



## Press Release

### Century Extrusions Limited

January 10, 2022

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1	Long Term Bank Facilities	49.83	IVR BBB- /Stable (IVR Triple B minus with Stable Outlook)	Removed from credit watch; Rating Reaffirmed with Stable Outlook
2	Short Term Bank Facilities	18.00	IVR A3 (IVR A three)	Removed from credit watch; Rating Reaffirmed
	<b>Total</b>	<b>67.83</b> <b>(Rupee Sixty Seven crore and eighty three lakh only)</b>		

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 till H1FY22. However, these rating strengths continues to remain partially offset by susceptibility of CEL's operating margin to volatility in raw material prices and exposure to cyclicalities 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 issues and for which resolution is pending.

Earlier the ratings were placed under credit watch with developing implications owing to uncertainty in the operating scenario amid second wave of COVID, now it is removed from credit watch with improvement in its financial performance in H1FY22.

#### Key Rating Sensitivities

#### Upward Rating Factor



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- 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 promoters 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 Jhunhunwala family of Kolkata. Currently the operations are looked after by Mr. Vikram Jhunhunwala, son of Late Mr. Agrawal who has an experience of about three decades in manufacturing and factory 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**



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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.

### **Improvement in financial performance in H1FY22**

The company witnessed improvement in its financial performance in H1FY22 backed by rise in its sales realisation and demand of its products. During H1FY22, the company has achieved net profit of Rs.2.56 crore on a revenue of Rs.139.40 crore.

### **Comfortable financial risk profile**

The financial risk profile of CEL is marked by its satisfactory net worth, comfortable gearing and moderate debt protection metrics. Going forward, Infomerics expects that the financial risk profile to remain satisfactory in the near term with improvement in the capital structure.

### **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.



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### 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, the company has sufficient gearing headroom marked by its healthy capital structure.

### About the Company

Established in 1991, Century Extrusions Limited (CEL) was promoted by Late Mr. M.P. Jhunjunwala and currently managed by his son Mr. Vikram Jhunjunwala. 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



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For the year ended* / As On	31-03-2020	31-03-2021
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 maintained 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 vide its Press Release dated December 22, 2020.

**Any other information:** Nil

### Rating History for last three years:

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 2020-21	& in	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-/Stable	IVR BBB-/under Credit Watch with Developing Implications (Aug 18, 2021)	IVR BBB-/Stable (May 19, 2020)	-	-	-
2	Term Loan	Long Term	7.51	IVR BBB-/Stable	IVR BBB-/under Credit Watch with Developing Implications (Aug 18, 2021)	IVR BBB-/Stable (May 19, 2020)	IVR BBB-/Stable (May 13, 2020)	-	-
3.	Channel Financing	Long Term	5.00	IVR BBB-/Stable	IVR BBB-/under Credit	IVR BBB-/Stable	-		



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					Watch with Developing Implications (Aug 18, 2021)	(May 19, 2020)			
4.	Guaranteed Emergency Credit Line	Long Term	1.32	IVR BBB-/ Stable	IVR BBB-/ under Credit Watch with Developing Implications (Aug 18, 2021)	-	-		
5.	Letter of Credit	Short Term	11.00	IVR A3	IVR A3 under Credit Watch with Developing Implications (Aug 18, 2021)	IVR A3 (May 19, 2020)	-	-	-
6.	Bank Guarantee	Short Term	4.50	IVR A3	IVR A3 under Credit Watch with Developing Implications (Aug 18, 2021)	IVR A3 (May 19, 2020)	IVR A3 (May 13, 2020)	-	-
7.	Bill Discounting	Short Term	2.50	IVR A3	IVR A3 under Credit Watch with Developing Implications (Aug 18, 2021)	-	-		



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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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### 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-/Stable
Term Loan	-	-	September 2025	7.51	IVR BBB-/Stable
GECL	-	-	December 2024	1.32	IVR BBB-/Stable
Channel Finance	-	-	-	5.00	IVR BBB-/Stable
Letter of Credit	-	-	-	11.00	IVR A3



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Bank Guarantee	-	-	-	4.50	IVR A3
Bill Discounting	-	-	-	2.50	IVR A3
<b>Total</b>				<b>67.83</b>	

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Century-Extrusions-lenders-jan22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Annexure 5: 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](http://www.infomerics.com).