

Emerge Glass India Private Limited

December 24, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	11.15 (Reduced from 17.50)	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	33.00 (Enhanced from 27.50)	CARE BBB+; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Emerge Glass India Private Limited (EGIPL) continues to derive strength from the experienced and resourceful promoters, diversified business operations of the group and locational advantage of manufacturing unit with good connectivity for distribution and proximity to suppliers. The ratings also continue to take comfort from the diversified end products within glass industry and established dealership network leading to efficient management of working capital cycle leading to adequate liquidity with the company. The ratings also take cognizance of the reduction in scope of the project to Rs.205 crore against earlier envisaged in subsidiary company aggregating to Rs. 401 crores, leading to removal of corporate guarantee. The ratings, however, continue to remain constrained by the exposure to volatility in input prices, intense competition in the glass industry and significant exposure towards the new project in the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations above Rs. 500 crores while sustaining the current profitability levels
- Improvement in adjusted overall gearing to below 1.50x on a sustained basis
- Commissioning of beer manufacturing project within envisaged timelines without any time and cost overrun
- Stabilisation of beer manufacturing project post commencing of operations and achievement of envisaged revenue and profitability

Negative factors

- Decrease in total operating income by 25% or more on a sustained basis
- Deterioration in profitability margins as marked by PBILDT of less than 10% on sustained basis impacting the credit profile of the company
- Any significant time or cost overrun and/or delay in the completion of beer bottle manufacturing project impacting the financial risk profile of EGIPL.
- Any higher than envisaged debt funded exposure towards the group companies impacting the financial risk profile of EGIPL.

Analytical approach: Standalone while factoring support provided to group entities in the form of investments and loans & advances and corporate guarantee.

Outlook: Stable

Stable outlook reflects CARE's expectation of sustained improvement in the business and financial risk profile of the company characterised by commercial operations of the beer bottle project expected to start from July 2026 onwards and continued benefits derived from the experienced and resourceful promoters.

Detailed description of key rating drivers:

Key strengths

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Experienced & resourceful Promoters

The company is being managed by Mr. Sumit Gupta and Mrs. Pooja Gupta. Mr. Sumit Gupta is a management graduate, who has extensive experience of over 16 years in the building material industry and has undertaken successful execution of various projects including manufacturing of Wood Composite Panels (WPC), Silicone Sealant and Sheet Glass etc. Mr. Sumit Gupta is also actively involved in the management of Alstone Manufacturing Private Limited. They look after the overall operations of the company and are well supported by experienced and skilled management. The promoters have been supporting EGIPL and the group in past through infusion of funds.

Diversified business operations of the group

EGIPL is a part of the Alstone group; which has diversified operations including; manufacturing of ACP (Aluminium Composite Panel), glass and glass products, real estate etc. The major group entity includes Alstone Manufacturing Private Limited engaged in the manufacturing of ACP. Also, the group has interest in the real estate sector with entities including; Spar Land & Housing Private Limited, Horizon Buildwell Private Limited, Mason Infrastructure Private Limited and VL Estate Private Limited among others.

Location advantage with good connectivity for distribution and proximity to suppliers

The plant is located in the state of Rajasthan at Keshwana Rajput Industrial Area, Kotputli, Jaipur. It is ideally located with close proximity to National Highway and state highway. The strong connectivity network offers location advantage to EGIPL with North India being as a prime target market for EGIPL's products. The company has around 60-65% of its total sales in northern region of India which is followed by western region which contributes around 12-13% of company's total sales. Further, major raw materials of glass manufacturing viz. silica sand, feldspar, dolomite etc. have abundance availability in Rajasthan. Hence majority of raw materials are procured from the nearby located suppliers.

Diversified end products within glass industry with established dealership network

EGIPL manufactures products viz. sheet glass, container glass, micro slides glass and mirror glass. However, sheet glass is the major contributor to sales. On account of using sheet glass manufacturing technology, the glass to be manufactured by EGIPL is not preferred to be used for architecture/ construction purpose requiring higher thickness. EGIPL has a network of more than 200 dealers pan India for the sale of its products.

Reduction in exposure towards group company

The promoters of EGIPL have incorporated; Emerge Renewables Pvt Ltd (ERPL) in October 2020 with the aim of setting up a greenfield facility to manufacture of 300 TPD of Solar glass at Keshwanagar, Rajasthan. The cost of the Project was estimated at Rs. 401.30 crore, to be financed in a mix of promoter's contribution (Rs. 136.30 Crore) and debt (Rs. 265.00 Crore). EGIPL along with other group entities; Spar Land and Housing Pvt Ltd and Horizon Buildwell Pvt Ltd had extended corporate guarantee towards the sanctioned debt of Rs. 265 crores of ERPL. However, the project of ERPL got terminated mainly on account of removal of anti-dumping duty on solar glass panel and ERPL subsequently requested the banks for withdrawal of sanctions and received the NOC from all such banks. At present, there is no CG extended to any group entity by EGIPL. In contrary, EGIPL has undertaken a new project of manufacturing of Beer Bottle at Kotputli, Jaipur for an aggregate cost of Rs. 205 crore to be in a mix of promoter's contribution of Rs. 35 Crore, debt of Rs. 135.00 Crore and Rs. 35 crores will be received back from its subsidiary ERPL owing to termination of its own solar glass project. Till November 2024, the promoters have infused equity of ~Rs. 17 crores and ~Rs. 21 crores received back from ERPL. Given the initial stages of implementation of the project, the company remains exposed to risk related to project implementation and stabilisation risk.

