APRIL 27, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE NCD ISSUE OF CENTURY TEXTILES AND INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Non-Convertible Debenture issue	400	**CARE AA- (Double A Minus)**	Reaffirmed
Total Facilities	**400 (Rupees Four Hundred crore only)**		

Rating Rationale

The reaffirmation of the rating on the Non-Convertible Debentures (NCD) issue of Century Textiles Limited (CTIL) continue to derive strength from the parentage of the B. K. Birla group – one of the oldest and prominent business houses of India, its experienced management, CTIL's well-established operations and diversified business profile. The rating draws comfort from the equity infusion of around Rs.662 crore by the Aditya Birla (AB) group (headed by Mr Kumar Mangalam Birla, grandson of B.K. Birla) and management presence of AB group in CTIL. The rating also takes into account the completion of the projects of around Rs.3,440 crore in cement and real estate segments.

The rating also factors in CTIL's moderate financial risk profile characterized by increased gearing level owing to debt availed to fund the projects as well as delay in execution of the projects, sizeable imminent repayments leading to temporary moderation in the debt servicing indicators and persistent dip in profitability.

CTIL's ability to reap the benefits from the expanded capacities and improve its operating performance and capital structure is the key rating sensitivity.

Background

CTIL, a part of the B. K. Birla group, was established in 1897 to operate a cotton textile mill in Mumbai. Subsequently, the company has expanded and diversified its activities and presently, CTIL is a well-diversified conglomerate. The company is engaged in the manufacturing of cement, textiles, pulp and paper products, and chemicals at manufacturing facilities located across different states of India.

As on March 31, 2015, CTIL had a total cement installed capacity of 12.8 million tonnes per annum (mtpa), tyre yarn installed capacity of 25,000 tpa, cotton and denim cloth installed capacity of 300 and 210 lakh meters per annum respectively and pulp & paper product installed capacity of 4.45 lakh tpa.

The company is also developing real estate in Mumbai to be offered on lease. Century Tower (Birla Aurora) having 15 office floors and 7 parking floors with an area of 290,000 Sq. Ft. located in Worli (behind century bhavan) is completed and around 50% of the building has already been leased out. CTIL's second commercial building at Worli is expected to be completed by June 2016.

Key developments since last review (June 30, 2014)

In June 2014, CTIL has decided to issue 1.86 crore warrants on preferential basis which are fully convertible into equal number of equity shares of Rs.10/- each. Mr. K.M. Birla, the Chairman of the Aditya Birla group, subscribed to 1.86 core preferential warrants (through private companies to consolidate the holding) and had infused around Rs.662 crore (as on

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

December 18, 2015) over a period of 18 months. As on December 31, 2015, the entire 1.86 crore warrants have been converted to equity shares. Upon conversion of the warrants, the promoter holding of CTIL had increased from 45.22% (as on September 30, 2015) to 50.21% (as on December 31, 2015) with Mr K.M. Birla effectively holding ~17% stake. The funds were used to reduce the debt level of the company.

During FY15 (refers to the period April 1 to March 31), CTIL post a total income of Rs.7,555 crore with a PAT (Profit After Tax) of Rs.15 crore as against a total income of Rs.6,698 crore and a PAT of Rs.3 crore during FY14. Furthermore, during 9MFY16, CTIL reported net sales of Rs.5,698 crore and net loss at the PAT level of Rs.64 crore as against net sales of Rs.5,289 crore and PAT of Rs.4 crore in 9MFY15.

Analyst Contact
Name: Ms Rajashree Murkute
Tel: 022-6753 3440
Email: rajashree.murkute@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

CONTACT

Head Office Mumbai

Mr. Saikat Roy
Mobile: + 91 98209 98779
E-mail: saikat.roy@careratings.com

Mr. Amod Khanorkar
Mobile: + 91 98190 84000
E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Deepak Prajapati
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-9099028864
Tel: +91-80-4115 0445, 4165 4529
E-mail: deepak.prajapati@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691