



Press Release

August 04, 2025

Rishi Laser Limited Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	16.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	1.00	-	ACUITE A3 Assigned
Total Outstanding	17.00	-	-
Total Withdrawn	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and the short-term rating of 'ACUITE A3' (read as ACUITE A three) on Rs. 17.00 Cr. bank facilities of Rishi Laser Limited (RLL). The outlook is 'Stable'.

Rationale for rating

The rating assigned takes into consideration the established track record of operations of the company along with long-standing experience of the promoters in the engineering industry. Further, the rating takes into account the moderately efficient working capital management, moderate financial risk profile and strong resource mobilisation ability of the company. However, the rating remains constrained on account of modest scale of operations despite improving margins, timely completion of the planned capex, customer concentration risk and susceptibility of operations to construction and infrastructural sectors.

About the Company

Incorporated in 1992, Rishi Laser Limited (RLL) started its business in laser cutting of sheet metals and later diversified into manufacturing and fabrication of sheet metal components and machine parts for original equipment manufacturers (OEMs). Headquartered in Mumbai, RLL operates six manufacturing facilities across Pune, Vadodara, Bangalore, Sonapat, and Chennai and is undergoing capex for its seventh facility at Malur, Karnataka. The company serves diverse sectors including construction, mining, power, railways, automotive, and textiles. The company is promoted by Mr. Harshad Patel and is listed on Bombay Stock Exchange Ltd (BSE) since 1995 with a current market cap of ~Rs. 130.44 Cr. as on July 29, 2025.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of RLL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and reputed clientele

RLL has an established track record of operations of more than three decades in the engineering industry along with long-standing experience of the management. The management includes Mr. Harshad Patel (Chairman and Managing Director of RLL) who has almost four decades of experience in the engineering industry and is ably supported by Mr. Ganesh Agrawal (Chief Executive Officer) who has 25+ years of financial and management experience in the manufacturing industry. Further, the clientele profile of the company includes reputed multinational companies engaged in multiple lines of businesses like construction, power, railways, automobiles, etc. The company currently runs six plants across India and is undergoing capex for its seventh plant in Malur, Karnataka for ~Rs. 15 Cr. to be operationalised by October 2025.

Moderate financial risk profile and strong resource mobilisation ability

The tangible net worth of the company improved to Rs. 34.70 Cr. as on March 31, 2025 from Rs. 24.16 Cr. as of

March 31, 2024 owing to accretion of profits to reserves and issuance of share warrants in October 2024 of Rs. 12 Cr. (Rs. 3 Cr. received in FY25) and balance is expected to be received by April 2026. Therefore, while the ongoing capex increased its debt levels in FY25, the gearing continued to remain below unity (0.56 times as on March 31, 2025). Further, the debt protection metrics of the company also stood comfortable marked by interest coverage ratio of 5.39 times in FY25 (5.55 times in FY24) and debt service coverage ratio of 2.71 times in FY25 (1.49 times in FY24).

Going forward, the financial risk profile is expected to improve with fund infusions through warrants, improving cash accruals and absence of any significant debt funded capex.

Moderately efficient working capital operations

The company's working capital operations are moderately efficient marked by gross current assets (GCA) of 81 days as on March 31, 2025 (85 days as on March 31, 2024), primarily driven by the debtor levels that remain in the range of 40-45 days. Further, the inventory management of the company is supported by monthly production schedules received from OEMs. Furthermore, the company receives credit period of 60-90 days from its suppliers leading to creditor days.

Weaknesses

Modest scale of operations albeit improving margins

The revenue of the company remains modest and registered a stable growth at Rs. 150.72 Cr. in FY25 compared to Rs. 140.11 Cr. in FY24 and Rs. 134.60 Cr. in FY23 owing to slower demand in the civic infrastructural sector and customer concentration with nearly 54% of FY25 revenue (~51 percent in FY24) coming in from three clients. However, the operating margins of the company has improved to 9.26 percent in FY25 as against 8.45 percent in FY24 and 6.92 percent in FY23 on account of improving efficiency in the operations and decline in the input steel costs.

Acuite expects that going forward, the operating performance of the company shall improve driven by capacity expansion and focus on higher value-added products that shall build healthy margins.

Exposure to inherent cyclicity in the construction sector and susceptibility to raw material prices

As RLL is into manufacturing of large variety of products and customisations involved, the company needs to maintain different types of machineries leading to requirement of continuous improvement in the machineries. Also, the operating performance is majorly linked to construction and civic infrastructural sectors which are directly linked to economic cycles which is evident from the historical instance of debt resolution of the company. Further, the profitability in the industry is susceptible to increase in key raw material prices i.e., steel. Therefore, any downtrend in the steel prices shall lead to fall in the realisation price of the company. However, the major fluctuations in the prices are passed on to customers with a lag of a month/quarter.

Rating Sensitivities

- Significant improvement in scale of operations and profitability
- Any elongation in working capital operations impacting the liquidity levels
- Maintenance of the financial risk profile? backed by increasing accruals and no significant debt funded capex

Liquidity Position

Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals of Rs. 11.18 Cr. in FY25 against maturing debt repayment obligations of Rs. 2.51 Cr. for the same period. Going forward, the company is expected to generate net cash accruals in the range of Rs. 10-13 Cr. against repayment obligations in the range of Rs. 2-3 Cr. The bank limit utilisation stood moderate marked by fund-based limit utilisation of 72.44 percent for the last six months ended May 2025 and non-fund-based limit utilisation of 6.63 percent for the last six months ended March 2025. The current ratio stood moderate at 1.04 times as on March 31, 2025. Further, the unencumbered cash and bank balances of the company stood at Rs. 1.55 Cr. as on March 31, 2025. Additionally, the liquidity is supported by liquid (mutual fund) investments of Rs. 4.72 Cr. in FY25 (Rs. 1.32 Cr. in FY24).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	150.72	140.11
PAT	Rs. Cr.	8.25	8.73
PAT Margin	(%)	5.48	6.23
Total Debt/Tangible Net Worth	Times	0.56	0.50
PBDIT/Interest	Times	5.39	5.55

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3 Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB- Stable Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	19 Mar 2024	Not avl. / Not appl.	31 Dec 2031	2.00	Simple	ACUITE BBB- Stable Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	19 Mar 2024	Not avl. / Not appl.	31 Dec 2029	3.00	Simple	ACUITE BBB- Stable Assigned
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	20 Dec 2024	Not avl. / Not appl.	30 Jun 2032	7.00	Simple	ACUITE BBB- Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	20 Sep 2023	Not avl. / Not appl.	31 Dec 2038	3.00	Simple	ACUITE BBB- Stable Assigned

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