

Alstone International

| | Amount | Rating Action |
|----------------------------|--------------|---|
| | In Rs. Crore | December 2016 |
| Fund-based bank facilities | 8.0 | [ICRA]BBB+(stable); upgraded from [ICRA]BBB(Stable) |
| Non-fund based facilities | 10.0 | [ICRA]A2; upgraded from [ICRA]A3+ |

ICRA has upgraded its long-term rating to [ICRA]BBB+ (pronounced ICRA triple B plus)¹ from [ICRA]BBB (pronounced ICRA triple B) to the Rs 8.0-crore² fund-based bank facilities and the short-term rating to [ICRA]A2 (pronounced ICRA A two) from [ICRA]A3+ (pronounced ICRA A three plus) to the Rs. 10.0-crore non-fund based bank facilities of Alstone International (Alstone). The outlook on the long-term rating is 'Stable'.

The ratings upgrade factors in the revival in the firm's revenue growth and the improvement in profitability led by better product mix and benign raw material prices in FY2016. The ratings continue to take into account the significant experience of the partners in the business and the firm's established brand and nationwide dealership network. The ratings upgrade also factors in the expected reduction in the capital withdrawals, which stood at Rs. 5.0 crore in FY2017 YTD compared to Rs. 16 crore in FY2016, in the light of completion of its group company's project. Moreover, ICRA continues to draw comfort from the low leverage and the comfortable debt coverage indicators of the firm. The ratings are, however, constrained by the firm's moderate working capital cycle, the high industry competition and its exposure to raw material price risks and foreign exchange fluctuation risks.

The firm's ability to achieve steady revenue growth and maintain its profitability and coverage metrics will be the key rating sensitivity. Additionally, capital withdrawals and support to group, if any, would also remain a key rating monitorable.

Firm's Profile

Alstone, a partnership firm, was incorporated in 2006-07. It manufactures Aluminium Composite Panel (ACP) at its facility in Dehradun, Uttarakhand. Its products are largely sold through a nationwide dealership network. The firm is promoted by the Gupta and the Garg families. The Gupta family also has interests in real estate development in the National Capital Region through the Orris Infrastructure group.

Recent Results

Alstone reported a net profit of Rs 17.0 crore on an operating income of Rs 171.1 crore in FY2016 as against a net profit of Rs. 15.5 crore on an operating income of Rs.159.5 crore in FY2015.

December 2016

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¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other rating publications

² 100 lakh = 1 crore = 10 million



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