

## Press Release

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**Brickwork Ratings assigns “BWR AAA(SO)” for Geetanjali Trading and Investments Private Ltd’s (GTIPL) proposed structured secured Non Convertible Debenture (NCD) Issues of: (1) ₹ 100 crore with tenure of 13 months & (2) ₹ 100 crore with tenure of 15 months**

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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 ₹100 crores structured secured NCD issue with tenure of 13 months and proposed ₹100 crores structured secured NCD issue with tenure of 15 months. ‘BWR AAA (SO)’ stands for an instrument that is considered to offer BEST credit quality / safety in terms of timely servicing of principal and interest obligations. The rating factors, inter alia, fundamentals of Asian Paints Ltd. (APL) whose equity shares would be pledged to secure the proposed NCD issues, APL’s share price performance, and quality of structure incorporated to secure both the NC Debentures..

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

**Background:** *Geetanjali Trading and Investments Private Limited (GTIPL)* is a 100% promoter company belonging to Ashwin Dani group. It is purely a trading and investment company and holds 14.05% stake in Asian Paints. Currently GTIPL has pledged 56.74% of its total holding in Asian Paints Ltd.(APL)

**Structure:** GTIPL is raising ₹ 200 Cr through two different NCD’s as follows:

1. ₹ 100 Crores with tenure of 13 months
2. ₹ 100 Crores with tenure of 15 months

Both NCDs will be secured by way of pledge of fully paid up, unencumbered, freely transferable equity shares of APL, having market value of 2 times of outstanding obligation by the Issuer or the security provider. There will be a charge on the amount placed in cash with the Debenture Trustee on account of any cash top-up. As an additional security Post Dated Cheques (PDCs) signed by an Authorised Director of GTIPL for the entire principal amount of the Debentures

and interest thereon will be deposited with the Debenture Trustee. IDBI Trusteeship services limited are debenture trustees to this issue. The NCD is being raised for buying Asian Paints shares; i.e. Promoter will be increasing its stake in Asian Paints through GTIPL. The interest payment for both NCD's are back ended. There will be a bullet repayment for Interest and Principal at maturity.

### **Rating Outlook**

APL's stock has performed well in the past and looking at domestic economy fundamentals, we believe increasing housing and auto car sales will help decorative paints segment to grow, thereby resulting in overall improved company performance.

However, there can be a situation of some low probability events occurring in the economy which can adversely affect the stock market and consequently the share prices of APL. In such an event, the issuer could fall short of additional shares to be pledged or may not have enough cash for top up, which may result in default and compel the Trustee to enforce the securities. Looking at the past one year average volume traded in APL shares we believe at any point of time it will take more than 30 days to sell the shares in the market. Enforcement of security on behalf of debenture holders within specified time of occurrence of an event of default is also a function of effectiveness of the Debenture Trustee.

We believe the Rating in this case is mainly a function of APL's performance in the stock market and effective monitoring of structure and share price by the Debenture Trustee.

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