



Press Release
FALCON GARDEN TOOLS PRIVATE LIMITED
April 04, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.46	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	11.46	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at **'ACUITE BB+' (read as ACUITE double B plus)** on the Rs. 11.46 Cr. bank facilities of Falcon Garden Tools Private Limited (FGTPL). The outlook is **'Stable'**.

Rationale for rating

The rating reaffirmation considers moderation in operating performance of the company. The rating also draws support from experienced management, established track record of operations, moderate financial risk profile and stretched liquidity. These strengths are, however, offset by modest scale of operations, and presence in the fragmented and price sensitive nature of the industry.

About the Company

Incorporated in 1993, Falcon Garden Tools Private Limited (FGTPL) is a Punjab-based company promoted by Mr. Surinder Pal Singh, Mr. Gurdip Singh, Mr. Sarbjit Singh and Mr. Balbir Singh Dua. The company is engaged in manufacturing of Agricultural, Horticultural, Gardening and Forestry equipment and tools like lawn mowers, blowers, rakes, cutters, among others. FGTPL has its manufacturing unit located in (Ludhiana) Punjab.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management and established track record of operations

FGTPL was incorporated in 1993 and has its presence in the industry for over two decades. Mr. Surinder Pal Singh has a vast experience of over 4 decades in engineering industry. The Directors, Mr. Gurdip Singh, Mr. Sarbjit Singh

and Mr. Balbir Singh Dua also possess experience of more than three decades in this industry. Acuité believes that the company will benefit from its experienced management which helps the company maintain long standing relations with its customers and suppliers.

Moderate Financial Risk Profile

FGTPL's financial risk profile is comfortable marked by moderate net worth, comfortable gearing and average debt protection metrics. The net worth of the company stood at Rs. 20.52 Cr. as of March 31, 2024, against Rs. Rs. 19.09 Cr. as of March 31, 2023. The unsecured loans by Directors have been considered as a part of equity in the form of quasi equity as the same have been subordinated. The gearing of the company stood low at 0.47 times

on March 31, 2024 as against 0.55 times as on March 31, 2023. The gearing has improved owing to repayments of term loans. The interest coverage ratio stood at 3.55 times during FY2024 against 3.65 times in FY2023. However, the DSCR stood relatively low at 0.87 times for FY2024 against 0.98 times in FY2023. the directors have infused ~Rs. 5.61 Cr. in the form of unsecured loans during FY2024 to support repayments.

Acuite, believes that FGTPPL would maintain a comfortable financial risk profile in the near to medium term owing to repayment of existing debt and absence of debt funded capex.

Weaknesses

Stagnancy in operating performance

FGTPPL reported revenue of Rs. 30.96 Cr. in FY2024 as against Rs. 29.58 Cr. in FY2023. The revenues remained subdued due to intense competition from Chinese products which are priced way too lower. Further, the market for this type of product being niche, it is difficult to maintain over the top prices and prices have to be placed competitively. In 11MFY25, FGTPPL reported revenue of Rs. 31.03 Cr. and expected to close the year at Rs. 32 Cr. The company's operating margins stood at 13.57 percent in FY2024 as against 15.39 percent in FY2023. The margins have been affected pertaining to higher Admin and employee related expenses. The PAT margins stood at 3.56 percent in FY2024 against 5.39 percent in FY2023 owing to finance costs. Acuite believes, that FGTPPL would maintain steady operating profile owing to challenging market scenarios.

Working Capital intensive operations

FGTPPL's working capital cycle is intensive in nature marked by high GCA days. The GCA days improved although stood high at 164 days as on March 31, 2024 against 188 days as on March 31, 2023. The higher GCA is primarily dominated by higher Inventory days which have been at around 104 days for FY2024 and 115 days for FY2023. The debtor days as on March 31, 2024 have stood at 29 days against 37 days as on March 31, 2023. The company has tie-ups with around 500 distributors all over India who buy and sell further. The company's dependency on working capital limits has been limited as reflected in the utilization of 88 per cent for last 06 months ended February 2025.

Rating Sensitivities

- Continuous improvement in revenues and profitability
- Elongation in working capital cycle leads to stretch in liquidity
- Changes in financial risk profile

Liquidity Position Stretched

FGTPPL has stretched liquidity marked by low net cash accruals of Rs.2.64 Cr. against the debt obligations of around Rs.3.24 Cr. during the same period. However, company has been paying monthly obligations on time as per feedback from the bankers. Further, it has unencumbered cash and bank balances of around Rs. 2.60 Cr. which is been used for meeting debt obligations. The working capital limits utilisation stood high at 88 per cent for latest 6 months ended Feb 2025. Further, the current ratio stood sufficient at 1.73 times as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	30.96	29.58
PAT	Rs. Cr.	1.10	1.59
PAT Margin	(%)	3.56	5.39
Total Debt/Tangible Net Worth	Times	0.47	0.55
PBDIT/Interest	Times	3.55	3.65

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

Not Applicable.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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. 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Jan 2024	Term Loan	Long Term	1.08	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.69	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.72	ACUITE BB+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.41	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.70	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	3.50	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.11	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	1.30	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.01	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.94	ACUITE BB+ Stable (Reaffirmed)
20 Oct 2022	Proposed Long Term Bank Facility	Long Term	0.01	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	3.50	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.11	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.08	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.72	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.94	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.30	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.70	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.69	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Working Capital Term Loan	Long Term	0.41	ACUITE BB+ Stable (Upgraded from ACUITE B+)
16 May 2022	Proposed Long Term Bank Facility	Long Term	8.00	ACUITE B+ Downgraded & Issuer not co-operating*
	Term Loan	Long Term	0.96	ACUITE B+ Downgraded & Issuer not co-operating*
	Cash Credit	Long Term	2.50	ACUITE B+ Downgraded & Issuer not co-operating*

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab and Sind Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.86	Simple	ACUITE BB+ Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	30 Mar 2021	Not avl. / Not appl.	10 Jul 2025	1.30	Simple	ACUITE BB+ Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	21 Jan 2022	Not avl. / Not appl.	10 Feb 2026	0.70	Simple	ACUITE BB+ Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	09 Mar 2022	Not avl. / Not appl.	10 Feb 2027	1.69	Simple	ACUITE BB+ Stable Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Working Capital Term Loan	30 Nov 2023	Not avl. / Not appl.	30 Oct 2026	0.41	Simple	ACUITE BB+ Stable Reaffirmed

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About Acuité Ratings & Research

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