



## Press Release

### Gainwell Engineering Private Limited

March 17, 2025

#### Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	149.28	IVR BBB/Positive (IVR Triple B with Positive Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	5.00	IVR A3+ (IVR A Three Plus)	-	Rating Assigned	Simple
Long Term/Short Term Bank Facilities	30.00	IVR BBB/Positive/ IVR A3+ (IVR Triple B with Positive Outlook/ IVR A Three Plus)	-	Rating Assigned	Simple
<b>Total</b>	<b>184.28</b> <b>(Rupees One Hundred and Eighty-Four crores and Twenty- Eight lakhs only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

The ratings assigned to the bank facilities of Gainwell Engineering Private Limited (GEPL) derives comfort from being a part of the well-established and resourceful West Bengal based Gainwell Group coupled with extensive experience of the promoters in the mining sector. Further, being an exclusive manufacturer and distributor of Caterpillar Inc' (CAT) patented models of underground mining equipment and other supporting machineries in the country provides competitive edge to the company. The rating positively notes the growth in scale of operations in FY2024 [FY refers to the period from April 01 to March 31] and subsequently in 9MFY2025 post successful completion of setting up of the manufacturing facility for manufacturing of mining related machineries. Besides, the rating also considers the strategic location of the manufacturing facility and healthy order book position indicating revenue visibility in the near to medium term. However, these rating strengths are partially offset by leveraged capital structure, working capital intensive nature of operations, exposure to foreign currency fluctuation risk and dependence on the fortunes of the end user industry coupled with regulatory risk inherent in the mining industry.



## Press Release

The positive outlook is on account of growing scale of operations and healthy financial risk profile of the company. Also, with infusion of equity, the capital structure is expected to improve in the near to medium term.

### **Key Rating Sensitivities:**

#### **Upward Factors:**

- Growth in scale of operations and profit margins on a sustained basis
- Improvement in the capital structure and debt coverage indicators on a sustained basis
- Improvement in the operating cycle and overall liquidity profile of the company

#### **Downward Factors:**

- Decrease in scale of operations and/or moderation in profit margins thereby impacting the debt coverage indicators
- Any major debt funded capex resulting in moderation in the overall capital structure with moderation in overall gearing to over 3x
- Elongation of working capital cycle thereby impacting the liquidity position of the company

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Resourceful promoters with extensive experience in the mining industry**

GEPL is a part of the West Bengal based Gainwell group which is an exclusive dealer of Caterpillar Inc.'s (CAT) construction and earthmoving and mining equipment, in northern and eastern India, Nepal and Bhutan for over several decades through its flagship company Gainwell Commosales Private Limited (GCPL). GEPL is promoted by Mr. Sunil Kumar Chaturvedi (Chairman and MD) along with his wife Mrs. Meena Chaturvedi (Director) who are also the promoter directors of GCPL. Mr. Chaturvedi is a Chartered Accountant and retired IAS by qualification with an experience of over three decades in the sector. Also, the promoters have been supporting the operations and continuously infusing funds in the company for setting up of the manufacturing facility (Rs.16.50 crore infused in FY23, Rs.8.00 crore infused in FY24 and Rs.226.34 crore infused in the current fiscal year till September 2024). Mr. Chaturvedi actively oversees the operations of the company. Further, GEPL has on roll highly trained technicians and is managed by professionals with decades of experience in this field.

- **Exclusive manufacturer and distributor of Caterpillar Inc' (CAT) patented models of underground mining equipment and other supporting machinery**



## Press Release

GEPL has obtained Licensed Intellectual Property (LIP) agreement from CAT in its subsidiary, Gainwell Engineering Global Pte. Ltd (GEGPL), Singapore to manufacture CAT's patented models of coal mining equipment and after support market materials. The said equipment will be manufactured in GEPL's manufacturing facility at Panagarh, West Bengal. CAT is one of the largest construction and mining equipment manufacturers in the world and GEPL will manufacture mining equipment under the technical guidance and support from CAT for which GEPL will pay royalty to CAT ranging between 2.50%-5% across different products. The exclusive transfer of IP rights from CAT for manufacture of CAT's patented models ensures a relatively secure revenue stream for GEPL which in turn would help GEPL to create an established presence in the underground mining industry, thereby strengthening the business risk profile of the group.

- **Locational advantage**

The manufacturing facility of the company is located at Panagarh Industrial Park, West Bengal which is well connected by road and railway. The industrial park is approximately at a distance of 150 km from Kolkata and is directly connected with NH-34 and Panagarh – Moregram State Highway. The closest railway station i.e., Panagarh station is just 1 km from the Industrial Park while the nearest Commercial airport is Kazi Nazrul Islam Airport located at a distance of 38 km. Further, being strategically located in the industrial park ensures availability of skilled workforce coupled with cost effective logistics which will result in smooth supply chain management and optimisation of overhead expenses.

