



Press Release

Century Extrusions Limited

August 11, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1	Long Term Bank Facilities	49.83	IVR BBB – (Credit watch with developing implications) (IVR Triple B Minus under Credit watch with developing implications)	Reaffirmed (under Credit Watch with Developing Implications)
2	Short Term Bank Facilities	18.00	IVR A3 (Credit watch with developing implications) (IVR A Three under Credit watch with developing implications)	Reaffirmed (under Credit Watch with Developing Implications)
	Total	67.83 (Rupee Sixty Seven crore and eighty three lakh only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Century Extrusions Limited (CEL) continues to factor in the long track record of the operation of the company and extensive experience of the promoters in the aluminium industry, low customer concentration risk, stable operating performance with improvement in profitability, comfortable financial risk profile and moderate working capital management. Further, the ratings also note gradual improvement in the performance of the company over the past three quarters ended in March 31,2021. However, these rating strengths are partially offset by susceptibility of CEL's operating margin to volatility in raw material prices and exposure to cyclicity in the aluminium industry. Further, Infomerics also notes that a group company of CEL, Century Aluminum Manufacturing Co Ltd. (CAMCO) has been classified as NPA due to its liquidity



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issues and for which resolution is pending. The ratings remain under credit watch with developing implications owing to uncertainty in the operating scenario amid ongoing second wave of COVID pandemic. Infomerics will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Key Rating Sensitivities

Upward Rating Factor

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and debt protection metrics on a sustained basis
- Sustained improvement in the capital structure and debt protection metrics
- Effective working capital management with improvement in operating cycle and liquidity

Downward Rating Factor

- Dip in operating income and/or profitability impacting the debt coverage indicators
- Deterioration in the capital structure with overall gearing to more than 1.5x and interest coverage to below 1.5x
- Elongation in the operating cycle impacting the liquidity and higher average utilisation in bank borrowings remained at more than 90% on a sustained basis

Detailed description of the key rating drivers

Key Rating Strengths

Long track record and extensive experience of the partners in the aluminium industry

The company has a long track record of nearly three decades in the aluminum industry with manufacturing commencing since 1991. CEL is promoted by one Jhunjhunwala family of Kolkata. Currently the operations are looked after by Mr. Vikram Jhunjhunwala, son of Late Mr. Agrawal who has an experience of about three decades in manufacturing and factory



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administration for aluminum extruded products. He is well supported by a group of experienced professionals in managing the day-to-day operations of the company. The extensive experience of the promoters and the long track record of nearly three decades in the aluminum industry has helped the company to establish a healthy relationship with customer and suppliers.

Low customer concentration risk

CEL has around 650 customers pan India with top 10 customers contributing to the range of ~22% to total sales on an average. Further, CELs products cater to various sectors including industrial, power sector, engineering etc. with no single customer contributing to more than ~5% of the total sales indicating a diversified revenue profile.

Stable operating performance with improvement in profitability

The company witnessed moderation in its topline in FY21 however, the performance of the company remained stable marked by its satisfactory profitability. The revenue was affected in Q4FY20 and in Q1FY21 due to Covid-19 pandemic and the subsequent nation-wide lockdown. Despite the disruption in operations due to the covid-19 pandemic in Q1FY21, company managed to achieve revenue of ~Rs.187 crore supported by better sales realization. Besides, EBITDA margin improved from 6.81% in FY20 to 7.77% in FY21 due to increase in sales of value-added products. Further, post Q1FY21 the company has witnessed gradual improvement in its performance over the past three quarters ended in March 31,2021.

Comfortable financial risk profile

The financial risk profile of CEL is marked by its satisfactory net worth, comfortable gearing and moderate debt protection metrics. The net worth stood at Rs.52.59 crore as on March 31, 2021. Further, total indebtedness of the company as reflected by TOL/TNW also remained comfortable at 1.21x as on March 31, 2021 (1.22x as on March 31, 2020). The debt protection metrics marked by the interest coverage ratio stood at 1.96x in FY21 as compared 2.72x in FY20 and Total debt to EBITDA also remained comfortable at 2.74x as on March 31,2021. Going forward, Infomerics expects that the financial risk profile to remain satisfactory in the near term with marginal improvement in the capital structure.



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Moderate working capital management

CEL's operation is moderately working capital intensive in nature as it needs to provide certain credit period to its customers in view of general practice in the industry and stock raw inventories due to lead time involved in receiving raw materials and time involved in production (1.5 months of holding period on an average).

