

Rating Rationale

2 April 2026

Gardex India Pvt Ltd

Brickwork Ratings assigns short-term ratings for bank loan facilities of Rs.60Cr., and withdraws the rating for the bank loan facilities of Rs. 42.60Cr. of Gardex India Pvt Ltd.

Particulars:

Facilities**	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (11th June 2025)	Present
Fund-Based					
Term Loan	2.50	0.00	Long Term	BWR B /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	Withdrawal
Packing Credit	36.50	0.00			
Pre-Shipment Credit		60.00	Short Term		BWR A3+/ Assignment
<i>Fund-Based Sub Total</i>	<i>39.00</i>	<i>60.00</i>	Short Term		
Sub Limits of Fund-Based					
Foreign bills purchased		(35.00)	Short-Term		BWR A3+/ Assignment
Cash Credit		(1.00)			
NWC DL		(13.00)			
PCFC		(45.00)			
Post Shipment Credit		(45.00)			
Letter of Credit		(4.00)			
Bank Guarantee		(0.6)			
Non-Fund-Based					
Letter of Credit	3.00	0.00	Short Term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	Withdrawal
Bank Guarantee	0.60	0.00			
<i>Non-Fund Based Sub Total</i>	<i>3.60</i>	<i>0.00</i>	Short-Term		
Grand Total	42.60	60.00	(Rupees Sixty Crore Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned the ratings at BWR A3+ for the bank loan facilities of Rs. 60Cr and withdrawn the ratings assigned to the facilities of Rs. 42.60Cr

Brickwork Ratings has relied on the audited financials of Gardex India Pvt Ltd for FY23, FY24 and FY25, information furnished by the client and its bankers, to arrive at the present ratings. Brickwork Ratings has assigned the ratings at "BWR A3+" for the bank loan facilities of Rs. 60 Crs. The assignment of the rating draws strength from the vast business experience of the promoters in the forging industry, an established track of operations and upmove trend of sales. However, the rating is constrained by the scale of operations, intense competition, moderate debt metrics protection and volatility associated with the business.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

KEY RATING DRIVERS

Credit Strengths:-

Experienced Leadership and Operational History

Established in 1997, GIPL benefits from over 25 years of industry presence. The company's promoters bring more than three decades of expertise to the tools and forging sector. This extensive experience, combined with a demonstrated ability to navigate the industry's cyclical downturns, ensures operational stability and bolsters long-term stakeholder confidence.

Financial Risk Profile

GIPL maintains a stable financial position characterised by a solid net worth and healthy leverage. As of March 31, 2025, net worth increased to Rs. 116.84 Cr. (up from Rs. 103.20 Cr. in 2024), bolstered by director-provided unsecured loans treated as net worth as they are subordinated. Debt management has improved, with gearing dropping from 0.73x to 0.57x due to proactive loan repayments. While the interest coverage ratio strengthened to 3.23x in FY2025, the current ratio remains tight at 0.99x. BWR anticipates that continued debt reduction will sustain this financial health, even as the company pursues debt-funded capital expenditures.

Credit Risks:-

Small and declining scale of operations

The Total Operating Income (TOI) of the company has remained range-bound between Rs.175-187 Crs over the last three fiscals, reflecting a stagnant scale of operations. TOI for FY25 stood at Rs. 177.85 Crs, marginally lower than Rs.185.08 Crs in FY24, primarily on account of loss of orders.

Elongated Conversion Cycle

The Company's conversion cycle has elongated from 77 days in FY24 to 95 days in FY25, primarily on account of high inventory days of 107 days as on March 31, 2025. This indicates higher working capital blockage in inventories, which could impact liquidity if the finished goods are stocked further.

Inherent cyclicity and Intense competition in the Gardening Tools industry

The Company's revenue and profitability remain exposed to the inherent cyclicity of this industry. Additionally, the sector is characterized by intense competition, which limits the

company's bargaining power with customers and suppliers, thereby resulting in thin and volatile profit margins.

ANALYTICAL APPROACH - Standalone

For arriving at these ratings, BWR has considered the standalone performance of the entity. BWR has applied its rating methodology.

RATING SENSITIVITIES

Going forward, the ability of the company to improve its revenue and financial risk profile would remain the key rating sensitivities

Upward:

- There is a growth in TOI by 20%
- The improvement in cash conversion cycle.
- PAT is increased considerably, and the Current Ratio is above 1.25

Downward:

- Decline in TOI by 10%
- Further elongation in the operating cycle is marked by a stretch in inventory and receivables days
- Specific credit metrics which may result in a rating downgrade include a deterioration in PAT margin below 1%, Current Ratio below unity, DSCR declining below unity on a sustained basis

LIQUIDITY INDICATORS - Adequate

The company's adequate liquidity is covering the debt obligations, and it has a reasonable Current Ratio. They have cash accruals of Rs 12.66Cr generated in FY25 against the CPLTD of Rs 6.48Cr. The cash & cash balance stands at Rs 3.85Cr. in FY25. The packing credit facility has been utilized at the extent of 85-90%. The liquidity is marked by a Current Ratio of 0.99x in FY25 and 1.11x in FY26, which reflects a healthy liquidity position of the company to serve future short-term liabilities with the current assets. The DSCR remains comfortable at 1.64 in FY25 and is projected to 1.78x in FY26, indicating the company's capability to pay off its short-term obligation. The company has sufficient headroom to utilise the cash accruals and utilized cash credit limit for its future operational requirements.