- **Healthy order book position indicating revenue visibility in the near to medium term**

GEPL has unexecuted order book position of Rs.784.45 crore as on February 05, 2025, which is 3.11 times of its FY2024 Consolidated Total Operating Income (TOI) of Rs.251.85 crore. The order book will be executed in a span of next 2-3 years thereby indicating healthy near to medium term revenue visibility. In FY24, GEPL has already sold one High Wall Miner (HWM) machine to one of the domestic customers and two multi utility vehicles (MUV) to GCPL. During 9MFY2025 also, GEPL exported one HWM, one continuous mining equipment, three MUVs and other mining related equipment. The group's foray in the mining segment back its ability to meet the specific demand of its customers, however, timely completion and delivery of the same will be critical from credit perspective.



## Press Release

- **Growth in scale of operations in FY2024 and 9MFY2025 post successful completion of the setting up of the manufacturing facility for manufacturing of mining related machinery**

The manufacturing facility of the company achieved COD (Commercial Operation Date) in a phased wise manner from March 30, 2023. While phase 1 pertaining to setting up of soft rock mining facility commenced operations from March 30, 2023, onwards, the phase 2 pertaining to increasing production of assembly line unit, was completed by the end of FY24. Post signing of LIP agreement with CAT in December 2021 and with commencement of manufacturing operations, TOI on a consolidated level increased substantially from Rs.6.01 crore in FY22 to Rs.59.64 crore in FY23 and subsequently to Rs.251.85 crore in FY24. Further, GEPL generated an operating margin of 12.81% in FY24 as against an operating loss in FY23. Consequently, the company on a consolidated basis achieved a net profit of Rs.10.97 crore in FY24 as against a net loss of Rs.9.15 crore in FY23.

GEPL registered a consolidated revenue of Rs.416.71 crore during 9MFY2025 as against a revenue of Rs.218.21 crore during 9MFY2024 in view of increase in production and favourable demand outlook. However, PBT decreased from Rs.18.72 crore in 9MFY2024 to Rs.13.99 crore in 9MFY2025 due to comparatively lower operating profit since the company is heavily dependent on imports for its raw material requirements and fixed and operational overheads are also high in the initial year of operations. Also, the interest cost was high during 9MFY2025 owing to increased term debts for the project. The company's ability to scale up its operations and increase its profit margins will remain a key rating monitorable going forward.

### **Key Rating Weaknesses**

- **Leveraged capital structure**

The debt profile of the company consists of term loans from banks and working capital borrowings. The capital structure remained leveraged with overall gearing of 2.81x as on March 31, 2024 (1.65x as on March 31, 2023) due to increase in term debts to fund the setting up of soft rock mining facility and increasing production of assembly line unit. Further, one of the subsidiary companies - Gainwell Engineering Inc., USA, took a term debt of 5 million USD in FY24 for payment to CAT for the raw materials purchased from them and for setting up a make-do facility for Roof Bolt manufacturing unit and infrastructural capex. However, the capital structure is expected to improve going forward driven by gradual repayment of loans, accretion of profits to reserves and significant infusion of funds from the promoters. The promoters (MAB Investment Company Limited) have infused Rs.226.34 crore in September



## Press Release

2024, out of which Rs.141.23 crore have been invested in GCPL, and the balance have been retained in the business for meeting the working capital requirements. The same is expected to ease the liquidity pressure of the company to a certain extent.

- **Working capital intensive nature of operations**

The operations of the company are working capital intensive in nature due to high inventory holding period of 173 days in FY24 on account of high lead time for production and importing of components and spare parts. However, GEPL's receivables and payables period in FY24, were at fairly comfortable levels, at an average of around 17 days and 66 days respectively. The company generally follows a practice of sales based on advance from customers and accordingly the company had high amount of advances from customers to the tune of Rs.139.37 crore as on March 31, 2024 (Rs.68.43 crore as on March 31, 2023).

- **Exposure to foreign currency fluctuation risk**

GEPL is highly dependent on imports of major components and spare parts for manufacturing of mining related equipment and hence is exposed to fluctuation in foreign currency exchange rates. Since, the company also caters to the export market, there exist a natural hedge to an extent. However, currently, GEPL does not follow any prudent hedging policy, and the company had unhedged foreign currency exposures to the tune of Rs.28.92 crore as on December 31, 2024.

- **Dependence on the fortunes of the end user industry coupled with regulatory risk inherent in the mining industry**

GEPL's manufactures mining related equipment which are required by customers engaged in core mining activities which is capital intensive in nature and hence the GEPL's fortunes are tied to the demand potential in the end user industry and any economic downturn in the mining sector will adversely impact the business performance of GEPL. Also, the mining segment is highly regulated by various state and central government agencies. There is regulatory intervention at all levels, be it production, sale, expansion, environmental clearances and extension/renewal of licenses, etc. Any unfavourable changes in the regulation may hinder the customers' ability to honour any contract entered into with GEPL, thereby impacting the business risk profile of GEPL.

