

Kolors India Private Limited

November 21, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	70.95	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Rating Limited (CARE Ratings) has been seeking information from Kolors India Private Limited (KIPL) to monitor the ratings vide e-mail communications dated November 07, 2024, November 08, 2024, November 11, 2024 among others and multiple phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring the ratings and has also not paid the surveillance fees for the rating exercise as agreed to in the Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings based on best available information which however, in CARE's opinion, is not sufficient to arrive at a fair rating. The rating on KIPL's bank facilities will now be denoted as CARE BB+; ISSUER NOT COOPERATING*

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

The ratings have been revised on account of inadequate information available for assessment of rating and the inability to monitor the performance of the company going forward due to non-cooperation by the issuer.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the rated entity is likely to maintain adequate financial risk profile.

Detailed description of key rating drivers:

Key weaknesses

Working capital intensity demonstrated by elongated operation cycle

The operations are working capital intensive in nature as reflected by working capital cycle. The working capital intensity remains significantly high due to the elongated receivables and high inventory levels. In FY24, the operations of KIPL were marked by elongated operating cycle of 209 days (PY: 191 days), mainly due to higher average inventory period of 123 days (PY: 123 days) and average collection period of 136 days (PY: 126 days). Average creditor period stood at 49 days (PY: 58 days)

Moderate scale of operation with susceptibility of operating margin to volatile raw material prices

KIPL's total operating income (TOI) stood at Rs. 268.82 crores in FY24 as compared to Rs. 268.39 crores in FY23. Its profit before interest, lease, depreciation and taxes (PBILDT) margins stood at 12% in FY24 as compared to 13.57% in FY23 and PAT margin stood at 6.17% in FY24 as compared to 7.15% in FY23. The entity continues to be a moderate player in the industry which is dominated by multinationals as well as large domestic players. Furthermore, the major raw materials are polycarbonates, whose prices are volatile in nature. The operating margins have been volatile in the range of 12% to 20% over the last four years. The moderate size of the entity in the industry may result in time lag in passing on any increase in the input prices and thus putting pressure on its profit margins.

Stiff competition due to fragmented nature of the industry with presence of many unorganized players:

The electrical market is highly fragmented with the presence of a large number of unorganized players in India constraining the pricing power of organized sector players. There is high competition within the industry due to low entry barriers. Apart from unorganized sector, the group also faces competition from organized sector players. Also, the ever-increasing demand for high quality LED lights has encouraged manufacturers in India to enter into the business of manufacturing of lightings, fittings and allied components. Although the company benefits from its strong brand presence in market and wide distribution network, it remains exposed to intense competition.

Key strengths

Experienced promoters & established track record

KIPL was established by the Biyani Brothers having experience of more than four decades in trading and manufacturing of electrical products. They commenced business as a small trading company in 1970 and later ventured into manufacturing under

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

Cosmo Electro Industries Private Limited in September 2004. Mr. Mahesh Biyani (Managing Director) has been managing finance and administration of the company since incorporation and commands significant industry experience. Other directors of the company – Mr. Umesh Biyani (looks after marketing) and Mr. Mukesh Biyani (looks after Production) are actively involved in the company operations and command experience of more than two decades in various industries.

Moderate market position with brand name 'Kolors'

KIPL manufactures and market the product in the brand name "Kolors" which enjoys market recall in Eastern India and is available across various parts of the country. The entity has a strong presence with four operational manufacturing plants complimented by around 11 Depots, 5,000 plus channel partners, more than 1,500 workforce and more than 5,000 products. The entity has achieved a PAN India presence making product accessible to a sizeable audience. The widely spread network ensures a strong and continuous order position.

Moderate financial risk profile

The financial risk profile of the company remained moderate, characterised by term loans, unsecured loans from promoters, bank borrowings. KIPL's capital structure stood moderately comfortable with an overall gearing at 0.54x as on Mar 31, 2024 (PY: 0.48x). As on March 31, 2024, networth stood at Rs. 132.73 crores (PY: 116.50 crores). Debt coverage indicators although marginally impacted have remained at moderate levels with total debt to GCA (TD/GCA) at 3.55x in FY24 (PY: 2.24x) and interest coverage ratio marginally deteriorated to 5.40x in FY24 (PY: 7.68x).

Liquidity: Adequate

Liquidity stood adequate of account of expected cash accruals against moderate repayment obligations. KIPL's unencumbered cash and bank balance remained at Rs. 2.74 crores as on March 31, 2024. Net cash flow from operations stood at 1.54 crores in FY24. As on March 31, 2024, current ratio and quick ration stood at 1.85x and 1.17x respectively.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry Classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

Kolors India Private Limited (KIPL) was incorporated as Cosmo Electro Industries Private Limited in Sept 2004. KIPL manufactures switches, sockets accessories, MCBs, LED lighting products, plug tops, wires & cables, lamp holders, doorbells, distribution boxes, home automation and mounting boxes with manufacturing facilities in Baddi, Himachal Pradesh and Haridwar, Uttarakhand. KIPL sells its products in the domestic market under the brand 'Kolors'. The company is managed by Mr. Mahesh Biyani, Managing Director, who has around four decades of experience in the industry. KIPL's other group entity viz. Biyani & Sons is engaged in manufacturing of wires under the same brand name.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	268.39	268.82
PBILDT	36.43	32.25
PAT	19.19	16.58
Overall gearing (times)	0.48	0.54
Interest coverage (times)	7.68	5.40

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of the various 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-Bank Overdraft	-	-	-	-	30.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	-	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based-Long Term	-	-	-	-	15.95	CARE BB+; Stable; 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based-Long Term	LT	15.95	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB; Stable (26-Sep-23)	1)CARE BBB; Stable (07-Sep-22)	-
2	Fund-based - LT-Bank Overdraft	LT	30.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB; Stable (26-Sep-23)	1)CARE BBB; Stable (07-Sep-22)	-
3	Fund-based - LT-Cash Credit	LT	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB; Stable (26-Sep-23)	1)CARE BBB; Stable (07-Sep-22)	-

*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 the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based-Long Term	Simple

Annexure-5: Lender details

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

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

Contact us

Media Contact Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Krunal Pankajkumar Modi Director CARE Ratings Limited Phone: 079-40265614 E-mail: krunal.modi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Raunak Modi Assistant Director CARE Ratings Limited Phone: 912267543537 E-mail: Raunak.modi@careedge.in
	Smith Jain Lead Analyst CARE Ratings Limited E-mail: Smith.Jain@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**