December 30, 2025

# Halonix Technologies Pvt. Ltd.: 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** | 125.00 | 90.00 | [ICRA]A- (Stable); reaffirmed |
| **Short-term – Non-fund based – Others** | 32.00 | 32.00 | [ICRA]A2+; reaffirmed |
| **Long-term / Short-term – Unallocated** | 3.00 | 3.00 | [ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed |
| **Total** | **160.00** | **125.00** | |

**Instrument details are provided in Annexure I*

## Rationale

The reaffirmation of ratings takes into account the steady performance of Halonix Technologies Pvt. Ltd. (HTPL) as reflected in the year-on-year growth in operating income (OI) of 12% in FY2025, led by rise in volumes, while maintaining steady operating profit margins (OPM at 9.5%), despite pressure on realisations. ICRA expects the company to sustain this growth momentum in the medium term, backed by steady demand and benefits from its backward-integrated operations and product diversification initiatives. This expectation is further supported by its healthy brand presence and a strong distribution network. The financial profile is strong, characterised by a conservative capital structure (as reflected in a gearing, viz. total debt/ tangible net worth [TD/ TNW] of 0.2 times and Total Outside Liabilities TOL/TNW of 0.9 times as on March 31, 2025), adequate liquidity profile and comfortable debt coverage metrics. The ratings factor in the professionally qualified promoters.

The ratings, however, are constrained by the company's relatively moderate scale of operations, exposure to the intensely competitive domestic lighting industry and margin vulnerability to raw material price fluctuations. The ratings note the high working capital-intensive nature of the business on account of the elongated receivable cycle and sizeable inventory holding requirement. Given the presence of several large and established players, the company's ability to garner a meaningful market share and reduce its dependence on the lighting segment remains a key rating monitorable. Additionally, the company remains exposed to the risk of technological obsolescence associated with the industry.

ICRA's Stable outlook on the company's long-term rating reflects expectations of a steady revenue growth (around 10% YoY), stable margins and comfortable debt protection metrics.

## Key rating drivers and their description

## Credit strengths

**Established brand and pan-India distribution network** – Launched in 2010 (post de-merger from Phoenix Lamps), HTPL has built strong domestic traction under the 'Halonix' brand. With over 25 years in the lighting industry, HTPL leverages on an extensive distribution network of ~650 retail and ~300 institutional distributors, supported by ~86,000 retail touchpoints. This has helped it scale up volumes in its general lighting operations over the years and successfully launch new products. Also, the revenue from traded goods, which constituted 43% of the total sales in FY2025, aid in new product addition and volume growth. Over the last decade, HTPL has established a fair presence through the institutional channel, which contributed to ~35-38% of revenues in FY2025, driven by bulk contracts for corporate and government projects. While it has pan-India presence, HTPL remains stronger in northern markets, offering scope for regional expansion.

**Professionally qualified management set-up** – HTPL is owned by TPG NewQuest Capital Partners, which currently holds the entire stake in the company. The investor has a diversified investment portfolio in India and other emerging economies in the Asia Pacific region with focus on five core sectors, which include business services, consumer, financial services, healthcare and Technology, Media, and Telecommunications (TMT). TPG NewQuest is actively involved in strategic decision making for the company through its two nominee directors on HTPL's board. The company's day-to-day operations are managed by a professional management, led by Mr. Rakesh Zutshi (Managing Director), who has a significant experience in the domestic lighting industry.

**Healthy financial risk profile** – HTPL has maintained a comfortable capital structure, as reflected in a gearing and TOL/TNW of 0.2 times and 0.9 times as on March 31, 2025, respectively, supported by moderate reliance on working capital borrowings, given the reasonable credit period from its suppliers and no dividend payouts. Low reliance on debt and a healthy improvement in profitability helped the company strengthen its debt coverage metrics in FY2025. This was reflected in an interest cover of 16.1 times (FY2024: 9.0 times) and DSCR of 7.5 times in FY2025 (FY2024: 4.3 times). The company's financial risk profile is expected to remain healthy, backed by backward integration and diversification initiatives leading to improving margin levels and no major debt-funded planned capex in the medium term.

