

## Revathi Equipment India Limited

February 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	78.00 (Reduced from 101.00)	CARE BBB; Stable / CARE A3+	Downgraded from CARE BBB+; Stable / CARE A2
Short-term bank facilities	28.99 (Reduced from 43.54)	CARE A3+	Downgraded from CARE A2

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Revathi Equipment India Limited (REIL) consider decline in the company's operating income for FY25, arising from a slowdown in export markets and reduced domestic order inflows. Export performance weakened due to geopolitical and logistics-related disruptions, while domestic revenues were impacted by Coal India's shift toward mine developer-operator (MDO)-based procurement, reducing direct equipment purchases. Lower sales volumes also resulted in subdued production and capacity utilisation, leading to weaker cost absorption. Consequently, turnover fell short of earlier expectations, with operating income moderating to ₹75.30 crore in 9MFY26, reflecting a year-on-year decline of 33.97%, alongside the company reporting operating losses in 9MFY26.

Ratings continue to factor in REIL's long operational track record, experienced management team, established domestic presence in the drilling equipment segment, and comfortable capital structure and liquidity. However, ratings remain constrained by the company's moderate scale of operations, concentrated domestic customer base, financial support extended to its group entity, and working-capital-intensive operations that result in an elongated operating cycle.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growing scale of operations above ₹250 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins over 18%.
- Reducing exposure to group entities in the form of corporate guarantees.

#### Negative factors

- Persistent decline in operating income to below ₹150 crore accompanied by continued net losses.
- Large debt-funded capex negatively impacting capital structure with overall net adjusted gearing (total debt including guaranteed loans less cash to tangible net worth) deteriorating beyond 1.5x on a sustained basis.
- Further exposure to group entities, leading to stretch in liquidity and debt protection metrics.

**Analytical approach:** Standalone

#### Outlook: Stable

The Stable outlook reflects expectations that the company will sustain a comfortable capital structure and adequate liquidity in the absence of major debt-funded capital expenditure, while continuing to derive strength from its established market position and the promoters' industry experience.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced management team

REIL is led by Abhishek Dalmia, Executive Chairman, supported by a team of senior professionals with deep experience across engineering, design, product support, exports, and finance. The management's extensive industry knowledge and long-standing customer relationships continue to strengthen the company's operational execution and strategic growth initiatives.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Long operational track record**

REIL has an established operational history of over four decades in designing and manufacturing drilling rigs for mining, water well, and exploration applications, earlier operating under Revathi Equipment Limited. The company benefits from strong engineering capabilities, a mature vendor network, and robust after-sales support. Its long-standing association with major clients, particularly Coal India Limited and its subsidiaries for over 30 years, and diversification into private domestic and export markets in recent years, has supported scale-up of operations.

**Comfortable capital structure and presence of adequate liquid investments**

The company's capital structure remains comfortable, supported by a healthy net worth of ₹124.62 crore and a modest debt level of ₹37.24 crore as on March 31, 2025, resulting in a low overall gearing of 0.30x and total debt to gross cash accruals (TD/GCA) of 1.69x. With all term loans fully repaid in H1FY26 and sizeable liquid investments of ₹75.56 crore maintained in quoted equity, debentures, and cash equivalents, the company continues to remain net-debt-free. Operating losses in 9MFY26 were mitigated by steady interest income and gains from its liquid investment portfolio, providing continued support to the liquidity profile.

**Key weaknesses****Moderation in financial and operational performance**

The company's performance remained moderate in FY25 and weakened further in 9M FY26, with operating income declining to ₹178.53 crore (FY24: ₹212.46 crore) due to slower domestic orders and export disruptions. Production volumes reduced from 22 rigs to 17 rigs, pulling capacity utilisation down to 28%. In 9MFY26, revenue fell 34% to ₹75.30 crore, with an operating loss of ₹1.39 crore, as fixed costs could not be absorbed. The newly commissioned export-focused unit also saw slower-than-expected scale-up amid weak global demand. Given the business's inherent seasonality, the company's ability to ramp up Q4 sales and achieve full-year performance aligned with past trends remains a key monitorable.

**Exposure to group company**

The company remains exposed to its group entity, Semac Construction Limited (SCL; rated CARE BBB; Negative/ CARE A3+), which incurred losses of ₹5.84 crore in FY25 and ₹31.91 crore in FY24. Corporate guarantees extended to SCL increased from ₹94 crore to ₹134 crore, amounting to 103.32% of REIL's net worth in FY25 and elevating its adjusted gearing to 1.05x (March 2025) and 1.59x (December 2025). SCL's performance improved in H1FY26, reporting an operating profit of ₹2.35 crore and profit after taxation (PAT) of ₹1.17 crore, offering some comfort despite the high contingent liability risk.