**Analytical Approach:** Consolidated

Infomerics has considered the consolidated financials of GEPL and its subsidiaries – Gainwell Engineering Global Pte. Ltd., Singapore [Wholly Owned Subsidiary (WOS)], Gainwell Engineering Inc., USA (WOS), Gainwell Services Pvt. Ltd., India (WOS) and Gainwell





## Press Release

Engineering Pacific Pty Ltd., Australia (Step-down subsidiary; WOS of Gainwell Engineering Global Pte. Ltd.) together referred to as the company or GEPL on account of strong financial and operational linkages and common management team. The subsidiaries operate as the marketing arm for GEPL. Also, one of the subsidiaries - Gainwell Engineering Global Pte. Ltd., Singapore is the custodian of LIP rights received from Caterpillar Inc (CAT) and collects royalty for the same for any sales made by the group and in turn pay royalty to Caterpillar Inc. List of entities considered for consolidated analysis is given at Annexure 4.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Consolidation of Companies](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity profile of the company is likely to remain adequate marked by expected sufficient cash accruals which is expected to increase with increase in scale of operations, vis-à-vis its debt repayment obligations. Also, the company enjoys a strong parentage by virtue of being associated with the Gainwell group. The promoters have regularly supported the operations of the company by infusing funds from time to time (Rs.16.50 crore infused in FY23, Rs.8.00 crore infused in FY24 and Rs.226.34 crore infused in the current year till September 2024 out of which Rs.141.23 crore have been invested in GCPL, and the balance have been retained in the business for meeting the working capital requirements). Also, the company had free cash and cash equivalents to the tune of Rs.48.12 crore as on December 31, 2024, which is likely to support the liquidity position of the company in the near to medium term.

### **About the Company**

Incorporated in November 2020, Gainwell Engineering Private Limited (GEPL) is a part of the Gainwell Group which is primarily engaged in distribution of Caterpillar Global Mining LLC's (CAT) products in North and East India for over seven decades through its flagship company – Gainwell Commosales Private Limited (GCPL). GEPL and its subsidiaries were floated by the Gainwell group to acquire the LIP (Licensed Intellectual Property) agreement from CAT for the manufacture of coal mining equipment (continuous miners, diesel equipment, transportation equipment and aftermarket support materials) for which GEPL will pay royalty



## Press Release

to CAT ranging between 2.50 to 5% across different products. The said agreement was signed in December 2021. GEPL is currently the manufacturing arm of the Gainwell group and is engaged in manufacturing of mining related machineries, like Continuous Miners, Diesel Engines- Longwall Shield Haulers, Scoops, Ram Cars, Mine Operations Support and Transportation Equipment's, and High Wall Miners at its manufacturing/assembling plant at Panagarh Industrial Park, West Bengal which commenced operations in a phased wise manner from March 30, 2023. GEPL market its products in India as well as overseas through selected CAT dealership. In the overseas market, the company has presence in USA, Australia, China, Russia and South Africa.

### Financials (Consolidated):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	59.64	251.85
EBITDA	-3.71	32.27
PAT	-9.15	10.97
Total Debt	71.71	155.90
Tangible Net Worth	43.36	55.43
EBITDA Margin (%)	-6.21	12.81
PAT Margin (%)	-15.29	4.32
Overall Gearing Ratio (x)	1.65	2.81
Interest Coverage (x)	-1.51	2.34

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Care Edge Ratings vide its press release dated March 05, 2025, has moved the rating under issuer not cooperating category due to non-submission of information by the company.

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Term Loan	Long Term	64.28*	IVR BBB/Positive	-	-	-
2	Cash Credit	Long Term	85.00	IVR BBB/Positive	-	-	-



## Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
3	WCDL	Short Term	5.00	IVR A3+	-	-	-
4	Combined Working Capital Limit	Long Term/Short Term	30.00	IVR BBB/Positive/IVR A3+	-	-	-

\* Outstanding as on January 12, 2025

### Analytical Contacts:

Name: Harshita Gupta

Tel: (033) 46022266

Email: [hdidwania@infomerics.com](mailto:hdidwania@infomerics.com)

Name: Avik Podder

Tel: (033) 46022266

Email: [apodder@infomerics.com](mailto:apodder@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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## Press Release

recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	June 2028	64.28*	IVR BBB/Positive
Cash Credit			-	85.00	IVR BBB/Positive
WCDL	-	-	-	5.00	IVR A3+
Combined Working Capital Limit			-	30.00	IVR BBB/Positive/ IVR A3+

\* Outstanding as on January 12, 2025

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-gainwell-march25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

### Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Entity	Consolidation/Combined Approach
Gainwell Engineering Global Pte. Ltd., Singapore (WOS)	Full Consolidation
Gainwell Engineering Inc., USA (WOS)	Full Consolidation
Gainwell Services Pvt. Ltd., India (WOS)	Full Consolidation
Gainwell Engineering Pacific Pty Ltd., Australia (Step-down subsidiary)	Full Consolidation

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).