

## Alstone Manufacturing Private Limited

February 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	45.00	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Alstone Manufacturing Private Limited (AMPL) derives strength from the experienced and resourceful promoters along with long track record of operations in diversified business operations, strong recognition of "Alstone" brand, diversified clientele and large dealership network. The ratings also derive strength from the growing scale of operations, healthy profitability margins and improvement in overall gearing and debt coverage indicators. The company also has an adequate liquidity position, characterised by sufficient cushion in cash accruals versus repayment obligations and moderate cash and liquid investments.

The rating is, however, constrained by susceptibility of profitability margins to volatile raw material prices and exchange rate movements, exposure to inherent cyclical demand in a competitive industry, working capital intensive nature of operations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Scaling up of operations, with operating income growing to more than Rs. 500 crores coupled with PBILDT margin of around 13% on sustained basis
- Improvement in the overall gearing ratio to below 0.20x.

#### Negative factors

- Decline in PBILDT margins below 8% on a sustained basis.
- Deterioration in the capital structure as marked by overall gearing ratio of above 1x.
- Significant increase in working capital requirement and resultant weakening of liquidity position of the company.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CARE's opinion that AMPL will continue to benefit from its experienced promoters with established track record of operations, sustained improvement in the business and financial risk profile of the company.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced and resourceful promoters with long track record of business operations

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 two decades 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 actively involved in the management of Alstone Manufacturing Private Limited. Further, the promoters are well supported by strong and skilled management team having rich experience in the various verticals and they look after the overall operations of the company. Mr. Sumit is also one of the directors of Emerge Glass India Private Limited (Part of Alstone Group) engaged in manufacturing of sheet glass (rated CARE BBB+; Stable/ A3+ dated December 24, 2024).

##### Well established market position and strong brand recognition with diversified clientele and large dealership network

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

Alstone Manufacturing Private Limited through Alstone International (AI) has its presence for around two decades in the industry which has help them to establish brand name of 'Alstone' in the domestic market. With large number of unorganized players, the company's established brand identity enables it to differentiate its products in the market. The major product offering has been Aluminium Composite Panels (ACPs), with the company expanding its capacity and production lines over the years. The manufacturing facility of the company is located at Dehradun, Uttarakhand with current installed capacity of around 71 million square feet of ACPs as on March 31, 2024. Its products are largely sold through a nationwide dealership network of over 350 Dealers/Distributors along with direct sales through contract booking under the brand name of 'Alstone'. Further, the top five customers account for around 6.78% of the total sales, indicating a diversified revenue mix. Thus, the firm's products have been used by leading real-estate players, hospitality companies, Airports Authority of India (AAI), Delhi Metro Rail Corporation (DMRC) etc., which have helped in brand building on continuous basis.

#### **Growth in scale of operations and improvement in profitability margins in FY24**

The company reported improvement in operational and financial performance in FY24 characterised by growth in TOI and improvement in profitability margins. TOI increased to ₹337.82 crore in FY24 against ₹267.81 crore in FY23 reporting year-over-year (y-o-y) growth of ~26.14%. The increase in total income is mainly on account of increase in quantity and prices of products owing to better demand. The company also reported improvement in PBILDT margins from 10.78% in FY23 to 11.68% in FY24, largely driven by increase in TOI of the business, leading to attain economies of scale. The company has further achieved TOI of ₹213.66 crore in 6MFY25 (PY: ₹164.01 crore in 6MFY24).

#### **Moderate financial risk profile though improvement in capital structure and coverage indicators**

The company's financial risk profile remained moderate though improved in FY24. The company's overall gearing improved to 0.66x as on March 31, 2024, against 1.54x as on March 31, 2023, mainly considering accretion of profits to reserves. Debt coverage indicators also remained moderate though improved marked by TD/GCA and interest coverage ratio stood at 1.30x and 25.20x, respectively, as on March 31, 2024, against 2.27x and 15.74x, respectively, in FY23. Going forward also, debt coverage indicators are expected to continue to remain comfortable, as there is negligible term debt outstanding, and no major additional term debt is expected to be raised by the company in the near terms.

