

Swiss Glascoat Equipments Limited

Instrument	Amount	Rating Action
Cash Credit	Rs.15.00 crore	[ICRA]BBB & (on rating watch with developing implications)
Term Loans	Rs.4.78 crore	[ICRA]BBB & (on rating watch with developing implications)
Bank Guarantee	Rs.8.00 crore	[ICRA]A3+ & (on rating watch with developing implications)
Letter of Credit	Rs. 7.00 crore	[ICRA]A3+ & (on rating watch with developing implications)
Credit Exposure Limit	Rs.0.22 crore	[ICRA]A3+ & (on rating watch with developing implications)

ICRA has placed the [ICRA]BBB and [ICRA]A3+ ratings for the Rs. 35.00 crore line of credit of Swiss Glascoat Equipments Limited (SGEL or the company²) on "Rating watch with developing implications".

The rating action follows the SGEL's announcement of its promoters entering into a share purchase agreement with Surat based HLE Engineers Private Limited (HEPL or acquirer) to sell their shares to HEPL and SGEL would issue convertible warrants to HEPL. Further, HEPL has also announced an open offer to acquire additional equity shares and pursuant to this, SGEL would become a subsidiary of HEPL; resulting in change in its management structure as well as board composition. ICRA will continue to closely monitor the developments, the subsequent impact on the credit quality of the company and would take a suitable rating action once more clarity emerges on these issues.

Company Profile

Incorporated in 1991, Swiss Glascoat Equipments Limited (SGEL), is a public limited company listed on the Bombay Stock Exchange. The company operates from its sole manufacturing facility located at Anand, Gujarat, with commercial operations commencing in the year 1994. SGEL is primarily engaged in the business of manufacturing glass-lined chemical processing equipments (GLE), largely used by pharmaceutical, chemical and food processing industries. The factory premises is located on a shop area of 42,000 sq meter having areas specifically demarcated for carrying out material handling, cutting, forming, testing, welding, surface preparation, heat treatment, matching and frit manufacturing. The company is promoted by Mr Kanubhai Patel and Mr Sudarshan Amin, who are professionals with extensive experience in the glass lining industry spanning more than two decades. Promoters and promoter group currently holds ~36%¹ share in the company while the rest is held by the public.

Recent Results

During FY 2016, SGEL reported an operating income of Rs. 92.42 crore and profit after tax of Rs. 4.15 crore as against operating income of Rs. 88.45 crore and profit after tax of Rs. 4.54 crore during FY 2015. Further, in 6M FY 2017 (as per unaudited provisional financials), SGEL reported operating income of Rs. 36.67 crore and profit after tax of Rs. 1.39 crore.

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