

Rhino Lux Private Limited

December 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	9.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE B+; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	11.00	CARE A4; ISSUER NOT COOPERATING*	Rating 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

Rhino Lux Private Limited (RLPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Rhino Lux Private Limited's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING* / CARE A4; 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 continue to be constrained by the company's small and fluctuating scale of operations coupled with low net worth base, low profitability margins, leveraged capital structure and weak debt coverage indicators. Further, the ratings continue to remain constrained by risk associated with elongated operating cycle, foreign exchange fluctuation risk and its presence in highly fragmented nature of industry characterized by intense competition. The ratings, however, continue to draw comfort from experienced management with established distribution network of the company.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on October 26, 2023 the following were the rating strengths and weaknesses (updated for the information available from the company):

Key weaknesses

Small and fluctuating scale of operations coupled with low net worth base: The company's scale of operations continues to remain small as marked by total operating income (TOI) and gross cash accruals (GCA) of Rs.45.09 crore and Rs.0.28 crore, respectively, in FY24 (refers to the period April 1 to March 31) as against Rs.45.26 crore and Rs.0.27 crore in FY23. Nevertheless, the scale remains small; it limits the company's financial flexibility in times of stress and deprives it of scale benefits. Moreover, RLPL's scale of operations fluctuated during FY21-FY23 as TOI improved in FY22 compared to FY21, it declined in FY23 due to reduced orders from existing customers. This decrease was primarily because the company's products are used for making signage boards and hoardings for promotion and publicity. Further, the company's net worth also stood relatively small at Rs.5.84 crore as on March 31, 2024. Further, the company has achieved total operating income of ~Rs.22.37 crore during H1FY25 (refers to the period April 01, 2024 to September 30, 2024).

Low profitability margins, leveraged capital structure and weak debt coverage indicators: Owing to the trading nature of business and intense market competition given the highly competitive nature of the industry, the company's profitability though slightly improved yet remain low as marked by PBILDT margin of 4.89% in FY24 (PY: 4.53%) and PAT margin of 0.41% in FY24 (PY: 0.39%).

Further, the capital structure of the company stood leveraged as on past four balance sheet dates ending March 31, '21-'24 primarily on account of high dependence on external borrowings to meet the working capital requirements coupled with low net worth base. The overall gearing ratio deteriorated and stood at 3.80x as on March 31, 2024 as against 3.45x as on March 31, 2023 primarily on account of increase in term loan coupled with increase in unsecured loans. Further, owing to high debt levels; the debt coverage indicators remain low marked by interest coverage ratio and total debt to GCA of 1.06x and 79.37x respectively, during FY24 as against 1.16x and 72.77x in FY23. The deterioration is on the back of low profitability.

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

Elongated operating cycle: The operations of the company continue to remain elongated as evident from operating cycle which stood at 202 days in FY24 (PY: 173 days) owing to elongation in inventory holding period. The inventory holding period increased as company purchased the traded goods inventory in bulk at higher rate. Owing to large product portfolio (different design, sizes etc.), the company is required to maintain adequate inventory of all the traded products to cater the immediate demand of its customers accompanied with high lead time for procurement resulting in an average inventory holding period of 143 days in FY24 (PY: 119 days). Further, being in highly competitive nature of industry and having low bargaining power with its customers, the company has liberal credit policies wherein it allows credit of around 2-3 months to its customers. On the contrary, the company receives payable period of around a month from its suppliers. The average utilization of the working capital limits remained ~50% utilized for the trailing 12 months ended October 2024.

Foreign exchange fluctuation risk: The company primarily imports from China, Korea, Vietnam, Taiwan and Myanmar. The traded goods are completely sold in the domestic market. With initial cash outlay for procurement in foreign currency and significant chunk of sales realization in domestic currency, the company is exposed to the fluctuation in exchange rates. However, the company partially hedges its foreign currency exposure through forward contracts. Nevertheless, for the uncovered portion, the company's profitability margins are exposed to volatility in foreign exchange. Moreover, any change in government policies, either domestic or international, is likely to affect the company's revenues. The earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non- tariffs barriers (restriction on the quality of imports), anti- dumping duties, international freight rates and port charges. Further, during FY24, company has booked profit of Rs.0.25 crore from foreign exchange fluctuations.

Highly fragmented nature of industry characterized by intense competition: The spectrum of the trading industry in which the company operates is highly fragmented and competitive marked by the presence of numerous players in India. Hence, the players in the industry do not have any pricing power and are exposed to intense competition which induced pressures on the profitability. Moreover, the value addition is low on account of trading nature of business operations which further impacts the players profitability margins.

Key strengths

Experienced management with established distribution network: RLPL's is a family run business, Mr. Arun Kumar Bhaiya, Ms. Megha Bhaiya and Mr. Yash Vardhan Bhaiya are the directors of the company having considerable experience in trading industry through their association with this entity and other associates. They collectively look after the overall operations of the company. Further, the company has an established distribution network of more than 100 distributors/dealers spread all over India. Established distribution network aids the company in better market penetration and reaching the customers which further establishes the brand image.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Delhi based Rhino Lux Private Limited (erstwhile Silver Sign Private Limited) was incorporated as a private limited company in June, 2009. The company is currently managed by Mr. Arun Kumar Bhaiya, Ms. Megha Bhaiya and Mr. Yash Vardhan Bhaiya. RLPL is engaged in the trading of PVC (Poly vinyl chloride) & LED products such as PVC flexible plastic sheets (Flex), PVC lamination films, PVC vinyl, LED modules, LED lighting bars and strips used for signage. The company imports all the traded products from countries like China, Korea, Vietnam, Taiwan & Myanmar. It sells the products under its own brands "Hi-Sign" and "Neo Flex" directly to customers and through distributors located across India. The company has group associates namely; "Vrion Global

Private Limited"; incorporated in 2011 engaged in the trading of plastic products and "Silver Fibres Private Limited"; incorporated in 1994 engaged in the trading of garments.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	45.26	45.09	22.37
PBILDT	2.05	2.21	1.18
PAT	0.18	0.18	0.17
Overall gearing (times)	3.45	3.80	NA
Interest coverage (times)	1.16	1.06	1.11

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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/Non-fund-based-LT/ST	-	-	-	-	7.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST	-	-	-	-	2.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-Short Term	-	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	-	7.00	CARE A4; 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	Non-fund-based - ST-BG/LC	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Oct-23)	1)CARE A4 (23-Nov-22)	1)CARE A4 (13-Jan-22)
2	Fund-based/Non-fund-based-Short Term	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Oct-23)	1)CARE A4 (23-Nov-22)	1)CARE A4 (13-Jan-22)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	7.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable / CARE A4 (26-Oct-23)	1)CARE B+; Stable / CARE A4 (23-Nov-22)	1)CARE B+; Stable / CARE A4 (13-Jan-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	2.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable / CARE A4 (26-Oct-23)	1)CARE B+; Stable / CARE A4 (23-Nov-22)	1)CARE B+; Stable / CARE A4 (13-Jan-22)
5	Non-fund-based - ST-Letter of credit	ST	7.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Oct-23)	1)CARE A4 (23-Nov-22)	1)CARE A4 (13-Jan-22)

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

ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple
2	Fund-based/Non-fund-based-Short Term	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

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

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in</p> <p>Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in</p> <p>Arpit Garg Lead Analyst CARE Ratings Limited E-mail: arpit.garg@careedge.in</p>
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About us:

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