

Gainwell Engineering Private Limited

June 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating1	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4; ISSUER NOT COOPERATING' [BB Plus/A Four; Outlook: Stable; ISSUER NOT COOPERATING] assigned to the bank facilities of Gainwell Engineering Private Limited (GEPL) with immediate effect. The above action has been taken at the request of GEPL and 'No Objection Certificate' received from the banks that has extended the facilities rated by CARE Ratings.

Furthermore, CARE Ratings Limited (CARE Ratings) has withdrawn the ratings assigned one of the term loan facilities sanctioned to the company on receipt of No dues certificate from the lender.

Prior to withdrawal, the ratings were reaffirmed on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

Analytical approach: Consolidated.

For assessing the credit risk profile of GEPL, consolidated view of GEPL and its subsidiaries has been factored on account of the subsidiaries operating as the marketing arms for GEPL. Further, one of the subsidiaries namely Gainwell Engineering Global Ltd (Singapore) is the custodian of LIP rights received from Caterpillar Inc (CAT) and will collect royalty for the same for any sales made by the group and in turn pay royalty to CAT, thus establishing strong operational, financial, and managerial linkages between GEPL and its subsidiaries. List of entities considered in consolidation of GEPL as on March 31, 2024, is shown in **Annexure 6**.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that GEPL will continue to benefit from the extensive experience of its promoters, association with CAT, revenue visibility over the medium term along with favourable demand scenario; all of which will help GEPL to achieve and sustain its envisaged turnover, margins and financial risk profile going ahead.

Detailed description of the key rating drivers

At the time of last rating on March 05, 2025, the following were the rating weaknesses and strengths:

Key weaknesses

Project risk of Phase II and additional debt laden capex in the group: In phase II (increasing production capacity by building additional shed for the assembly line unit) of the project, the company has borrowed additional term loan of Rs. 27 crores. The total cost of the project is around Rs. 36 crores and the same is expected to achieve COD by end of FY24. Further, in its US entity – Gainwell Engineering Inc., the group has taken a term debt of 5 million USD during the current year, out of which 3.7 million USD was directed towards payment to CAT for the raw materials purchased from them and remaining for setting up a make-do facility for Roof Bolt manufacturing unit and infrastructural capex.

Moderate capital structure

The capital structure of the company stood moderate with gearing levels of 1.72x as on March 31, 2023 on account of availing of term loan for funding of the project. The capital structure, however, is expected to improve in the short to midterm, in spite of

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

new loans taken in subsidiary and for Phase II, owing to accretion of profits to reserves and gradual repayment of debt. Further, as articulated by the management, the promoters plan to infuse funds in the company to the tune of Rs.75 crores by FY25 to meet its working capital requirements. The same is expected to ease the short-term funding requirements and capital structure of the company in the near term.

The gearing levels of the company stood at 2.53x as on March 31, 2024.

Exposure to inherent and other risks associated with the Mining industry

Mining companies across the world face headwinds in numerous ways like uncertainty associated with adverse changes in government regulations and policies like de-allocation of mines or other changes, labour issues, land acquisition, forest and environment clearances, capital investment, and adoption of latest technology & modernisation. Also, the cyclical nature of the mining & construction equipment industry makes the operating performance vulnerable to the demand swings witnessed in the industry. Adverse demand conditions in the industry are likely to result in volatility in revenues and earnings of all industry players across the supply chain.

Moderate competition in the mining equipment industry

The mining sector in India has been growing at a satisfactory rate annually. Moreover, initiatives by the Government of India are expected to give a further boost to the mining sector and the government is expecting to increase share of the mining sector in the GDP. Growth in the mining sector translates into an exponential growth for the Indian mining equipment industry. The domestic players in the mining equipment industry include both the public and private sector companies manufacturing underground and surface mining equipment. However, several of the foreign companies have also set up operations in India to take a share of the fast-growing mining sector pie. The company is involved in manufacturing of Highwall miners, continuous miners, MUVs, diesel equipments, etc. There are many international and local players manufacturing diesel equipment and MUVs such as L&T, BHEL, ABB, Bharat Forge, CAT, Komatsu, Sandvik, Epiroc, etc. exposing the company to moderate competitive pressure. However, given GEPL's association with CAT, the competition risk is mitigated to a larger extent.

Key strengths

Completion of phase I of the soft rock mining equipment manufacturing facility and satisfactory operational performance post completion

The greenfield soft rock mining equipment facility (including coal mining equipment), through LIP agreement from CAT achieved COD on March 30, 2023. The total project cost for the same was Rs. 90 crores which was funded through a D/E mix of 2:1. Further, the company has generated satisfactory consolidated revenues of Rs.212 crore post the completion of the project.

Experience of the Promoters in the mining industry

GEPL is promoted by the Chaturvedi family of Kolkata, led by Mr. Sunil Kumar Chaturvedi of the Gainwell Group of companies. The Group, through its flagship company, Gainwell Commosales Private Limited (GCPL), has an extensive experience of several decades in the distribution business for Caterpillar Inc (CAT) products in North and East India.