#### **Key weaknesses**

##### **Working capital intensive nature of operations due to large inventory requirements**

Operations of the company are working capital intensive due to elongated inventory period of 86 days during FY24 (PY- 72 days). The company's 75% of sales are met through dealer network where the credit period is of 45-55 days and remaining to direct customers with credit period of 60-70 days. The collection period remained stagnant at 44 days during FY24 (PY- 43 days). Around 60-70% of the raw material imported from China with a credit period of 35-45 days. Owing to this, Operating cycle of the company remained slightly elongated to 84 days in FY24 from 69 days in FY23.

##### **Susceptibility of profitability margins to volatility in raw material prices and exchange rate movements**

The major raw materials used by AMPL are aluminium coils and plastic granules, the prices of which are volatile. Raw material costs constituted ~71.08% in FY24 (PY-83.38%) of total operating income of the company; hence any volatility in their prices has a direct impact on the profitability margins of the company. Further, the aluminium industry is cyclical in nature with prices driven by changing demand and supply conditions in the market which also has strong linkages to the global market. This results in risk of price fluctuation on the inventory of raw materials as well as finished goods. In addition to this, the prices of plastic granules, being derivative of crude oil, are also inherently volatile. AMPL imports coated aluminium coils from China, which constituted around 60-70% of total purchase cost during FY24 and remaining is sourced through domestically. Moreover, the company also witnesses high supplier concentration risk as top 5 suppliers accounted for 44.69% of the total supply of raw materials during FY24.

##### **Exposure to inherent cyclicity in demand in a competitive industry**

AMPL is engaged in manufacturing of ACP, which is a highly competitive, price sensitive and fragmented industry, where it faces intense competition from other established players from organized and unorganized sectors. As a result, there exists intense price competition and this may lead to pressure on the company's profitability in case of adverse situations as its ability to pass on increase in the price of raw materials to its customers is limited. Furthermore, the facade engineering industry is cyclical and moves in line with the level of activity in the construction sector. AMPL's fortune is linked to the real estate industry as ACPs are used primarily in commercial buildings. The real estate industry tends to be cyclical and moves in line with the activity in construction sector. Thus, the company is likely to remain susceptible to the inherent cyclicity in the end-user industries over the medium term, making it vulnerable to economic cycles.

#### **Liquidity: Adequate**

The company has a total debt repayment obligation of Rs. 4.96 crores in FY25 and Rs. 9.78 crore in FY26, which will be met through the proposed cash accruals of ~Rs. 39 crores and Rs. 43 crores in FY25 and FY26 respectively. The company has a free cash & liquid investments of ~Rs. 1.79 crores as on December 31, 2024. The current and quick ratio stood at a moderate level of 1.84x and 0.83x, as on March 31, 2024, coupled with moderate operating cycle to 84 days during FY24. AMPL has access to working capital facility of Rs. 45 crore, where average utilization of the company has been ~ 26% for last 12 months ending on

January 2025. CARE Ratings expects internal accruals, cash & cash equivalents and unutilized bank lines to be sufficient to meet its repayment obligations as well as incremental working capital requirements during FY25 and FY26.

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Furniture, Home Furnishing

Alstone Manufacturing Private Limited (AMPL) was incorporated on April 27, 2020, with an objective of taking over existing business (only customer base) of Alstone International (AI) which was incorporated in 2004. AMPL is promoted by Mr Sumit Gupta and Ms Pooja Gupta who are also the promoters of AI. Both the entity is part of Alstone Group of companies and is engaged in the manufacturing of Aluminium Composite Panels (ACPs), which are mainly used for external cladding of commercial buildings, partitions, roofing, false ceilings, display units and signboards.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	267.81	337.82	213.66
PBILDT	28.88	39.47	34.81
PAT	21.60	30.47	26.71
Overall gearing (times)	1.54	0.66	-
Interest coverage (times)	15.74	25.20	48.11

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-Cash Credit		-	-	-	45.00	CARE BBB+; Stable

**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 - LT-Cash Credit	LT	45.00	CARE BBB+; Stable				

LT: Long 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-Cash Credit	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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