



Press Release

Alstrong Enterprises India Private Limited (AEIPL)

October 22, 2020

Sl. No.	Instrument/Facility	Amount (INR. Crore)	Rating	Rating Action
1.	Long Term Fund Based Facility – Cash Credit	100.00 (including proposed limit of INR50.00 Crore)	IVR BB+/Stable Outlook; (IVR Double B Plus with Stable Outlook)	Revised
2.	Long Term Non Fund Based Facilities – LC/BG/Buyer's Credit/Credit Exposure Limit	50.00	IVR A4+ / Stable(IVR A Four Plus with Stable Outlook)	Revised
	Total	150.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating continues to derive strength from established relationship with clients and potential market share. However, the rating is constrained by volatility in operating income and profitability, exposure to volatility in raw material prices along with foreign exchange fluctuation risk, working capital intensive operation, exposure to intense competition and moderate financial risk profile.

Key Rating Sensitivities:

Upward rating factor(s):

- Sustained revenue growth coupled with improved operating margin
- Growth in cash accrual and prudent working capital management

Downward rating factor(s)

- Any decline in revenue and operating margin
- Deterioration in debt protection metrics and stretched receivables



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Key Rating Drivers with detailed description

Key Rating Strengths

Established relationship with clients

The Company has well diversified customers, since top 10 customers contribute only ~7% of sales and has long term contacts with reputed players and good relationship with clients has resulted in extending the contracts. The company has a vast network consisting of more than 300 dealers and distributors across India. These dealers have access to more than 10,000 retailers and fabricators. The Company has 20 distribution centres at all major locations in India which act as supply hubs for the dealers. Further, the company has diversified its network in the export market as well.

Potential Market Share

The company has in all 16 warehouses all over India and logistic application is not an issue for the company. Currently, the market share of the company is ~ 24% and is expected to increase by 5% - 7% in the projected years. The company is making efforts to make the product available at more comfortable prices and increase the market share by winning the price war situation in these types of industries.

Key Rating Weaknesses

Volatile operating income and profitability

The revenue from operations of the Company have declined marginally by 14 per cent from INR284.85 Crore in FY19 to INR244.83 Crore in FY20 (P). On overall basis, the total operating income of the company have remained quite volatile due to price war and stiff competition faced by the company. Due to this volatility, the profitability margins of the company also got declined in FY20 (P).

Exposure to volatility in raw material prices and foreign exchange fluctuations

Primary raw material for manufacturing process is Aluminium Coil and Plastic Granules. ~60% of the raw material requirement is imported. The Company is exposed to volatility in margins due to change in raw material prices. However, the company purchases raw material in bulk quantities in advance in order to mitigate the raw material price volatility to some extent.



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Working capital intensive operation

The company requires large working capital for holding of inventory and funding of receivables. The same is required for smooth manufacturing process. However, as the company works on order backed processing, risk of open inventory is nil.

Exposure to intense competition

The company faces competition from both, large organized players as well as the unorganized market. However, the company has created world class infrastructure at the plant and has created niche product offerings which no other player has in the country. Further, it has worked extensively on the quality of the products. Repeat customers and consistent customer addition has been the reason for consistent volume growth in the company. This covers the risk of competition to a large extent.

Moderate financial risk profile

The capital structure of the company got adverse in FY20 (P) as compared to FY19. Overall gearing and TOL to TNW in FY20 (P) stands with 0.63x and 2.82x respectively and in FY19 was 0.59x and 2.56x respectively. Debt protection metrics had also declined in FY20 (P) as compared to FY19.

Analytical Approach & Applicable Criteria:

- Standalone.
- Rating methodology for manufacturing companies
- Financial ratios and Interpretation (Non-Financial Sector)

Liquidity: Stretched

The company is earning a moderate level of GCA, however which is expected to improve in the projected years with increase in scale of operation and level of margin. The current ratio and quick ratio of the company stands at 1.22x and 0.58x respectively in FY20 (P). The average utilisation of working capital limits is high at ~ 98%.



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About the Company:

Alstrong Enterprises India Private Limited (AEIPL) was initially incorporated as a partnership firm in 2006 and later converted into a private limited company in September 2011. The Company is engaged in manufacturing of Aluminium Composite Panels (ACP) and Wall Panels. The operations of the Company are run through its plant in J&K (Samba and Baribrahmna). Alstrong is a part of the Worlds Window Group, an assemblage of companies engaged in diverse businesses. The portfolio of business activities includes manufacturing, infrastructure, logistics, trading and mining. The operations of various companies of WWG are spread across the globe through its offices in India and 22 other countries. The group employs 2500 employees across the world and the company's facilities are approved as per ISO 9001:2008, ISO 9001:2015 and ISO 14001:2015 standards.

Financials: Consolidated

For the year ended/ As On*	(INR Crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	284.85	244.83
EBITDA	21.76	16.32
PAT	0.55	-6.20
Total Debt	74.94	74.95
Tangible Net-worth	70.21	63.87
EBITDA Margin (%)	7.64	6.67
PAT Margin (%)	0.19	-2.53
Overall Gearing Ratio (x)	0.59	0.63

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: N.A

Any other information: N.A.

Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20 (July 22, 2019)	Date(s) & Rating(s) assigned in 2018-19 (March 28, 2019)*	Date(s) & Rating(s) assigned in 2017-18 (March 08, 2018)#



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1.	Long Term Fund Based Facility – Cash Credit	Long Term	100.00(including proposed limit of INR50.00 Crore)	IVR BB+/Stable Outlook; (IVR Double B Plus with Stable Outlook)	IVR BBB/Rating under watch with developing implication	IVR BBB/Stable Outlook (INC)	IVR A-/Stable Outlook
2.	Short Term Non Fund Based Facilities – LC/BG/Buyer's Credit/Credit Exposure Limit	Short Term	50.00	IVR A4+ / Stable(IVR A Four Plus with Stable Outlook)	IVR A3+ / Rating under watch with developing implication	IVR A3+ (INC)	IVR A2+
Total			150.00				

**Issuer did not cooperate; based on best available information
Rating based on Group approach*

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit	NA	NA	NA	50.00	IVR BB+/Stable Outlook; (IVR Double B Plus with Stable Outlook)
Long Term Fund Based Facility – Cash Credit (Proposed)	NA	NA	NA	50.00	IVR BB+/Stable Outlook; (IVR Double B Plus with Stable Outlook)
Short Term Fund Based Facility – LC/BG/Buyer's Credit/Credit Exposure Limit	NA	NA	NA	50.00	IVR A4+ / Stable(IVR A Four Plus with Stable Outlook)