



Press Release
Global Tools
August 10, 2023
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	15.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from **Acuite BB-** (read as **Acuite double B minus**) on the Rs.15.00 Cr bank facilities of Global Tools (GT). The downgrade is on account of delays observed in debt servicing in the term-loan account statements.

About the Company

M/s Global Tools is a partnership concern established in 2007. It is owned and managed by Mr. Birangal Mahadev Parmeshwar and Mr. Baig Sultan Abdul. The Company is based at Bhosari, Pune, and Maharashtra. Global Tools is engaged in manufacturing and regrinding of all types of Cutting tools, H.S.S and Carbides Tools which is used in specialize Vertical Milling Machines (VMC), CNC and Metal Cutting Machines.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of GT to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long operational track record

GT is a partnership concern established in 2007. It is owned and managed by Mr. Birangal Mahadev Parmeshwar and Mr. Baig Sultan Abdul. The partners of the firm has an extensive experience of more than 15 years in this line of business. The firm is based at Bhosari, Pune. Global Tools is engaged in manufacturing and regrinding of all types of Cutting tools, H.S.S

Weaknesses

Highly fragmented and competitive industry

The industry is marked by presence of large number of organized and unorganized players. The industry is intensely competitive and fragmented because of low entry barriers and moderate capital requirements. The high competitive intensity limits the pricing flexibility and exerts pressures on the margins of all participants. However, the established brand presence, reputed customer base and experienced management mitigates the risk to some extent.

Rating Sensitivities

Timely servicing of debt obligation.

Material covenants

None

Liquidity position is stretched as company generated insufficient cash accruals to its maturing debt-repayment obligations. The working capital limits are fully utilised for last 6 months ending July 2023. Also, company has defaulted on timely servicing of debt obligations.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	19.46	14.25
PAT	Rs. Cr.	0.70	0.40
PAT Margin	(%)	3.60	2.82
Total Debt/Tangible Net Worth	Times	2.54	2.51
PBDIT/Interest	Times	1.99	2.03

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

Not Applicable

Any other information

Acuite is yet to receive the latest No Default Statement from the rated entity despite repeated requests and followups.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Jun 2022	Term Loan	Long Term	2.42	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.62	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.35	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	1.45	ACUITE BB- Stable (Assigned)
	Proposed Bank Facility	Long Term	3.19	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	0.47	ACUITE BB- Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Abhyudaya Cooperative Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.50	ACUITE D Downgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.12	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.55	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.45	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.43	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.03	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.92	ACUITE D Downgraded

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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