

March 13, 2025

Ledure Lightings Limited: [ICRA]BB+ (Stable) Assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer Rating	00.00	[ICRA]BB+(Stable); Assigned
Total	00.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to the bank facilities of Ledure Lightings Limited (Ledure) factors in the experienced promoters and track record of the company in the lighting industry, which has supported its business growth. The rating also factors in the satisfactory debt protection metrics, as characterised by low gearing, with total debt/tangible net worth at 0.2 times during FY2024 and total outside liability/TNW at 1.6 times as on March 31,2024 on account of very little reliance on external debt and moderate utilisation of working capital limits.

The rating, however, remains constrained by the company's moderate scale of operations as reflected by an operating income of Rs. 204.9 crore in FY2024 and limited profit margins amid a highly competitive lighting industry. The net worth of the company also remains subdued at Rs. 37.0 crore as on March 31, 2024. ICRA takes note that the company has recently diversified its operations into engineering, procurement and construction (EPC) projects related to installation of roof-top solar panels, which would necessitate incremental working capital requirements. While the same would support the company's business growth going forward, execution of the same within the budgeted time and costs would remain a key rating monitorable. Further, the company's business is susceptible to inherent cyclicity of end-user markets, coupled with exposure to technological obsolescence risk, which could impact the company's revenue and profitability.

The Stable outlook on Ledure's rating reflects ICRA's opinion that the company will be able to grow its topline on the back of favourable demand prospects of the LED lighting industry, while maintaining satisfactory debt coverage metrics and adequate liquidity, given no large debt -funded capex on cards.

Key rating drivers and their description

Credit strengths

Experienced promoters and track record of the company in lighting industry – The promoters of the company began dealing in LED products in 2011 by supplying to established players including Havells and Surya Roshni. Later, in 2015, Ledure was incorporated, and it started manufacturing and trading LED products under its own brand name, initially through contract manufacturing and then gradually moving towards in-house designing, manufacturing and assembly. The promoters, therefore, have more than 15 years of experience.

Satisfactory debt protection metrics – The company's debt protection metrics remain satisfactory as reflected by total debt/tangible net worth at 0.2 times during FY2024 (PY: 0.4 times) and total outside liability/TNW at 1.6 times as on March 31,2024 (PY: 2.4 times) on account of no major debt as on date. Ledure's reliance on external debt is low with an average utilisation of sanctioned fund-based limit remaining moderate at 30-35% in recent months. Consequently, the interest coverage ratio also remained comfortable at 12.3 times during FY2024 (PY: 14.1 times). Going forward, with its foray into the solar EPC space, the working capital requirements are likely to rise. Hence, management of the same will be key from incremental borrowing and the coverage metrics perspective.

Credit challenges

Modest scale of operations amid highly competitive industry – Ledure’s scale of operation remained modest with an operating income of Rs. 205 crore in FY2024 in a highly competitive domestic lighting industry with presence of several large and diversified players. The net worth base also was on a subdued level of Rs. 37.0 crore as on March 31, 2024. The industry also faces competition from a large number of import-based, as well as single product/segment companies and unorganised players, given the low entry barriers in the form of capital requirements and technological complexity.

Ability to grow and manage working capital in the newly ventured solar EPC business – The company has recently ventured into roof-top solar EPC projects, which exposes it to challenges related to executing the projects within the budgeted cost and time. The major parts of the project would have a longer warranty period, which would cover the defects/technical issues for the company. Its ability to successfully execute the projects along with a favourable cash conversion cycle and adequate profitability levels would remain a key rating monitorable.

Susceptible to inherent cyclicality of end-user markets, coupled with exposure to technological obsolescence risk – The demand for lighting products is largely driven by real estate/construction activity to some extent, exposing the company’s operations to the cyclicality inherent in the end-user market. Besides, its operations remain vulnerable to any disruptions in the supply chain, as the industry 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. Further, the company’s business remains susceptible to the risk of disruptive technological changes due to the growing focus on energy conservation and the frequent introduction of more energy-efficient products. While Ledure has demonstrated its ability to adapt to technological changes and successfully launched new, value-added products in the LED segment, revenue concentration in the lighting segment resulted in a pronounced impact compared to some of the diversified industry players. Nonetheless, healthy growth prospects for the LED lighting market with the Government’s initiatives to promote energy-saving products is expected to support the industry and help boost the company’s revenue.

Liquidity position: Adequate

Ledure’s liquidity position remains adequate with average utilisation of 24.4% in last 10 months, with a buffer of Rs. 15 crore as of December 31, 2024. The company has Rs. 2.3 crore and Rs. 0.4 crore annual repayment obligation in FY2025 and FY2026, which is expected to be easily covered by the cash accruals.

Rating sensitivities

Positive factors – The rating could be upgraded, if there is a significant increase in the company’s scale of operations and profitability, while maintaining adequate debt protection metrics and liquidity on a sustained basis. Further, ability to scale-up its solar EPC business without any adverse impact on the working capital cycle, which overall strengthens the financial profile on a sustained basis could also trigger a rating upgrade.

Negative factors – Pressure on the rating could emerge in case of sustained pressure on the company’s revenues or profitability, thereby impacting its debt protection metrics. Any stretch in the working capital cycle or major debt-funded capex weakening the liquidity profile on a sustained basis, 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	For arriving at the ratings, ICRA has considered standalone financials of Ledure lightings Limited.

About the company

Incorporated in 2015, Ledure manufactures and trades in general lighting lamps, LED products and other electrical items under the brand – ‘Ledure’. The company is owned and managed jointly by Mr. Pranav Aggarwal, Umang Aggarwal, Vaibhav Bansal and Ankit Gupta. The company’s manufacturing unit is located at Noida, Uttar Pradesh. The company has also started undertaking EPC contracts for roof-top solar projects.

Key financial indicators (audited)

Ledure Lightings Limited (Standalone)	FY2023	FY2024
Operating income	160.9	204.9
PAT	4.9	10.2
OPBDIT/OI	4.6%	7.7%
PAT/OI	3.0%	5.0%
Total outside liabilities/Tangible net worth (times)	2.4	1.6
Total debt/OPBDIT (times)	1.0	0.5
Interest coverage (times)	14.1	12.3

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2025)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Mar 13, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Issuer Rating	NA	0.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	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	Issuer Rating	NA	NA	NA	0.00	[ICRA]BB+(Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis- Not Applicable

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