**Working capital intensive operations**

The company's operations remain working-capital intensive, with inventory levels elevated due to long production lead times and preparation for export orders. Inventory days increased to 187 days in FY25 (FY24: 149 days), resulting in an elongated working-capital cycle of 162 days (FY24: 143 days). Lower sales in 9MFY26 further constrained cost absorption. To strengthen cash flows and mitigate export-side risks, the company has shifted to dispatching goods against advances.

**Client concentration risk**

The company continues to face revenue concentration risk, with the top five customers contributing ~53% of total sales in FY24 and FY25 and rising sharply to ~88% in 9M FY26. Although dependence on Coal India reduced from 38.56% in FY24 to 22.31% in FY25, reliance on a limited customer base remains high, making revenue visibility sensitive to changes in ordering patterns from key accounts.

**High dependence on third party suppliers**

The company remains largely assembly-oriented and depend on external vendors for critical components such as hydraulic systems, motors, drilling assemblies, electronic systems, and imported specialised parts. This reliance exposes operations to supply-chain constraints, import lead times, and vendor performance risks. The company's vendor management team continues to monitor supplier capabilities and mitigate disruptions

**Liquidity: Adequate**

The company's liquidity is adequate with sufficient cash accruals against Nil term loan repayment obligations. Average working capital utilisation for 12 months ended January 2026 stood comfortable at 63.42%. The cash & cash equivalents as on September 30, 2025, is ~₹76.32 crore, which are parked in quoted equity, debentures among others and also as cash. Operating cycle remained high at 162 days in FY25 (PY: 143 days) due to the higher inventory holding at year-end. REL's current ratio stood comfortable at 1.75x (PY 1.67x) as on March 31, 2025.

**Assumptions/Covenants: Not applicable**

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)  
[Rating Outlook and Rating Watch](#)  
[Manufacturing Companies](#)  
[Financial Ratios – Non financial Sector](#)  
[Short Term Instruments](#)  
[Liquidity Analysis of Non-financial sector entities](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

REIL was incorporated in 2020 and manufactures mining equipment primarily blast hole drills ranging from 63 mm (2 ½ inch) to 349 mm (13 ¾ inch) in size and caters to domestic and export market. Till FY22, REIL was under named Revathi Equipment Limited (REL), which also housed a design and construction business. In June 2023, through a National Company Law Tribunal (NCLT) approved scheme of arrangement, the drilling business was demerged into the present separate entity (REIL). The remaining design and construction business continues to be under REL, which has been renamed SCL. Drilling business under REL first commenced operations in 1977 as Revathi Cp Equipment Limited with financial and technical collaboration of Chicago Pneumatic of USA to provide drilling solutions for applications such as mining, construction, water well, exploration, among others. The company was taken over from Atlas Copco (international industrial Group with its head office in Stockholm, Sweden) in 2002 by its current promoter Abhishek Dalmia. REIL got listed on stock exchanges on September 11, 2024.

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	9mFY26 (UA)
Total operating income	212.47	178.53	75.30
PBILDT*	39.71	30.31	-1.39
PAT	31.07	20.18	-0.73
Overall gearing (times)	0.29	0.30	NA
Interest coverage (times)	6.32	2.78	NM

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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-LT/ST		-	-	-	78.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-BG/LC		-	-	-	28.95	CARE A3+
Non-fund-based - ST-Forward Contract		-	-	-	0.04	CARE A3+

**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 2025-2026	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
1	Fund-based-LT/ST	LT/ST	78.00	CARE BBB; Stable / CARE A3+	1)CARE BBB+; Stable / CARE A2 (08-Apr-25)	1)CARE BBB+; Positive / CARE A2 (07-Aug-24)	-	-
2	Non-fund-based - ST-BG/LC	ST	28.95	CARE A3+	1)CARE A2 (08-Apr-25)	1)CARE A2 (07-Aug-24)	-	-
3	Non-fund-based - ST-Forward Contract	ST	0.04	CARE A3+	1)CARE A2 (08-Apr-25)	1)CARE A2 (07-Aug-24)	-	-

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-LT/ST	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Non-fund-based - ST-Forward Contract	Simple

**Annexure-5: Lender details**

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

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

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