## Credit challenges

**High product concentration and moderate scale of operations in a highly competitive segment** – Despite the double-digit growth in its revenues (~12% in FY2025 and CAGR of 9% during FY2021-FY2025), HTPL's scale of operations remains moderate with mid-single digit market share in an intensely competitive industry. The domestic lighting industry is highly fragmented, characterised by several large and diversified players such as Philips, Surya Roshni, Bajaj Electricals, Crompton Greaves Consumer Electricals and Havells, imports, single product/segment companies and unorganised players, given the low entry barriers in the form of capital requirements and technological complexity. The company faces stiff competition from several organised and unorganised players in its fans division, limiting the pricing flexibility. This results in moderate profitability for the company. Nonetheless, HTPL has been able to withstand the competition, reporting healthy revenue growth in the recent years, particularly in relation to some large industry players, supported by its consistent efforts to launch new and innovative products. HTPL plans to retain its focus on expanding its product portfolio by launching innovative, value-added products, its ability to do so in a sustainable manner, while maintaining growth and reasonable profitability, remains to be seen.

**High working capital-intensive nature of business** – HTPL's operations remain working capital-intensive (as reflected in NWC/OI of 34.8% in FY2025 Vs. 31.5% in FY2024), driven by an elongated receivable cycle and significant inventory requirements. Receivables are elevated due to a large institutional client base—primarily contractors for government and corporate projects—where payments typically take 120–150 days. This is partly offset by an extended payable cycle, supported by LC-backed imports (usance period of ~90–120 days). The inventory holding averages ~100 days, reflecting import lead times of ~30 days via sea and additional domestic transit. While surplus cash profits and limited capex support comfortable liquidity and moderate reliance on working capital borrowings, exposure to bad debts and inventory obsolescence persists amid rapidly evolving lighting trends, though portfolio diversification initiatives provide some mitigation.

**Susceptible to market cycles and risk of technology obsolescence** – The demand for lighting products and fans is driven by real estate/construction activity to some extent, exposing its operations to the cyclicality in the end-user markets. Besides, despite reducing imports (24% of raw material requirement compared to 60% in FY2021), the company's operations remain vulnerable to any disruptions in the supply chain, as it continues to depend on China for imports of key components. Any disruption in the supply chain, impacting its operations will remain a key rating monitorable. The business faces risks from rapid technological shifts, driven by energy conservation trends and frequent launches of more efficient products. While HTPL has adapted through LED innovations and introduced MCBs and fans, the revenue concentration in lighting remains high, amplifying vulnerability compared to diversified peers. Nonetheless, healthy LED market prospects, government initiatives promoting energy-efficient products, and increased advertising spend to increase awareness of LED products are expected to support the industry's (and HTPL's) revenue growth.

## Liquidity position: Adequate

The company's liquidity is expected to remain adequate on the back of a steady cash flow of operations (estimated at Rs. 45-50 crore in FY2026 and FY2027) and a sizeable buffer in its Rs. 80 crore of bank limits (less than 40% utilisation in the trailing 12 months that ended on September 2025). Further, its liquidity is likely to be supported by the nil long-term debt repayment obligation, no dividend payment plans and limited capex requirement in the medium term.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a significant increase in revenue, along with material business diversification while maintaining healthy profitability, along with prudent working capital management on a sustained basis.

**Negative factors** – Pressure on the ratings could emerge in case of sustained pressure on the company's revenues and profitability, resulting in a decline in its return indicators. Any stretch in the working capital cycle, which weakens the liquidity profile, on a sustained basis, or any major debt-funded capex materially impacting the company's debt protection metrics will also be a negative trigger.

## Analytical approach

| Analytical Approach | Comments |
|---|---|
| **Applicable rating methodologies** | Corporate Credit Rating Methodology |
| **Parent/Group support** | Not applicable |
| **Consolidation/Standalone** | The ratings are based on the company's standalone financial profile. |

## About the company

Incorporated in 2013, HTPL manufactures and trades in general lighting lamps, LED products and fans under the brand – Halonix. The company's manufacturing unit is in Haridwar, Uttarakhand. HTPL has a strong pan-India distribution network, comprising ~950 dealers and distributors and ~86,000 direct and indirect retail touchpoints, besides an established presence in the institutional segment with corporate and government organisations as its customers.