ABOUT THE ENTITY:

Gardex (the firm) was initially established in 1995 by Mr. Gautam Kapoor and Mr. Sarat Chopra by the name 'Filex' to carry out the business of manufacturing of striking and garden tools. Later in April 2007, the firm was rechristened as 'Gardex'. Further, in April 2019 the firm has changed its constitution to Pvt Ltd company and the company is now renamed as 'Gardex India Pvt Ltd'. The company manufactures and exports striking tools and garden equipment like hammers, bars, chisels, shovels, rakes, hoes, picks, mattocks and axes. In the US market, GIPL sells its products under its registered brand name 'Python'. The manufacturing plant of the company is based in Jalandhar, Punjab.

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

ESG Profile

The company demonstrates an Adequate ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks are driven by high water usage, waste generation, and reliance on energy-intensive processes, making disclosures on water consumption, waste-management practices, renewable energy share, and emissions levels particularly important.

Social: Social factors hinge on adherence to labour laws, accident prevention frameworks, and human-capital development, with metrics such as workforce mix, safety performance, and training initiatives offering insights into operational resilience.

Governance: Governance assessment focuses on board independence, committee effectiveness, and robustness of compliance systems, supported by readily available disclosures on board structure, audit mechanisms, and risk-management practices.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY 22 - 23 (Audited - Annual)	FY 23 - 24 (Audited - Annual)	FY 24 - 25 (Audited - Annual)
Operating Revenue	Rs.Crs.	187.44	185.08	177.85
EBITDA	Rs.Crs.	21.28	17.76	18.45
PAT	Rs.Crs.	3.40	-0.56	2.18
Tangible Net Worth	Rs.Crs.	92.21	103.20	116.84
Total Debt / Tangible Net Worth	Times	0.81	0.73	0.57
Current Ratio	Times	1.02	0.94	0.99

Tangible Net Worth includes the Depreciation Reserve

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

The CARE Ratings reaffirmed the rating at “CARE A4” under INC category for the bank loan facility of Rs. 54.1 Crs. on 25th Nov 2025.

ANY OTHER INFORMATION: None

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities		Current Rating (2026)		2025		2024	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating
Fund Based	ST	0.00	Withdrawal	11th June 2025	BWR B/Stable (Continues to be Issuer Non-Cooperating Category/Downgraded) (Rs. 39.00 Crs)	19th June 2024	BWR B+/Stable (Continues to be Issuer Non-Cooperating Category/Downgraded) (Rs. 39.00 Crs)
		60.00	BWR A3+/Assignment				
Non-Fund Based	ST	0.00	Withdrawal	11th June 2025	BWR A4 (Continues to be Issuer Non-Cooperating Category/Reaffirmed) (Rs. 3.60 Crs)	19th June 2024	BWR A4 (Continues to be Issuer Non-Cooperating Category/Reaffirmed) (Rs. 3.60 Crs)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Short Term Debt](#)
- [Manufacturing Entities](#)
- [Trading Entities](#)
- [BWR Withdrawal Policy](#)

Analytical Contacts

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Gardex India Pvt Ltd

**ANNEXURE I
Details of Bank Loan Facilities rated by BWR**

Name of the Bank	Facilities	Tenure	Amount (Rs.Crs.)	Complexity of the Instrument
HDFC Bank	Pre-Shipment Credit	Short Term	45.00	Simple
HDFC Bank	Cash Credit (Sub limit of Pre-Shipment Credit)	Short Term	(0.50)	Simple
HDFC Bank	Foreign Bill Purchased (Sub limit of Pre-Shipment Credit)	Short Term	(20.00)	Simple
HDFC Bank	Post Shipment Credit (Sub limit of Pre-Shipment Credit)	Short Term	(45.00)	Simple
HDFC Bank	PCFC (Sub limit of Pre-Shipment Credit)	Short Term	(45.00)	Simple
HDFC Bank	Letter of Credit (Sub limit of Pre-Shipment Credit)	Short Term	(4.00)	Simple
HDFC Bank	Bank Guarantee (Sub limit of Pre-Shipment Credit)	Short Term	(0.6)	Simple
Axis Bank	Pre-Shipment Credit	Short Term	15.00	Simple
Axis Bank	Cash Credit (Sub limit of Pre-Shipment Credit)	Short Term	(0.50)	Simple
Axis Bank	Foreign Bill Purchased (Sub limit of Pre-Shipment Credit)	Short Term	(15.00)	Simple
Axis Bank	NWCDL (Sub limit of Pre-Shipment Credit)	Short Term	(13.00)	Simple
Total	(Rupees Sixty Crore Only)		60.00	

*For more information visit: www.brickworkratings.com/download/ComplexityLevels.pdf

**ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS**

NIL

ANNEXURE III
List of entities consolidated
NIL

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