Exclusive transfer of IP rights from Caterpillar Inc

Caterpillar Inc is the global leader in manufacturing of construction and mining equipment. It is also the market leader in the manufacturing of industrial turbines, diesel-electric locomotives, and diesel and natural gas engines. CAT, in an exclusive tie-up with GEPL, has transferred LIP rights for manufacturing of patented models of underground mining equipment and other supporting machineries including highwall miner (1 model), continuous miner (6 models), diesel equipment's (6 models), transportation equipment (5 models) and aftermarket support materials, for which GEPL will pay royalty to CAT ranging between 2.50 to 5% across different products. GEPL is in process of setting up a greenfield project for the assembling/manufacturing of the above-mentioned equipment. The required manufacturing and design support from CAT will help Gainwell to establish its foothold in the underground mining equipment industry.

Also, CAT has provided GEPL with initial stock of raw materials and spare parts, which was being maintained by them (around 7.5 million units). As articulated by the management, the same was provided at significant discount.

Strategic location of the plant

GEPL's plant is strategically located in the Panagarh Industrial Park of West Bengal which entails cost benefits in term of logistics and an uninterrupted supply chain. The industrial park is approximately 150 kms from Kolkata, the state capital, and is approachable by National Highway 2. It is also connected with NH-34 & Panagarh — Moregram State Highway which connects to Delhi. The closest railway station is Panagarh station located at about 1 km from the Industrial Park, while the nearest Commercial

Airport is Kazi Nazrul Islam Airport located at about 38 km. Moreover, availability of cheap and skilful workforce in the nearby regions will help the company in sustaining its overhead costs towards employees in the medium term.

Satisfactory order book of the group providing revenue visibility

The company has currently work orders worth Rs 3,063 crores to be serviced in the span of over 5 years ending FY28, citing revenue visibility in the medium term. The company in FY24 has manufactured, shipped, and commissioned one High Wall Miner (HWM) to one of its domestic clients. The company is also in the process of manufacturing another HWM machine. The company has also manufactured and delivered two Multi Utility Vehicles (MUVs). In the international market, the company has delivered 1 Shield Hauler in Australia.

In FY24, the group on a consolidated basis has booked a revenue of around Rs. 252 crores with PBT of Rs. 13 crores. Given the first year of operations, the performance of the group further backs its revenue visibility in the near to mid-term.

Established marketing and after-support channels through subsidiaries

GEPL and its subsidiaries, were floated for manufacturing of underground mining equipment. As part of the structure, GEPL will be the manufacturing arm whilst the subsidiaries will majorly be the marketing and after sales support arm. The company has three wholly owned subsidiaries, and one step-down subsidiary (please refer Annexure 6) located in Singapore, USA, India, and Australia, respectively.

Applicable criteria

[Withdrawal Policy](#)
[Policy in respect of non-cooperation by issuers](#)
[Consolidation](#)
[Definition of Default](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

Gainwell Engineering Pvt Ltd (GEPL) is part of the Gainwell Group (flagship company: Gainwell Commosales Private Limited engaged in distribution of Caterpillar Inc. products in North and East India). GEPL, under an exclusive IP transfer pact with Caterpillar Inc., has set up a manufacturing/assembling plant at Panagarh Industrial Park, West Bengal to manufacture 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. The plant achieved COD on March 30, 2023.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	59.80	251.86
PBILDT	-3.55	32.27
PAT	-9.15	10.98
Overall gearing (times)	1.72	2.53
Interest coverage (times)	NM	2.34

A: Audited, NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2028	0.00	Withdrawn
Fund-based - ST-Working Capital Demand loan		-	-	-	0.00	Withdrawn
Fund-based/Non-fund-based-LT/ST		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	1)CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING * (02-June-25)	1)CARE BB+; Stable / CARE A4; ISSUER NOT COOPERATING * (05-Mar-25)	1)CARE BBB; Stable / CARE A3+ (12-Mar-24)	1)CARE BBB; Stable (13-Mar-23)
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-June-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (05-Mar-25)	1)CARE BBB; Stable (12-Mar-24)	1)CARE BBB; Stable (13-Mar-23)
3	Fund-based - ST-Working Capital Demand loan	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING * (02-June-25)	1)CARE A4; ISSUER NOT COOPERATING * (05-Mar-25)	1)CARE A3+ (12-Mar-24)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Working Capital Demand loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Gainwell Engineering Global Ltd. "GEPL (Singapore)/GEGPL"	Full	Wholly owned subsidiary
2	Gainwell Engineering Inc. UGEPL (USA)"	Full	Wholly owned subsidiary
3	Gainwell Engineering Pacific Pty Ltd. "GEPL (Australia)"	Full	Step-down subsidiary*
4	Gainwell Engineering Services Pvt. Ltd. (GESPL)	Full	Wholly owned subsidiary

*It is the wholly owned subsidiary of Gainwell Engineering Global Ltd. "GEPL (Singapore)/GEGPL".

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Gopal Pansari Associate Director CARE Ratings Limited Phone: +91-033- 40181647 E-mail: gopal.pansari@careedge.in
	Roshan Agarwal Analyst CARE Ratings Limited E-mail: Roshan.agarwal@careedge.in

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