HTPL was incorporated following an agreement to spin off and sell the general lighting division of Phoenix Lamps Limited (PLL; erstwhile Halonix Limited). In August 2013, PLL transferred its general lighting business to its subsidiary HTPL and sold it to Actis Capital affiliates. HTPL's ownership once again changed hands in March 2016, when Actis Capital sold its stake to NewQuest Capital Partners (now TPG NewQuest Capital Partners), which now owns the entire stake in the company.

The fund's India operations are managed by Ms. Bharati Agarwal, who serves as the Director of HTPL and a Principal of TPG NewQuest based in Singapore. HTPL's operations are managed by a professional board of directors – led by Mr. Rakesh Zutshi (Managing Director), who has significant experience in the domestic lighting industry.

### Key financial indicators (audited)

| Standalone | FY2024 | FY2025 |
|---|---|---|
| **Operating income (Rs. crore)** | 544.8 | 609.3 |
| **PAT (Rs. crore)** | 30.6 | 35.1 |
| **OPBDIT/OI** | 9.6% | 9.5% |
| **PAT/OI** | 5.6% | 5.8% |
| **Total outside liabilities/Tangible net worth (times)** | 0.9 | 0.9 |
| **Total debt/OPBDIT (times)** | 0.7 | 0.9 |
| **Interest coverage (times)** | 9.0 | 16.1 |

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Note: All financial ratios as per ICRA's calculation*

## Status of non-cooperation with previous CRA: Not applicable

## 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) | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Cash credit | Long-term | 90.00 | Dec 30, 2025 | [ICRA]A- (Stable) | Oct 30, 2024 | [ICRA]A- (Stable) | Aug 18, 2023 | [ICRA]BBB+ (Positive) | Oct 12, 2022 | [ICRA]BBB+ (Stable) |
| | | | - | - | Jul 18, 2024 | [ICRA]BBB+ (Positive) | - | - | - | - |
| Term loans | Long-term | - | - | - | Jul 18, 2024 | [ICRA]BBB+ (Positive) | Aug 18, 2023 | [ICRA]BBB+ (Positive) | Oct 12, 2022 | [ICRA]BBB+ (Stable) |
| Non fund based | Short-term | 32.00 | Dec 30, 2025 | [ICRA]A2+ | Oct 30, 2024 | [ICRA]A2+ | Aug 18, 2023 | [ICRA]A2 | Oct 12, 2022 | [ICRA]A2 |
| | | | - | - | Jul 18, 2024 | [ICRA]A2 | - | - | - | - |
| Unallocated | Long-term/ Short-term | 3.00 | Dec 30, 2025 | [ICRA]A- (Stable)/ [ICRA]A2+ | Oct 30, 2024 | [ICRA]A- (Stable)/ [ICRA]A2+ | Aug 18, 2023 | [ICRA]BBB+ (Positive)/ [ICRA]A2 | Oct 12, 2022 | [ICRA]BBB+ (Stable)/ [ICRA]A2 |
| | | | - | - | Jul 18, 2024 | [ICRA]BBB+ (Positive)/ [ICRA]A2 | - | - | - | - |

## Complexity level of the rated instruments

| Instrument | Complexity indicator |
|---|---|
| **Long-term – Fund-based – Cash credit** | Simple |
| **Short-term – Non-fund based – Others** | Simple |
| **Long-term / Short-term – Unallocated** | Not applicable |

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 | - | - | - | 90.00 | [ICRA]A- (Stable) |
| NA | Non-fund based | - | - | - | 32.00 | [ICRA]A2+ |
| NA | Unallocated | - | - | - | 3.00 | [ICRA]A- (Stable)/ [ICRA]A2+ |

*Source: Company data, ICRA Research*

*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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## ABOUT ICRA LIMITED

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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