Further, Corporate Guarantee amounting to Rs. 16 crore given by EGIPL, on behalf of wholly owned subsidiaries; Emerge Building Material LLC will be removed during FY25 since the term loan has been entirely repaid in the entity.

Going forward, any higher than envisaged increase in exposure towards group entities translating into increased debt burden on EGIPL shall remain key monitorable and negative from credit perspective.

Key weaknesses

Leveraged Financial Risk Profile of the company

The total operating income of the company moderated to Rs. 408.86 crore in FY24 as against Rs. 419.37 crore in FY23 mainly on account of dumping of unframed mirror glass from China during FY23-24. The PBILDT margins of the company also moderated to 10.67% in FY24 from 11.41% in FY23 owing to dip in sales. The company recorded PAT and GCA of Rs. 12.50 crore and Rs. 30.49 crore respectively in FY24 (PY: Rs. 23.05 crore and Rs. 39.79 crore respectively). However, to mitigate the risk, the government imposed anti-dumping duty on unframed mirror glass vide notification no. 18/2024 dated October 21, 2024.

The capital structure of the company stood moderate with adjusted overall gearing of 1.85x in FY24 as against 1.06x in FY23 owing to CG of Rs. 16 crore extended to group entity Emerge Building Material LLC for term loan, which is fully repaid now and hence CG will be removed in the current year. The debt equity and overall gearing ratio improved to 0.55x and 0.58x in FY24 from 0.54x and 0.67x in FY23 owing to repayment of term loan, less utilisation of working capital borrowings and accretion of

profits. The total debt of the company stood at Rs. 67.76 crores as on March 31, 2024 (PY: Rs. 70.46 crore) mainly comprising of preference shares of Rs. 40.67 crores and term loan of Rs. 20.52 crores majorly.

Exposure to volatility in input prices and intensive competition in the industry

Raw materials (soda ash, gypsum, sand, paper), power, fuel and freight are the key cost components for producing glass. Currently, the glass industry in India is dominated by manufacturers using float glass manufacturing technology which have major utility in construction industry. There are few players in India viz. Bharat Glass Tube Limited, Triveni Sheet Glass Works Limited etc using sheet glass manufacturing technology. As on date, imports accounts for majority of the consumption of sheet glass in India. EGIPL is susceptible to volatility in raw material prices and to the threat posed by cheaper imports, which will impact the operating profitability in the absence of adequate anti-dumping duties.

Liquidity: Adequate

The company has adequate liquidity marked by current ratio of 1.15x and quick ratio of 0.93x as on March 31, 2024. The company has repayments obligations of ~Rs. 4.45 crore in FY25 as against projected gross cash accruals of ~Rs. 57.89 crores. The company's operating cycle is comfortable and stood at 17 days (PY: 21 days) in FY24 majorly driven by collection period of 44 days. Against this the company has to make payment in 41 days to its creditors. Due to the efficient management of working capital cycle the average utilisation of working capital facilities also stood low at 33.43% for trailing twelve months ended September 2024.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Factoring Linkages Parent Sub JV Group](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Glass - Consumer

Emerge Glass India Private Limited (EGIPL), previously known as Emerging Glass India Private Limited is a part of Alstome group and was incorporated on September 20, 2013. EGIPL is majorly engaged in manufacturing of sheet glass, with a capacity of 210 tons per day (TPD) Horizontal Drawing Glass Production line. The company has completed the project to manufacture container glass in March 2021 which has led to continuous line having capacity of 190 tonnes per day. As on March 31, 2024 the combined install capacity of the company stood at 1,46,000 MT per annum.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	419.37	408.86	202.10
PBILDT	47.86	43.62	48.77
PAT	23.05	12.50	30.63
Overall gearing (times)	0.67	0.58	-
Interest coverage (times)	20.04	16.98	45.16

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2027	11.15	CARE BBB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	33.00	CARE BBB+; Stable / CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	33.00	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (23-Oct-23) 2)CARE BBB+ / CARE A3+ (RWN) (04-Apr-23)	1)CARE BBB+; Stable / CARE A3+ (12-Jul-22) 2)CARE BBB+; Stable / CARE A3+ (26-May-22)	1)CARE BBB; Stable / CARE A3 (01-Apr-21)
2	Fund-based - LT-Term Loan	LT	11.15	CARE BBB+; Stable	-	1)CARE BBB+; Stable (23-Oct-23) 2)CARE BBB+ (RWN) (04-Apr-23)	1)CARE BBB+; Stable (12-Jul-22) 2)CARE BBB+; Stable (26-May-22)	1)CARE BBB; Stable (01-Apr-21)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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