

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 35.53 Cr of ALP Overseas Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan facilities of ALP Overseas Private Limited ('AOPL' or 'the Company').

Facilities	Tenure	Amount (₹ Cr)	Ratings
<u>Fund Based</u>			
Cash Credit	Long Term	9.00	BWR BB+ (BWR Double B Plus) Outlook -Stable
LAP		2.08	
Term Loan *		3.75	
<u>Non Fund Based</u>			
PSL/PSFC	Short Term	6.00	BWR A4+ (BWR A Four Plus)
PCL/PCFC		5.00	
ILC/FCC/BC		7.00	
Bank Guarantee		0.20	
LEF		2.50	
Total		35.53	INR Thirty Five Crores & Fifty Three Lakhs only

*LC/BC of Rs 1.50 Cr is a sub limit of Term Loan

BWR has principally relied upon the audited financial results of ALP Overseas Private Limited up to FY 13, limited review unaudited financials of FY14, projected financials up to FY15, publicly available information and information/clarifications provided by the management.

The ratings draw strength from the extensive industry experience of the promoters in the PVC/Rubber profile industry, demonstrated support from the ALP group of companies, established

¹ Please refer to www.brickworkratings.com for definition of the Ratings

customer relationships and growth prospects for the industry. However, the ratings are constrained by the exposure to volatility in raw material prices, susceptibility to foreign exchange risk, intensely competitive industry and stretched working capital position of the company.

Background:

ALP Overseas Private Limited (AOPL) is an ISO 9002 / QS 9000 and TS16949 certified company, incorporated in July 1996 at New Delhi, under the leadership of Mr. Iqbal Singh Anand. AOPL is part of the ALP group of companies, headquartered in Gurgaon and engaged in manufacturing of Ethylene Propylene Diene Monomer (EPDM) rubber and Polyvinyl Chloride (PVC) insulation products which find application in automotive and construction sectors. The manufacturing facilities are located at Noida and Rudrapur. These products are used in glass linings of buildings and automobiles. The company was initially started with the objective of buying and selling/export of auto components for automotive, construction and other related industrial segments in international market by outsourcing the products from their group concerns and from the industry. Subsequently, the company took over the manufacturing facilities at Rudrapur from ALP Nishikawa Co. Ltd, another group company, during 2008 and started producing and marketing EPDM profile/Weather stripping parts and insulation products for both domestic and international markets from 2008-09. The company has also installed production facilities for rubber floor tiles in Noida, through which they utilize the scrap generated in the production process of EPDM Rubber profile. AOPL's products are sold in over 17 countries like USA, Australia, Germany, Belgium, Italy etc. The company has regional offices in all major cities like Delhi, Ludhiana, Mumbai, Chennai, Kolkata and Bangalore. AOPL also has its subsidiaries in South Africa and USA to promote its products in international market.

Major Group Concerns:

ALP Nishikawa Co (ANCO)

ANCO is a 50:50 joint venture between ALP Group & Nishikawa Rubber Co, Japan. The company was established in 1996 with manufacturing facility in Lalru near Chandigarh in Punjab. ANCO is a manufacturer of EPDM rubber sealing systems for cars. It is an OEM supplier to all major car manufacturers in India. ANCO is a TS 16949 & OHSAS 18000 Certified Company.

ALP Plastics Private Limited (APPL)

APPL is the plastic division of ALP Group. It has four extrusion lines to produce TPE/TPO/PVC extrusions with or without metal. ALPP is Tier 2 supplier to all major car manufacturers in India.

ALP Aeroflex India Private Limited (AAIPL)

AAIPL is a (40:60) joint venture of AOLP and Eastern Polymer Industries, Thailand. The JV manufactures EPDM insulation sheets, tubes and accessories for refrigeration and air conditioning in the brand name of ALP Aeroflex.

Management:

Mr. Tejbir Singh Anand, the Managing Director, has around 15 years of experience in the field of rubber, EPDM, Plastics etc. Mr. Pawandeep Singh Anand and Mrs. Jaswinder Kaur Anand are the other directors of the Company. The management team comprises qualified and competent professionals.

Financial Performance:

ALP Overseas has reported Net Sales of Rs 94.42 Cr for FY13 as against Net Sales of Rs. 92.38 Cr in FY12, registering a marginal increase. PAT has also declined from Rs1.72 Cr in FY12 to Rs1.67 Cr in FY13. The firm's tangible net worth stood at Rs23.42 Cr as at March 31, 2013 as against Rs20.92 Cr as on March 31, 2012. Total outside liabilities: tangible net worth was 1.91 times in FY13 as against 2.19 times in FY12. As per the limited review unaudited financials for FY14, the company has reported Net sales of approx. Rs 79.50 Cr and PAT of around Rs 4.85 Cr.

Rating Outlook

The outlook is expected to remain stable for the current year. The company's ability to improve its profitability, strengthen its capital structure, improve its overall financial risk profile and manage its working capital efficiently would be the key rating sensitivities.

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