

Swiss Glascoat Equipments Limited

January 25, 2019

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Action
Fund-based limits	20.00	[ICRA]BBB+ &; Rating placed on watch with developing implications
Non-fund based limits	19.22	[ICRA]A2 &; Rating placed on watch with developing implications
Total	39.22	

&; Rating placed on watch with developing implications

Material Event

On January 16, 2019, the board of Swiss Glascoat Equipments Limited (SGEL or the company) approved the scheme of arrangement for demerger of operating business of HLE Engineers Pvt. Ltd. (HLE) and vesting of the same into SGEL and amalgamation of Yashashvi Agrochemical Pvt. Ltd. (YAL) with HLE. The scheme will be effective from appointed date April 1, 2018, subject to approval of the shareholders, creditors, National Company Law Tribunal (NCLT) and all other regulatory and statutory approvals.

Impact of the Material Event

As per the scheme of arrangement approved by SGEL's board of directors, the operating business of HLE Engineering Pvt. Ltd. (HLE) would be demerged with its Group company SGEL. SGEL will be renamed as HLE Glascoat Limited and will continue to remain listed on Bombay Stock Exchange. At the same time, Yashashvi Agrochemical Pvt. Ltd. (YAL)-a wholly owned subsidiary of HLE, would be amalgamated with HLE. The shareholding ratio of HLE, along with its promoters presently holding 50.24% of shares in SGEL as on January 11, 2019, will increase to 74.25% while public shareholding would reduce to 25.75% from 49.76% post implementation of the scheme. Upon scheme being effective, HLE Glascoat Limited apart from having business of glass-lined equipment, will also have business of filtration, drying and process equipment, manufacturing of agrochemical and wind power generation. The proposed scheme is aimed at having operational synergies, economies of scale, focused management, optimising administrative, marketing and other compliance expenses.

ICRA has taken note of the above event and has placed the ratings of [ICRA]BBB+ (pronounced ICRA triple B plus) and [ICRA]A2 (pronounced ICRA A two) outstanding on the Rs 39.22-crore bank facilities of SGEL on rating watch with developing implications. ICRA will continue to monitor the potential impact of the event on the business and the financial implications that 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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