

## Gainwell Commosales Private Limited

Rating of Provisional [ICRA]AAA(SO) has been assigned to NCDs of face value of upto Rs. 44 crore<sup>1</sup> proposed to be issued by Gainwell Commosales Private Limited (GCPL; Issuer), as mentioned in the table below<sup>†</sup>. The assigned rating carries a stable outlook.

Description	Face Value (Rs. crore)	Tenure	Rating Assigned
NCDs	44.0	18 months 5 days	Provisional [ICRA]AAA(SO) (Stable)

The NCDs would be backed by an underwriting commitment from Axis Capital Limited (ACL) that would cover all obligations that may arise on the rated NCDs. The rating is based on the strength of this commitment from ACL, the integrity of the legal structure and the structured payment mechanism designed to ensure timely payment on the rated NCDs, as per the terms of the transaction.

### Key Features of the Transaction

The NCDs would have a scheduled tenor of 18 months and 5 days from the deemed date of allotment. However, the NCDs would have a call option at the end of 370 days from the deemed date of allotment. Coupon on the NCDs would be payable on a quarterly basis. The NCDs would be secured by pledge of equity shares of the Issuer and Goodearth Minetech Private Limited (GMPL).

The underwriting commitment from ACL would be unconditional and irrevocable, and it would cover all obligations that may arise on the rated NCDs. The payment mechanism is designed to ensure timely payment to the investors as per terms of the transaction, even if the Issuer does not pay and the NCD redemption happens through monies due from ACL on account of its underwriting commitment.

### About the Issuer

Incorporated in November 2014, Gainwell Commosales Pvt. Ltd. (GCPL) is a shell entity that currently has no bank debt on its books. GCPL is promoted by Mr. Sunil Chaturvedi and his family.

### About Tractors India Private Limited

Incorporated in September 1995, Tractors India Pvt. Ltd. (TIPL) is a wholly owned subsidiary of TIL Limited (TIL) and operates as the authorized Caterpillar dealer in North, Northeast, East India, Nepal and Bhutan. The company sells and services Caterpillar (Cat) equipment which is used for construction mining and several infrastructure applications, as well as a wide range of Cat engines and generator sets. The company operates in 2 segments:

1. Construction & Mining Solutions (CMS) - engaged as a dealer for Caterpillar Inc. USA for their earthmoving, construction mining equipments, spares etc. and providing related services.
2. Power Systems Solutions (PSS) - engaged in assembly, supply, erection and commissioning of Generating Sets powered by Caterpillar engines and dealing in spares etc and providing related services.

OI for the company comprises trading income and sale of products and services with trading income accounting for 80%-90% of the total income. Trading sales account for the products sold by TIPL as a dealer of Caterpillar, with sale of construction and mining equipments accounting for the majority share (~ 63% in FY2016 and 52% in FY2015) followed by sale of components and parts (~23% in FY2016 and 34% in FY2015). Capital structure of the company remains stretched as reflected by a gearing of 1.80x as on March 31, 2016 due to high reliance on external debt to fund working capital requirements.

### About the Underwriter

Axis Capital Limited (ACL), is a wholly owned subsidiary of Axis Bank (rated [ICRA]AAA/ [ICRA]A1+). ACL was formerly known as Axis Securities and Sales Limited. However, post the acquisition of the businesses of Enam Securities Private Limited, the name was changed to Axis Capital Limited w.e.f. October 2012. ACL is currently engaged in three broad business segments, namely, Investment Banking, Institutional Equities and Investment

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA Rating Publications



Solutions. It is one of the leading Institutional Brokerage houses amongst the domestic brokers and has also established a credible position in the market in the Investment Bankers league standings. ICRA takes comfort from ACL's parentage and the resultant strong linkage between the two entities, with ACL sharing the 'Axis' brand name. Further, the MD and CEO of the Bank is the chairperson of ACL.

In FY 15-16, ACL reported a PAT of Rs 127.58 crore on an operating income of Rs. 309.41 crore. The total net worth of the company was Rs. 359.80 crore and total assets stood at Rs 631.42 crore as on 31 March, 2016.

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