



**Press Release**  
**Avlight Automotives Private Limited**  
**July 30, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	40.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 40.00 Cr. bank facilities of Avlight Automotives Private Limited (AAPL). The outlook is '**Stable**'.

**Rationale for Rating**

The rating on AAPL takes into account of long track record of operations and moderate operating performance of the group marked by slight decline in operating income. The financial risk profile of the group is comfortable which is reflected by low gearing of the group which stood at 0.67 times in FY 24 (Prov.) against 0.89 times in FY23 along with strong debt protection metrics. However mentioned strengths are partly offset by high dependence on external short term borrowings and intensive competition due to presence of a large number of players in the unorganised sector.

**About the Company**

Avlight Automotives Private Limited. (AAPL), incorporated in 1996, is engaged in manufacture of Plastic Moulded Components, Moulds and automotive lighting equipments having its plants in Manesar (Haryana) and Chennai (Tamil Nadu). Directors of the company are Mr. Anil Anand, Mr. Rajan Sharma, Mrs. Renu Sharma, and Mr. Akshat Anand.

**About the Group**

Avlight Automotives Private Limited (AAPL), incorporated in 1996, is engaged in manufacture of Plastic Moulded Components, Moulds and automotive lighting equipments having its plants in Manesar (Haryana) and Chennai (Tamil Nadu). Avlight Auto Components Private Limited, is engaged in manufacture of Motorcycle wheel assemblies since 2013, with its plant in NOIDA (U.P.) and Avlight Altrustooling Private Limited with its plant in Manesar (Haryana) is engaged in manufacture of Moulds for automotive sector since 2020.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

**Extent of Consolidation**

- Full Consolidation

### **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has considered the consolidated view of business and financial risk profiles of Avlight Automotives Private Limited (AAPL), Avlight Altrustooling Private Limited (AATPL), and Avlight Auto Components Private Limited (AACPL) to arrive at this rating. The consolidation is in view of a common line of business, common management, and significant business and financial

linkages between the entities. The group is henceforth referred to as Avlight Group (AG).

## **Key Rating Drivers**

### **Strengths**

#### **Established track record of operations supported by improvement in the business risk profile**

AG was established in 1996 with the incorporation of AAPL by Mr. Anil Anand and Mr. Rajan Sharma, who have experience of more than four decades in the aforementioned industry. The promoter Mr. Anil Anand has prior experience with Yamaha Motor Company Limited (then known as Escorts Yamaha Motor Limited) as well. AG counts several leading automobiles companies as its clients such as Yamaha India, Motherson Sumi, Royal Enfield, Maruti Suzuki, and Honda India as a Tier – 1/2 supplier for its products. AG has also diversified its clientele in the recent past while catering to entities operating in EV, Robotics, and LED lighting system for automobiles.

### **Locational Advantage**

AG's manufacturing facilities are located near automobile manufacturing hubs which has helped the company in maintaining operational efficiencies and timely completion of orders, this has, in turn, ensured the costs incurred are minimal. While initially, AG was significantly dependent on Yamaha India for the business, the diversification towards the needs of other OEMs has helped sustain the business risk profile and reduce the revenue concentration risk. Yamaha, which earlier contributed 100 percent to the revenue, currently, contributes ~40 percent. The group counts major Automobile players such as Maruti Suzuki, Honda, Royal Enfield, Motherson Sumi as its clientele as Tier – 1 and 2 suppliers. AG is further diversifying its customer base by catering to entities, which are into the EV, Robotics, and LED lighting system for automobiles. The proximity to customer base and approval from big automobile players has provided a shield to AG while ensuring future business and poses an entry barrier for new entrants as customers availed cost benefits due to AG strategically located plants.

### **Financial Risk Profile- Moderate**

AG has Moderate financial risk profile marked by Moderate net worth and comfortable debt protection metrics. AG's net worth stood at Rs. 39.80 Cr. as on 31st March 2024(Prov.) as against Rs. 35.54 Cr. as on 31st March 2023. Group follows conservative leverage policy. Gearing levels (debt-to-equity) improved and stood at 0.67 times as on March 31, 2024(Prov.) as against 0.89 times in FY 2023. Improvement in Gearing Ratio in FY 24 (Prov.) is on account of profit accretions and repayment of debt. The total debt outstanding of the group is Rs. 26.52 crore as on 31 March, 2024(Prov.) which consists of long term bank borrowings of Rs.6.29 crore, short term working capital limit of Rs. 16.71 crore and current maturities of long term Debt Rs 3.35 crore. The financial risk profile of the group is expected to remain comfortable in near terms as the company do not have any new capex plan in the short term period.

