Hopewell Tableware Private Limited

June 26, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Long-term: Fund-based – Cash Credit	18.00	[ICRA]BB &; Rating placed on watch with developing implications
Long-term: Fund-based – Term Loan	18.31	[ICRA]BB &; Rating placed on watch with developing implications
Short-term: Non-fund based	2.00	[ICRA]A4+ &; Rating placed on watch with developing implications
Long-term: Unallocated limits	11.69	[ICRA]BB &; Rating placed on watch with developing implications
Total	**50.00**	

&; Rating placed on watch with developing implications

Material Event

On June 18, 2018, the board of Hopewell Tableware Private Limited (HTPL), a wholly owned subsidiary of Borosil Glass Works Limited (BGWL) approved the new composite scheme of amalgamation and arrangement, and withdrew the existing scheme of amalgamation pending for approval from the National Company Law Tribunal (NCLT), subject to requisite statutory and regulatory approvals.

Impact of the Material Event

As per the new composite scheme of amalgamation and arrangement approved by BGWL's board of directors, three group entities, namely Vyline Glass Works Ltd. (VGWL), Fennel Investment and Finance Private Limited (FIFPL) and Gujarat Borosil Ltd. (GBL) would be amalgamated with BGWL and BGWL will be renamed as Borosil Renewables Ltd. (BRL) or any other name as approved by the Registrar of Companies (ROC). At the same time, the Scientific and Industrial Products (SIP) and consumer products (CP) business of BGWL, along with all investments and surplus assets of BGWL (except to the extent of Rs. 125.00 crore required for expansion of solar business) along with business of VGWL and the assets and liabilities of FIFPL will be demerged (referred as Demerged Undertaking) into Hopewell Tableware Private Limited (HTPL), a 100% subsidiary of BGWL. BGWL's 60.3% holding in Klasspack Limited (KPL; erstwhile Klasspack Private Limited), being also in the business of Scientific and Industrial products, will also be included in the Demerged Undertaking. Subsequently, HTPL will be renamed as Borosil Limited (BL) or any other name as approved by the Registrar of Companies (ROC), and will seek listing on stock exchanges. The proposed restructuring exercise is aimed at simplifying the Group structure by eliminating cross holding and enabling both BRL and BL to grow independently. Post implementation of the restructuring, there will not be any cross holdings between BRL and BL, while the promoters will hold 70.5% in both the entities. BRL will house the solar glass business while BL will house the SIP and CP business.

The existing scheme of amalgamation pending for approval from the National Company Law Tribunal (NCLT), which involved transfer all the assets and liabilities of HTPL, FIFPL and VGWL into BGWL has been withdrawn.

ICRA has taken note of the above event and has placed the ratings of [ICRA]BB (pronounced ICRA double B) and [ICRA]A4+ (pronounced ICRA A four plus) outstanding on the Rs 50.00-crore bank facilities of HTPL on rating watch developing implications. ICRA is in discussion with HTPL's management to understand the potential impact of the event in terms of the business and financial implications which may arise and will conclude the rating thereafter.

The previous detailed rating rationale is available on the following link: Click here

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About ICRA Limited:

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