

Press Release

Rudai Lighting Private Limited

September 25, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 29.90 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 29.90 crore bank facilities of Rudai Lighting Private Limited (RLPL). The outlook is '**Stable**'.

RLPL, established in 2016, is a Jaipur-based company engaged in manufacturing of LED Street Light, LED Lights. The Directors, Mr. Uday Parnami and Ashok Parmani are enriched with more than four decades of experience in the field of warehousing, storage services to national and international companies. RLPL's head office is located in Jaipur (Rajasthan). The company is accredited with ISO 9001:2015.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Rudai Lighting Private Limited to arrive at the rating.

Key Rating Drivers:

Strengths

• Reputed clientele

The Jaipur-based, RLPL manufactures and distributes Light Emitting Diode (LED) lights. The company bids the tender and provides the street lights to Energy Efficiency Services Limited.

Weaknesses

• Limited track record of operations

The company was incorporated in December 2016 and started its operations from February 2017. The company has registered revenues of Rs.23.54 crore in FY2018. Further, the operating and profit margins stood low at 2.66 percent and 0.13 percent respectively for FY2018.

• Average financial risk profile

The financial risk profile is average marked by net worth of Rs.8.30 crore as on March 31, 2018. In the current year's net worth, Rs.7.01 crore is treated as quasi-equity as the same has been subordinated to the bank borrowing. The gearing (debt-to-equity ratio) stood at 0.49 times as on 31 March, 2018. The total debt of Rs.4.03 crore as on March 31, 2018 consists of working capital borrowings of Rs.4.03 crore. The interest coverage ratio (ICR) stood at 1.43 times for FY2018. The net cash accruals to total debt (NCA/TD) stood at 0.06 times in FY2018.

Outlook: Stable

Acuite believes that RLPL will maintain a 'Stable' outlook over the medium term on account of the reputed clientele. The outlook may be revised to 'Positive' in case of healthy revenue growth or significant improvement in its capital structure owing to equity infusion by promoters. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in profitability margins or deterioration in the financial risk profile due to debt-funded capital expenditure or elongated working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	23.54	0.00
EBITDA	Rs. Cr.	0.63	-0.18
PAT	Rs. Cr.	0.03	-0.24
EBITDA Margin	(%)	2.66	0.00
PAT Margin	(%)	0.13	0.00
ROCE	(%)	6.44	-10.33
Total Debt/Tangible Net Worth	Times	0.49	0.00
PBDIT/Interest	Times	1.43	-3.63
Total Debt/PBDIT	Times	5.57	0.00
Gross Current Assets (Days)	Days	242	0

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

None

Any other information

Not applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B+ / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B+ / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.90	ACUITE A4

Contacts

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About Acuité Ratings & Research:

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