



## Press Release

### Century Extrusions Limited

August 05, 2024

#### Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan/GECL	7.40* (Reduced from Rs.10.11 crore)	IVR BBB; Stable (IVR Triple B with Stable outlook)	IVR BBB; Stable (IVR Triple B with Stable outlook)	Reaffirmed	Simple
Long Term Bank Facilities – Cash Credit	45.00	IVR BBB; Stable (IVR Triple B with Stable outlook)	IVR BBB; Stable (IVR Triple B with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facilities – Purchase Bill/Invoice Bill Discounting Facility	10.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Short Term Bank Facilities – Letter of Credit	11.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Short Term Bank Facilities – Bank Guarantee	4.50	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Short Term Bank Facilities – Bank Guarantee	1.00 (Proposed Limit)	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
<b>Total</b>	<b>78.90</b> <b>(Rupees Seventy-eight crore and ninety lakhs only)</b>				

\*Outstanding as on May 31, 2024.

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The reaffirmation in the ratings assigned to the bank facilities of Century Extrusions Limited (CEL) continues to derive comfort from its experienced promoters and lower customer concentration risk. The ratings also consider the stable financial performance of the company in FY2024 [FY refers to the period from April 1 to March 31] coupled with its comfortable capital structure and satisfactory debt coverage indicators. These rating strengths, however, are partially offset by susceptibility of profitability to volatility in the prices of raw materials, working capital intensive nature of its operation and exposure to cyclicity in the metal industry.



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The stable outlook reflects that the company will continue to benefit from the extensive experience of its promoters in aluminium extruded products.

### **Key Rating Sensitivities:**

#### **Upward Factors:**

- 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 Factors:**

- Dip in operating income and/or profitability impacting the debt coverage indicators
- Deterioration in the capital structure with overall gearing above 1.25x and interest coverage below 2.00x
- Elongation in the operating cycle impacting the liquidity position of the company

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Extensive experience of the promoters in the aluminium industry**

CEL is promoted by one Jhunjhunwala family of Kolkata in 1991. Currently the operations are looked after by Mr. Vikram Jhunjhunwala, son of Late Mr. Agrawal who has experience of about three decades in manufacturing and factory administration for aluminium 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 long track record of the company for nearly three decades in the aluminium industry has helped the company to establish a healthy relationship with customer and suppliers.

- **Low customer concentration risk**

CEL has around 500 customers pan India with top five customers contributing ~28% of the total sales in FY2024 fiscal year. Further, CELs products cater to various sectors including industrial, power sector, engineering etc. with no single customer contributing to more than 9% of the total sales, thereby indicating a diversified revenue profile.

- **Stable business performance**



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Total operating income (TOI) has remained stable with a marginal growth from Rs.372.01 crore in FY2023 to Rs.375.10 crore in FY2024. While there was an increase in volume sales, yet the same was compensated to an extent by decrease in sales realisation following the decrease in metal prices in FY2024 which is influenced by market demand and supply factors. Nevertheless, EBITDA margin has remained in the same lines as that of previous fiscal years with marginal increase from 5.84% in FY2023 to 6.06% in FY2024 driven by economies of scale. Consequently, PAT margin also increased from 1.60% in FY2023 to 1.98% in FY2024. The company's ability to sustain the growth in its top line without compromise in margins will remain a key rating monitorable going forward.

- **Comfortable capital structure and debt coverage indicators**

The capital structure of the company continued to remain comfortable with long term debt equity ratio of 0.12x and overall gearing of 0.84x as on March 31, 2024, as against long term debt equity ratio of 0.21x and overall gearing of 0.87x as on March 31, 2023. The debt coverage indicators also remained comfortable with Interest Coverage Ratio (ICR) of 2.43x (2.44x in FY2023) in FY2024. Total debt/EBITDA and Total debt/GCA also stood comfortable at 2.68 (2.58x as on March 31, 2023) and 5.96x (5.45x as on March 31, 2023) respectively as on March 31, 2024, marginal moderation as compared to previous fiscal year is due to increase in working capital borrowings as on the account closing date. Total indebtedness as reflected by TOL/TNW also remained comfortable at 1.22x as on March 31, 2024. Going forward, Infomerics expects that the financial risk profile to remain satisfactory in the near term.

