

## Press Release

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### **Brickwork Ratings assigns “BWR AAA(SO)” for Geetanjali Trading and Investments Private Ltd’s (GTIPL) proposed structured secured Loan Issue of ₹ 300 Crores with tenure of 3 Years**

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**NCD Issue Rating: BWR AAA(SO)**

**Outlook : Stable**

Brickwork Ratings (BWR) has assigned BWR AAA(SO) (Pronounced BWR Triple A Structured Obligation) to **Geetanjali Trading and Investments Private Ltd’s (GTIPL)** proposed ₹300 crores structured secured Loan issue with tenure of 3 years. ‘BWR AAA (SO)’ stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The rating factors, inter alia, the underlying security in the form of pledge of the equity shares of the Asian Paints Ltd.(APL), fundamentals of Asian Paints, its share price performance, and quality of structure incorporated to secure loan.

BWR has essentially relied upon the Draft term sheet outlining the structure of the deal, audited financial results of GTIPL & Asian Paints and information and clarification provided by GTIPL.

The Ashwin Dani group holds 100% stake in *Geetanjali Trading and Investments Private Limited (GTIPL)*. GTIPL is purely a trading and investment company and holds 15.87% stake in Asian Paints (as on 27<sup>th</sup> June 2011). The Ashwin Dani group comprises Geetanjali Trading and Investments Private Limited, Gujarat Organics Limited, Omega Properties Private Limited, Dani Finlease Limited, S.C.Dani Research Foundation and promoters Mr. Ashwin Dani, Mrs. Ina Dani, Mr. Jalaj Dani, Mr. Hasit Dani, and Mr. Malav Dani. As on June 2011, the Ashwin Dani group has a 20.96% stake in Asian Paints.

Currently GTIPL has pledged 70.83% of its total holding in Asian Paints. Total borrowings as on June 27, 2011 are ₹1225 Cr. The company has 4 directors on board, Mrs. Ina Dani, wife of Mr. Ashwin Dani (33% stake in GTIPL) is the MD. Other directors are Mr. Ashwin Dani, Mr. Malav Dani and Mr. Jalaj Dani.

Geetanjali Trading and Investments Pvt Ltd (GTIPL) is raising ₹300 cr through loan with a tenure of 3 Years. These borrowings are secured by way of pledge of fully paid up, unencumbered, freely transferable equity shares of Asian paints Limited, having market value of 1.8 times of outstanding obligation by the Issuer or the security provider. There shall be a charge on the amount placed in cash with the Debenture Trustee on account of any cash top-up. IDBI Trusteeship services limited are the Debenture Trustee to the issue.

The proceeds of the loan will be used for refinancing of existing loans, and General Corporate Purposes. There will be quarterly cash coupon and fixed redemption coupon payable at maturity. There will be bullet repayment of principal at maturity, by way of refinancing, either by fresh borrowings or rollover or by taking unsecured loan from promoter.

We believe the Rating in this case is mainly a function of total adherence of the issuer to the draft term sheet and other loan documents received by Brickwork Ratings and Debenture Trustee's effective monitoring of structure, share price movements and enforcement of security within specified time, in case of occurrence of an event of default.

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