Key Rating Weaknesses

Susceptibility of operating margin to volatility in raw material prices

The aluminium ingots and billets are the key raw material for CEL. CEL procures these materials at the price prevailing on the date of its dispatch. The aluminium industry is cyclical in nature with prices for the commodity driven by changing demand and supply conditions in the market which also has strong linkages to the global market. This results in risk of price fluctuation on the inventory of raw materials as well as finished goods. The overall working capital intensity of CEL's business is driven by its raw material inventory which in turn is governed by its long order execution cycle.

Exposure to inherent cyclicality of the metal industry

The metal industry is cyclical in nature and the company is also exposed to the same.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity Position: Adequate

Liquidity position of the company is expected to remain adequate marked by its expected gross cash accruals in the range of Rs.10.00-11.00 crore as compared to debt obligation in the range of Rs. 2.13-2.77 crore in FY22-FY24. Further, with a gearing of 0.76 times as of March 31, 2021, the company has sufficient gearing headroom. The average utilization of its fund based bank limit was around ~81 % during the last 12 months ending June, 2021 indicating a satisfactory liquidity buffer.



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About the Company

Established in 1991, Century Extrusions Limited (CEL) was promoted by Late Mr. M.P. Jhunjhunwala and currently managed by his son Mr. Vikram Jhunjhunwala. The company has annual installed capacity of 15000 MT. CEL possesses in-house facilities for die manufacturing, melting and casting of billets and an extrusions manufacturing facility with three press lines. The manufacturing facilities of the company is located at in Kharagpur, West Bengal. CEL manufactures extrusions for varied applications i.e. architectural, hardware, road transport - vehicles, railways, electrical and electronic applications, engineering applications, automotive sector, consumer durables, defence applications, irrigation etc. The client portfolio of the company comprises over 650 customers pan India, with majority being Original Equipment Manufacturers (OEM). CEL products are sold under the "Century" brand.

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	230.56	187.33
EBITDA	15.69	14.55
PAT	3.70	2.18
Total Debt	45.67	39.84
Tangible Net worth	50.31	52.59
EBITDA Margin (%)	6.81	7.77
PAT Margin (%)	1.59	1.16
Overall Gearing Ratio (x)	0.91	0.76

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Care Ratings has moved the rating of Century Extrusions Ltd into the Issuer Non-Cooperating category as the company did not cooperate in the rating procedure despite repeated follow ups as per the Press Release dated December 22, 2020.

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	
1.	Cash Credit	Long Term	36.00	IVR BBB-/under Credit Watch with Developing Implications	IVR BBB-/Stable (May 19, 2020)	-	-	-
2.	Term Loan	Long Term	7.51	IVR BBB-/under Credit Watch with Developing Implications	IVR BBB-/Stable (May 19, 2020)	IVR BBB-/Stable (May 13, 2020)	-	-
3.	Channel Financing	Long Term	5.00	IVR BBB-/under Credit Watch with Developing Implications	IVR BBB-/Stable (May 19, 2020)	-	-	-
4.	Guaranteed Emergency Credit Line	Long Term	1.32	IVR BBB-/under Credit Watch with Developing Implications	-	-	-	-
5.	Letter of Credit	Short Term	11.00	IVR A3 under Credit Watch with Developing Implications	IVR A3 (May 19, 2020)	-	-	-
6.	Bank Guarantee	Short Term	4.50	IVR A3 under Credit Watch with	IVR A3 (May 19, 2020)	IVR A3 (May 13, 2020)	-	-



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				Developing Implications				
7.	Bill Discounting	Short Term	2.50	IVR A3 under Credit Watch with Developing Implications	-	-		

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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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. 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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information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for 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 (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	36.00	IVR BBB-/ under Credit Watch with Developing Implications
Term Loan	-	-	September 2025	7.51	IVR BBB-/ under Credit Watch with Developing Implications
GECL	-	-	December 2024	1.32	IVR BBB-/ under Credit Watch with Developing Implications
Channel Finance	-	-	-	5.00	IVR BBB-/ under Credit Watch with Developing Implications
Letter of Credit	-	-	-	11.00	IVR A3 under Credit Watch with Developing Implications
Bank Guarantee	-	-	-	4.50	IVR A3 under Credit Watch with Developing Implications
Bill Discounting	-	-	-	2.50	IVR A3 under Credit Watch with Developing



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					Implications
Total				67.83	

Annexure 2: Facility wise lender details (As per attached annexure)

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Term Loan	Simple
3.	GECL	Simple
4.	Channel Finance	Simple
5.	Letter of Credit	Simple
6.	Bank Guarantee	Simple
7.	Bill Discounting	Simple

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.