- **A. 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 governed to a large extent by its raw material inventory which in turn is governed by its order execution cycle.

- **Working capital intensive nature of operations**



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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 1.5-2 months of inventory holding period on an average.

- **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 \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Adequate**

Liquidity position of the company is expected to remain adequate marked by its expected gross cash accruals in the range of Rs.11.50-12.70 crore as compared to debt obligation in the range of Rs. 2.00-4.09 crore during FY25-FY27. The overall gearing stood comfortable at 0.84x as on March 31, 2024, indicating adequate gearing headroom. The current ratio also stood comfortable at 1.43x as on March 31,2024. Further, the average utilization of its fund-based bank limit stood at ~79 % during the last 12 months ending May 31, 2024, indicating adequate liquidity buffer. CEL has free cash and cash equivalent to the tune of Rs.10.56 crore as on March 31, 2024, which is expected to support the liquidity position of the company in the near to medium term.

**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 an 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 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 500 customers pan India.



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### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	372.01	375.10
EBITDA	21.72	22.73
PAT	5.97	7.45
Total Debt	56.02	60.92
Tangible Net Worth	64.73	72.72
EBITDA Margin (%)	5.84	6.06
PAT Margin (%)	1.60	1.98
Overall Gearing Ratio (x)	0.87	0.84
Interest Coverage (x)	2.44	2.43

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years						
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24			Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	
					February 15, 2024	August 25, 2023	June 07, 2023	March 13, 2023	September 01, 2022	January 10, 2022	August 18, 2021
1	Term loan/GEC L	Long Term	7.40* (Reduced from Rs.10.11 crore)	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB under Rating Watch with Developing Implications	IVR BBB / Stable	IVR BBB- /Stable	IVR BBB-under Credit Watch with Developing Implications
2	Cash Credit	Long Term	45.00	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB under Rating Watch with Developing Implications	IVR BBB / Stable	IVR BBB- /Stable	IVR BBB-under Credit Watch with Developing Implications
3	Letter of Credit	Short Term	11.00	IVR A3+	IVR A3+	IVR A3+	IVR A3+	IVR A3+ under Rating Watch with Developing Implications	IVR A3+	IVR A3	IVR A3 under Credit Watch with Developing Implications



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Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years						
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24			Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	
4	Bank Guarantee	Short Term	4.50	IVR A3+	IVR A3+	IVR A3+	IVR A3+	IVR A3+ under Rating Watch with Developing Implications	IVR A3+	IVR A3	IVR A3 under Credit Watch with Developing Implications
5.	Bank Guarantee	Short Term	1.00 (Proposed Limit)	IVR A3+	-	-	-	-	-	-	-
6.	Purchase Bill/Invoice Bill Discounting Facility	Short Term	10.00	IVR A3+	IVR A3+	-	-	-	-	-	-

\*Outstanding as on May 31, 2024.

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).



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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Jan 2025	0.70 *	IVR BBB / Stable
GECL	-	-	Sep 2024	0.70 *	IVR BBB / Stable
GECL	-	-	Dec 2026	3.70 *	IVR BBB / Stable
GECL	-	-	Jun 2025	0.70 *	IVR BBB / Stable
GECL	-	-	Nov 2026	1.60 *	IVR BBB / Stable
Cash Credit	-	-	-	45.00	IVR BBB / Stable
Letter of Credit	-	-	-	11.00	IVR A3+
Bank Guarantee	-	-	-	5.50 (including proposed limit of Rs.1.00 crore)	IVR A3+
Purchase Bill/Invoice Bill Discounting Facility	-	-	-	10.00	IVR A3+

\*Outstanding as on May 31, 2024.

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Century-Extrusions-aug24.pdf>

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

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**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).