

Press Release
Alstone International
 August 21, 2020
Rating Withdrawn



Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB+** (read as ACUITE double B plus) and the short term rating of '**ACUITE A4+** (read as ACUITE A four plus) on the Rs. 18.00 Crore bank facilities of Alstone International (AI).

The rating is being withdrawn on account of request received from the company and No dues certificate received from the banker.

New Delhi based, Alstone International (AI) was established in 2004 by Mr. Sumit Gupta and Mr. Pawan Garg. The firm is engaged in manufacturing of Aluminium Composite Panel (ACP), which finds its use in internal and external decoration of commercial buildings, roofing and false ceiling. AI has a plant in Dehradun with an annual capacity of 40 million Square feet of ACP.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Alstone International to arrive at this rating.

Key Rating Drivers

Strengths

• **Diversified presence and reputed clientele**

AI has a pan India presence through its widely spread network of ~150 dealers and ~13 warehouses. The ACP manufactured by AI has been used by Airport Authority of India, DLF, Delhi Metro Rail Corporation (DMRC), and Hospitality companies, among others.

• **Healthy Financial risk profile**

The financial risk profile of the firm is healthy marked by healthy net worth, healthy debt protection metrics and low gearing. The net worth of the firm improved to Rs.81.35 crore as on 31 March 2020 (Provisional) as against Rs.76.78 crore as on 31 March 2019, the improvement is on account of accretion of profit to reserves. TOL/ TNW (Total outside liabilities-total net worth) stood at 0.60 times as on 31 March 2020 (Provisional). The gearing (debt-equity) level of the company stood at 0.09 times as on 31 March 2020 (Provisional) as against 0.08 times as on 31 March 2019. Total debt of Rs.7.26 crore as on 31 March 2020 (Provisional) consists of long term debt of 2.51 crore, unsecured loans of Rs.4.25 crore and working capital borrowings of Rs.0.50 crore. The debt protection metrics and coverage indicators are healthy marked by interest coverage ratio (ICR) of 34.69 in FY2020 (Provisional) and debt service coverage ratio (DSCR) of 23.68 times in FY2020 (Provisional). Debt-EBITDA stood low at 0.46 times in FY2020 (Provisional) as against 0.33 times in FY2019.

Weaknesses

• **Downtrend in operating income and profitability**

Operating income of the firm has shown a downward trend in the last three years under study. Operating income stood at Rs.166.00 crore in FY2020 (Provisional), Rs.175.62 crore in FY2019 and Rs.178.81 crore in

FY2018. Moreover, the profitability of the firm has also deteriorated in the last three years as marked by operating margins. Operating margins stood at 8.62 percent in FY2020 (Provisional) as against 9.93 percent in FY2019 and 14.09 percent in FY2018.

• Working capital intensive nature of operations

The operations are working capital intensive, marked by high Gross Current Asset (GCA) of 252 days in FY2020 (Provisional) as against 195 days in FY2019. It is on account of debtor's collection period of 103 days in FY2020 (Provisional) as against 72 days in the previous year and inventory holding period of 126 days in FY2020 (Provisional). AI gets credit period of around 80-100 days from its suppliers.

Outlook:

Not Applicable

Material Covenant

None

Rating sensitivity

None

Liquidity position: Adequate

The liquidity profile of the firm is adequate, marked by net cash accruals vis-à-vis its debt obligations and low working capital utilization. The net cash accruals stood at Rs.10.30 crore in FY2020 (Provisional) as against repayment obligations of Rs.0.30 crore. The current ratio of the company stands healthy at 2.76 times as on 31 March 2020 (Provisional) as against 3.32 times as on 31 March 2019.

Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of adequate net cash accruals to meet its repayment obligations.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	166.00	175.62
PAT	Rs. Cr.	8.40	9.67
PAT Margin	(%)	5.06	5.51
Total Debt/Tangible Net Worth	Times	0.09	0.08
PBDIT/Interest	Times	30.51	31.02

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument /	Term	Amount (Rs. Cr)	Ratings/Outlook

Facilities				
30-Apr-2020	Cash Credit	Long Term	8.00	ACUITE BB+ (Downgraded &Indicative)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Downgraded &Indicative)
26-Feb-2019	Cash Credit	Long Term	8.00	ACUITE BBB+/Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BB+ (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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