

## Swiss Glascoat Equipments Limited

Instrument	Amount	Rating Action
Cash Credit	Rs.15.00 crore	[ICRA]BBB (Stable) reaffirmed
Term Loans	Rs.4.78 crore	[ICRA]BBB (Stable) reaffirmed
Bank Guarantee	Rs.8.00 crore	[ICRA]A3+ reaffirmed
Letter of Credit	Rs. 7.00 crore	[ICRA]A3+ reaffirmed
Credit Exposure Limit	Rs.0.22 crore	[ICRA]A3+ reaffirmed

ICRA has reaffirmed the long term rating assigned to the Rs 15.00 crore<sup>1</sup> cash credit facility and Rs 4.78 crore term loan facility of Swiss Glascoat Equipments Limited (SGEL) at [ICRA]BBB (pronounced ICRA triple B)<sup>2</sup>. The outlook on the long term rating is 'Stable'. ICRA has also reaffirmed the short term rating assigned to the Rs 15.22 crore short-term non-fund based facilities of SGEL at [ICRA]A3+ (pronounced ICRA A three plus).

The reaffirmation of ratings continues to positively factor SGEL's established position in the glass-lined equipments (GLE) industry; its reputed clientele and experienced management team. The ratings continues to favourably consider company's relatively comfortable financial risk profile characterized by healthy profitability margins; conservative capital structure, albeit slight deterioration in FY 2015 owing to higher utilization of working capital facilities; and the comfortable debt and interest coverage metrics. Further, the ratings also factor in the stable demand prospects of SGEL's products emanating from key user industries, inherently high entry barriers present in the GLE industry and consistent growth reported over the past few years.

The ratings, however, are constrained by the modest scale of operations, high working capital intensity of operations and vulnerability of profitability to volatility in steel prices (key raw material) which may exert downward pressure on margins. ICRA has also taken into consideration the exposure of the company's operations to the cyclical nature in key end user segments as well as the possibility of pricing pressures caused due to the presence of two key domestic players.

### 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%<sup>3</sup> share in the company while the rest is held by the public.

### Recent Results

During FY 2015, SGEL reported an operating income of Rs. 88.45 crore and profit after tax of Rs. 4.54 crore as against operating income of Rs. 76.80 crore and profit after tax of Rs. 3.80 crore during FY 2014. Further, in 9M FY 2016 (as per unaudited provisional financials), SGEL reported operating income of Rs. 69.65 crore and profit after tax of Rs. 3.58 crore.

**March 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

<sup>3</sup> As on 31<sup>st</sup> December, 2015



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