

Century Textiles and Industries Ltd

December 20, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Commercial Paper issue	2200.00 (Rs. Two thousand two hundred crore only)	CARE A1+ (A One Plus)	Reaffirmed

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed the rating assigned to the Commercial Paper issue of Century Textiles and Industries Ltd (CTIL) post the following announcement made by the company:

- CTIL has entered into an agreement to transfer the rights of Viscose Filament Yarn (VFY) business (VFY business includes pot spun yarn, continuous spun yarn, rayon tyre cord and chemicals including caustic soda, sodium sulphide, sulphuric acid, carbon-disulphide, liquid choline, hydrochloric acid and compressed hydrogen M3) to Grasim Industries Ltd (GIL – rated CARE AAA;Stable / CARE A1+) for duration of 15 years without the transfer of assets for a commuted royalty of Rs.600 crore. GIL will also provide interest free deposit to CTIL of Rs.200 crore and also pay consideration for the transfer of working capital related to VFY business to GIL at actuals. The ownership of assets shall remain with CTIL for the entire duration and post completion of the tenure, CTIL shall resume the VFY business. The proceeds from the transaction will be used to reduce the debt.

The above arrangement is likely to improve the liquidity position and capital structure of CTIL in the near term. However, the same will result in reduction of profits over the transaction period.

For detailed press release please refer to the CTIL press release dated September 29, 2017 on CARE's website.

Analytical approach: *Standalone*

Status of non-cooperation with previous CRA: **Not Applicable**

Any other information: **Not Applicable**

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: 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.

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

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	-	2200.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Term Loan-Long Term	-	-	-	-	-	-	-
2.	Commercial Paper	-	-	-	-	-	-	-
3.	Short Term Instruments-CP/STD	ST	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)	-	1)CARE A1+ (06-Aug-14)
4.	Short Term Instruments-CP/STD	ST	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)	-	1)CARE A1+ (06-Aug-14)
5.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)	-	1)CARE AA- (06-Aug-14)
6.	Non-fund-based - ST-BG/LC	ST	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)	-	1)CARE A1+ (06-Aug-14)
7.	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)	-	1)CARE AA- (06-Aug-14)
8.	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)	-	1)CARE A1+ (06-Aug-14)
9.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Apr-16)	-	1)CARE AA- (06-Aug-14)
10.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)	-	1)CARE AA- (06-Aug-14)
11.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-Apr-16)	-	1)CARE AA- (06-Aug-14)
12.	Commercial Paper	ST	2200.00	CARE A1+	1)CARE A1+ (29-Sep-17)	-	-	-

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