



Press Release
LOCKSMITHS INDUSTRIES PRIVATE LIMITED
July 21, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.81	ACUITÉ BB Stable Assigned	-
Bank Loan Ratings	13.60	ACUITÉ BB Stable Reaffirmed	-
Bank Loan Ratings	6.25	-	ACUITÉ A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	28.66	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITÉ BB**’ (read as **ACUITÉ double Ba**) and short-term rating of ‘**ACUITÉ A4+**’ (read as **ACUITÉ A four plus**) on the Rs. 19.85 Cr. bank facilities of Locksmiths Industries Private Limited (LIPL). The outlook is ‘**Stable**’.

Acuité has assigned its long-term rating of ‘**ACUITÉ BB**’ (read as **ACUITÉ double Bo**) on the Rs.8.81 Cr. bank facilities of Locksmiths Industries Private Limited (LIPL). The outlook is ‘**Stable**’.

Rationale for the rating reaffirmation

The rating reaffirmation considers the steady business risk profile of the company. Further, the rating also factors in the strong industry experience of management which helps them maintain a longstanding relationship with reputed clientele like VIP, Safari and Samsonite. These strengths are, however, offset by the average financial risk profile marked by a low net worth, below average gearing and average debt protection metrics along with high reliance on short-term bank financing. Further, the rating is constrained by vulnerability of margins to volatile in raw material prices.

About the Company

Incorporated in 1988, Locksmiths Industries Private Limited (LIPL) is an established manufacturing company in locking systems for luggage industries and modular furniture hardware. The company manufactures luggage hardware like combination locks for hard luggage which are Transportation Security Administration (TSA) category locks or non-TSA locks, trolley of a luggage bag and wheels etc. LIPL is one of the few companies in the world to hold the license to manufacture TSA specialized locks used widely in North America, Europe, Japan, etc. for which the company pays royalty to Travel Sentry. The manufacturing facility of LIPL is located at MIDC Satpur, Nashik. LIPL has diversified its operations by venturing into luggage manufacturing. LIPL is promoted by Mr. Nimesh Kishore Sheth and Mrs. Dipa Nimesh Sheth.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Locksmiths Industries Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

LIPL has an established track record of operations of almost three decades, along with experienced management. The company is promoted by Mr. Nimesh Kishore Sheth and Mrs. Dipa Nimesh Sheth. The promoters and management of the company have experience of over 2 decades in the industry. The experience of the management has helped the company to maintain a stable longstanding relationship with reputed clients namely VIP, Safari and Samsonite. The company is one of the few who holds the Travel Sentry manufacturing license to make TSA locks for which company pays royalty to them. Acuite believes that the long operational track record coupled with the extensive experience of the management and relationship with reputed clientele will continue to benefit LIPL going forward, resulting in steady growth in the scale of operations.

Steady operating performance albeit marginal decline in profitability

The revenue of the company stood at Rs.72.22 crore in FY2025 (Prov.) as against Rs. 62.27 crore in FY2024 and Rs. 75.41 crore in FY2023 due to steady demand in the market. The operating profit of the company decreased in absolute terms and stood at Rs. 4.79 Cr. in FY2025(Prov.) as compared to RS. 5.20 Cr. in FY2024 due to increasing cost of raw material consumed in the same period. Subsequently, EBITDA margin decreased to 6.63 percent in FY2025(Prov.) from 8.34 percent in FY2024. The PAT margin stood at 0.62 percent in FY2025 (Prov.) as against 0.60 percent in FY2024. The company outsources the manufacturing process in lieu of big order from the clients. Acuite believes, that the sustain improvement in revenue and profitability would remain as a key rating monitorable.

