439.85
PBILDT	34.87	54.09
PAT	52.80	31.00
Overall gearing (times)	0.27	0.44
Interest coverage (times)	4.24	10.72

A: Audited; Prov.: Provisional; Note: these are latest available financial results

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	362.89	425.66
PBILDT	33.79	53.01
PAT	52.17	30.48
Overall gearing (times)	0.32	0.46
Interest coverage (times)	4.22	10.92

A: Audited; Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2025	29.88	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ST-Cash Credit		-	-	-	46.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	40.00	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-Cash Credit	LT/ST	46.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING* (31-Mar-25) 2)CARE BBB-; Stable / CARE A3 (03-Apr-24)	1)CARE BBB-; Stable / CARE A3 (05-Apr-23)	-
2	Non-fund-based - ST-BG/LC	ST	40.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3; ISSUER NOT COOPERATING* (31-Mar-25) 2)CARE A3 (03-Apr-24)	1)CARE A3 (05-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	29.88	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (31-Mar-25) 2)CARE BBB-; Stable (03-Apr-24)	1)CARE BBB-; Stable (05-Apr-23)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Modern Living Solutions Private Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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