



## Press Release

### Kundan Edifice Limited

April 08, 2025

#### Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facility	15.00	IVR BBB-/ Stable (IVR triple B Minus with Stable outlook)	-	Rating assigned	<a href="#">Simple</a>
	<b>15.00</b> (Rs. Fifteen crore only)				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The rating assigned to the long-term bank facility of Kundan Edifice Limited (KEL) derives comfort from its experienced promoters and long presence in the industry, adequate demand of the manufactured products, long standing relationship established brand, continuous growth in scale and profitability and satisfactory financial risk profile. These rating strengths are partially offset by moderate scale of operation, raw material price fluctuation risk and exposure to intense competition and cyclical in the user industry.

The outlook assigned on the long-term rating is Stable on the back of satisfactory demand outlook of the respective industry coupled with improving financial risk profile.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained revenue growth coupled with improvement in profitability on a sustained basis
- Growth in cash accrual and prudent working capital management
- Improvement in capital structure

##### Downward Factors

- Any decline in revenue and profit margin on a sustained basis
- Further moderation in the capital structure
- Deterioration in working capital management



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and long presence in the industry**

The promoters, led by Mr. Divyansh Mukesh Gupta, have over a decade of experience in the electrical goods and LED lighting industries. There are other four directors with adequate qualification and over and around a decade of business experience. The rich experience of the promoters have helped KEL maintains healthy relationship with the suppliers as well as customers. Furthermore, the company commenced its operation since 2014 resulted in long and proven track record.

- **Adequate demand of the manufactured products**

The company manufactures LED strips and is established as an Original Design Manufacturer (ODM) in the respective industry. With the revival of luxury real estate segment and change in lifestyle with the rising income level, which further leading to adequate demand and preference for premium home decoration and lighting. This apart, spreading of entertainment industry like multiplex and hospitality industry like premium hotels further pushes the demand outlook of the industry. Furthermore, with the adaptation of Make in India policy from Government of India and proposed implementation of BIS norms, may reduce the import of such products and which will help the domestic players for further growth in the years to come.

- **Long standing relationship established brand**

The company has long standing association with established brands like Havells India Limited, Crompton Greaves Consumer Electricals Limited, Panasonic Life solutions India Pvt Ltd, Wipro Enterprises Pvt Ltd etc. marked by repeated orders over the years. Association with leading business houses provides regular offtake along with market acceptability and low default risks.

- **Continuous growth in scale and profitability**

KEL's total operating income has been increasing at a CAGR of ~77% during last three financial years ending in FY24 (refers to period April 1st, 2023, to Mar 31st, 2024) and the same has increased y-o-y by ~40% over FY23 (refers to period April 1st, 2022, to Mar 31st, 2023) and ended at ~Rs.84 crore on the back of increase in volume sales coupled with improved demand from leading players. Further, during H1FY25 the company has already earned a turnover of Rs.47.89 crore with the increase in demand. Profitability has also improved where EBITDA and PAT level both has improved to Rs.8.06 crore and Rs.3.60 crore



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respectively with increase in profit margin where PAT margin was at 7.49% at the end of H1FY25.

- **Satisfactory financial risk profile**

Financial risk profile of the company has been satisfactory over the years. The company got listed on stock exchange in September 2023 and a fresh equity capital of ~Rs. 21 crore has been infused out of subscription. Infusion of capital, resulted in improvement in capital structure of the company, where overall gearing was at 0.58x as on March 31, 2024. The improvement in overall gearing has further stimulated from accretion of profit to reserve and repayment of term loan. Overall gearing was also remained comfortable at 0.76x as on September 30, 2024. Although Interest coverage ratio remained satisfactory in FY24 at 3.35x, has declined slightly over FY23 on account of increase in capital charges compared moderation in operating profit. Interest coverage ratio has further improved to 4.22x in H1FY25. Further, total indebtedness of the company as reflected by the TOL/ATNW remained satisfactory at 0.82x as on March 31, 2024 and improved from 2023 on the back of increase in net worth as mentioned above. DSCR was satisfactory at 1.65x in FY24. Current ratio remained satisfactory at 2.33x as on March 31, 2024.

### Key Rating Weaknesses

- **Moderate Scale of operation**

The scale of operation of the company, though improving continuously over the years, remained moderate with total operation operating income was at Rs.84 crore along with PAT level of Rs.3 crore in FY24. Similarly, tangible net worth was at Rs.31.23 crore as on March 31, 2024. Moderate scale of operation limits the flexibility of the company during the time of stress.

- **Raw material price fluctuation risk**

The degree of backward integration defines the ability of the company to withstand cyclical downturns in the industry. Basic raw materials required for the company are LED chips, flexible circuit, copper foil, PVC strips, wire etc. Though major raw materials are available from domestic manufacturers, few premium and specialized products are need to import from countries like China, Taiwan etc. Since the primary raw material is the major cost driver and the prices of which are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material prices.

- **Exposure to intense competition and cyclicity in the user industry**



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Premium home furnishing and lighting business is characterised by intense competition from imported international brands. This apart, presence of organised and unorganised domestic plays also increases the competition which resulted in limited pricing power.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

KEL has earned a gross cash accrual of Rs. 4.34 crore in FY24. Further the company is expected to earn a gross cash accrual in the range of ~Rs. 12 to 19 crore as against its debt repayment obligations around ~Rs. 5 crore per year during FY25-27. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. Further, average cash credit utilisation of the company remained moderate at ~83% during the past 12 months ended February 2025 indicating a moderate liquidity cushion.

### **About the Company**

Maharashtra based Kundan Edifice Limited (KEL) was incorporated in 2010 as Kundan Edifice Private Limited. Later in 2016, current management took over the business. However, in May 2023, the company converted into Public Limited company and rechristened as KEL and got listed on National Stock Exchange (SME) since September 26, 2023. The company started its operation since 2014 and since inception the company has been into manufacturing of LED strip lights. The company primarily introduced itself as an Original Design Manufacturer (ODM) who is in design, develop, manufacture and supply of electronic products to customers who then further distribute these products under their own brands. The company manufactures from two locations, one at Vasai and the second one at Bhiwandi in Maharashtra with installed capacity of 5.48 crore meters per annum of LED strip and has long term association with leading brands in modern lighting segment. The company manufactures products like SMT



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LED Strips, Rectifiers etc. Mr. Divyansh Mukesh Gupta, Managing Director, looks after day-to-day affairs of the company along with other directors and a team of experienced personnel.

### Financials (Standalone):

(Rs. crore)				
For the year ended/ As on*	31-03-2023	31-03-2024	30-09.2023	30-09-2024
	Audited	Audited	Unaudited	Unaudited
Total Operating Income	60.22	84.23	41.40	47.89
EBITDA	8.62	7.70	5.73	8.06
PAT	5.09	3.00	3.31	3.60
Total Debt	14.51	18.08	16.04	26.51
Tangible Net Worth	7.92	31.23	34.58	34.80
EBITDA Margin (%)	14.32	9.15	13.83	16.84
PAT Margin (%)	8.42	3.55	7.98	7.49
Overall Gearing Ratio (x)	1.83	0.58	0.46	0.76
Interest Coverage (x)	7.98	3.35	5.84	4.22

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Cash Credit	Long Term	15.00	IVR BBB-/ Stable	-	-	-

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit





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Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	15.00	IVR BBB-/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-kundan-edifice-apr25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).