### **Weaknesses**

#### **Dip in operating income and thin profitability margins**

The operating income of the Avlight Group's moderated to Rs. 448.68 crore in FY2024 (Prov.) as against Rs. 473.50 crore in FY2023. The marginal decline in revenue is attributable to low demand in the automobile sector. The operating profit margin of the group stood at 2.88 percent in FY24 (Prov.) as against 3.24 percent in FY23. Further, the company's operating profit margin stood low at 1.01 percent in FY24 (Prov.) as against 1.25 percent in FY 23. ROCE of the group stood at 12.53 times in FY2024 (Prov.). Acuité believes that sustained improvement in AG's profitability margins over the medium term shall be instrumental in improving the group's business risk profile.

#### **Highly fragmented and competitive nature of industries**

The rating continues to reflect the highly competitive and fragmented nature of the automotive components industry. Acuité believes that sustained improvement in AG's profitability margins over the medium term shall be instrumental in improving the group's business risk profile.

### **Rating Sensitivities**

Significant improvement in scale of operations, while maintaining its profitability margins.  
A slowdown in demand leading to deterioration in the working capital cycle and stress on the debt protection metrics or the liquidity position of the entity.

### **Liquidity Position**

#### **Adequate**

Group has adequate liquidity marked by net cash accruals to its maturing debt obligations, Group generated cash accruals of Rs.10.20 crore for FY2024 (Prov.) against repayment of Rs. 6.66 crore. Current Ratio stood at 0.88 times as on 31 March 2024(Prov.) as against 0.87 times in the previous year. Cash and Bank Balances of group stood low at Rs 6.36 crore. The liquidity of the group is expected to improve and the unencumbered cash and bank position and FD will also support the liquidity of the company.

### **Outlook: Stable**

Acuité believes that AG will maintain a 'Stable' outlook in the near to medium term on account of its stable business risk profile supported by its established position in the market and reputed customer profile. The outlook may be revised to 'Positive' if the entity registers higher-than-expected growth in its scale of operations, while also improving its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the entity registers a significant decline in revenues or profitability indicators or if the financial risk profile deteriorates due to a higher-than-expected increase in debt-funded capex/requirements or working capital requirements resulting in deterioration in the overall capital structure.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	448.68	473.50
PAT	Rs. Cr.	4.55	5.92
PAT Margin	(%)	1.01	1.25
Total Debt/Tangible Net Worth	Times	0.67	0.89
PBDIT/Interest	Times	4.00	5.79

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 May 2023	Working Capital Term Loan	Long Term	1.67	ACUITE BBB-   Stable (Reaffirmed)
	PC/PCFC	Long Term	18.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	3.73	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	6.50	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.73	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.13	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	7.24	ACUITE BBB-   Stable (Reaffirmed)
03 Feb 2022	Term Loan	Long Term	1.34	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.51	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.43	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	3.33	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.94	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.79	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.78	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.17	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	17.20	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.35	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.16	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.07	ACUITE BBB- (Reaffirmed & Withdrawn)
	Term Loan	Long Term	1.00	ACUITE BBB- (Reaffirmed & Withdrawn)
	Term Loan	Long Term	0.07	ACUITE BBB- (Reaffirmed & Withdrawn)
	Term Loan	Long Term	0.01	ACUITE BBB- (Reaffirmed & Withdrawn)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE BBB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.61	ACUITE BBB-   Stable   Reaffirmed
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Term Loan	21 Sep 2021	Not avl. / Not appl.	15 Sep 2025	Simple	0.49	ACUITE BBB-   Stable   Reaffirmed
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Term Loan	21 Sep 2021	Not avl. / Not appl.	15 Sep 2025	Simple	0.07	ACUITE BBB-   Stable   Reaffirmed
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Term Loan	26 Sep 2022	Not avl. / Not appl.	05 Jun 2028	Simple	4.17	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2030	Simple	0.28	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	29 Jan 2020	Not avl. / Not appl.	31 Dec 2025	Simple	1.38	ACUITE BBB-   Stable   Reaffirmed

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Avlight Automotives Private Limited
2	Avlight Auto Components Private Limited
3	Avlight Altrustooling Private Limited

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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