Weaknesses

Average Financial Risk profile

The financial risk profile of the company stood average, marked by low net worth, below average gearing (debt-equity) and average debt protection metrics. The tangible net worth increased and stood at Rs. 7.81 crore as on 31 March 2025 (Prov.) as against Rs. 7.37 crore as on 31 March 2024 due to accretion of profits to reserves. The gearing (debt-equity) stood at 3.78 times as on 31 March 2025(Prov.) as compared to 4.03 times as on 31 March 2024. The total debt of the company stood at Rs. 29.55 crore as on March 31, 2025 (Prov.) which includes long term debt of Rs. 4.20 Cr., short-term debt of Rs.22.13 Crore and unsecured loans of Rs.3.22 crore from related parties. Interest Coverage Ratio (ICR) stood at 1.66 times for FY2025(Prov.) as against 1.58 times for FY2024. Debt Service Coverage Ratio (DSCR) stood low at 0.87 times in FY2025(Prov.) and FY2024, however, the repayment of the debt obligations remains satisfactory as confirmed by the bankers. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 5.00 times as on 31 March 2025(Prov.) as against 5.23 times as on 31 March 2024. Acuite believes, that the financial risk profile of the company likely to remain average, backed by steady cash accruals and no major debt funded capex plans.

Working Capital Intensive Operations

The operations of the company remained working capital intensive marked by gross current assets (GCA) of 190 days in FY2025(Prov.) as against 210 days in FY2024. The company inventory days stood at 131 days in FY2025(Prov.) as against 139 days for FY2024. The Debtor days improved and stood at 45 days in FY2025(Prov.) as against 68 days for FY2024. Generally, the company has a policy of providing credit of up to 60 days to its customers. Furthermore, the creditor days stood at 53 days in FY25(Prov.) as against 49 days in FY2024. LIPL has high reliance on the short-term bank financing, average utilization of Cash Credit is around 91.44 percent in last six months ended June 2025. Acuite believes that the working capital operations of the company may continue to remain at similar levels going forward considering the nature of operations.

Susceptibility of profitability to volatility in raw material prices

The company's profitability is highly susceptible to volatility in prices of the key raw material. Any sharp upward movement in the raw material prices and the inability of the group to pass on the increased cost of raw materials may result in dip in the operating margins. Acuite believes, the profit margins of the group likely to remain exposed to volatility in raw material prices.

Rating Sensitivities

- Sustain improvement in revenues and profitability
- Changes in financial risk profile
- Deterioration in working capital cycle

Liquidity Position Stretched

The company's liquidity position is stretched, marked by insufficient net cash accruals against the maturing debt obligations. The company generated net cash accruals of Rs. 1.82 crore in FY2025(Prov.) against its maturing repayment obligations of Rs. 2.50 Cr. in the same tenure. The shortfall was bridged through the utilization of existing reserves and surplus funds. Further, LIPL has high reliance on the short-term bank financing, average utilization of Cash Credit is around ~91.44 percent in last six months ended June 2025. The current ratio stands at 1.15 times as on March 31, 2025(Prov.), as against 1.21 times as on 31 March 2024. The cash and bank balance of

the company stood at Rs. 2.28 Cr. in FY2025 (Prov.). Acuite believes the liquidity position of the company is expected to improve supported by the absence of significant debt-funded capex and an anticipated improvement in net cash accruals, driven by increased operational capacities and business expansion.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	72.22	62.27
PAT	Rs. Cr.	0.44	0.38
PAT Margin	(%)	0.62	0.60
Total Debt/Tangible Net Worth	Times	3.78	4.03
PBDIT/Interest	Times	1.66	1.58

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

Not Applicable

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Oct 2024	Letter of Credit	Short Term	6.25	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	13.60	ACUITE BB Stable (Reaffirmed)
21 Jul 2023	Letter of Credit	Short Term	6.25	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	13.60	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.60	Simple	ACUITE BB Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.75	Simple	ACUITE BB Stable Assigned
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.25	Simple	ACUITE A4+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	1.45	Simple	ACUITE BB Stable Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2029	2.53	Simple	ACUITE BB Stable Assigned
Tata Motors Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Sep 2025	0.02	Simple	ACUITE BB Stable Assigned
Tata Motors Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Sep 2025	0.02	Simple	ACUITE BB Stable Assigned
Tata Motors Finance Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	02 Oct 2025	0.04	Simple	ACUITE BB Stable Assigned

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About Acuité Ratings & Research

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