

August 31, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO BANK FACILITIES OF CENTURY TILES LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	9.62	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	1.35	'PR3' (PR Three)	Assigned
Total Facilities	10.97		

Rating Rationale

The ratings take into account the experience of the promoters in manufacturing and marketing of ceramic tiles, introduction of value-added products, presence in the ceramic cluster of Himmatnagar and favourable capital structure. The ratings, however, are constrained on account of the small size of operations in the ceramic tiles segment which is characterized by high working capital requirements, highly competitive nature of the industry due to its fragmented nature and linkage with the real estate sector which exhibits cyclicity. Continued off-take from the real estate sector, ability to sustain its profitability in light of increasing competition and any future capex & its funding profile are the key rating sensitivities.

Company Profile

Century Tiles Ltd. (CTL), incorporated in November 2003, is a closely-held public limited company promoted by Mr. Kamlesh Patel, Mr. Jayanti Patel and Mr. Ganpat Patel. CTL manufactures and markets ceramic porcelain tiles and glazed tiles in various shades & sizes at its plant in Himmatnagar (near Ahmedabad) in Gujarat. CTL's unit is located in the Himmatnagar ceramic cluster which is one of the major ceramic tile producing regions in India. The promoters have good experience in the ceramic business through their other entities which are into the ceramic business since long.

¹Complete definitions of the ratings assigned are available at www.careratings.com in other CARE publications.

During FY10 (Provisional), CTL reported a total operating income of Rs.36.28 crore [FY09 (Audited): Rs.32.48 crore] and a PAT of Rs.0.97 crore [FY09 (Audited): Rs.0.49 crore].

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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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