

PIL Industries Limited

Instrument	Amount (Rs. In Core)	Rating Action
Fresh Non-Convertible Debenture programme	100.0	[ICRA]BB+(stable) assigned

ICRA has assigned a [ICRA]BB+(pronounced as ICRA double B plus) rating to the Rs. 100.0 crore fresh non-convertible debenture programme of PIL Industries Limited. ICRA also has [ICRA]BB+ rating outstanding on the Rs. 80.0 crore bank lines and Rs. 100.0 crore non-convertible debenture programme of the company. The outlook on the long-term rating is “stable”.

The rating factors in the financial flexibility that PIL enjoys, given its status as key investment company investing in Future Group entities and available business opportunities being part of the Future Group. ICRA also takes note of PIL's importance to the Future group with strategic investments being in various Future Group companies listed on stock exchange apart from investment in insurance businesses in JV with Generali group of Italy. ICRA continues to take note of the various strategic and operational initiatives being undertaken, including stake sale in non-core businesses, aimed at reducing and/ or improving the Group debt profile.

The rating is, however, constrained by the stretched financial profile of the company with networth remaining negative due to continued losses on account of high interest service outgo to support debt-funded strategic investments, retail activities of the group and continued delay in monetisation of insurance investments. The low-margin garment/fabric trading operations continues to constrain the rating. ICRA also takes note of significant support to group businesses through corporate guarantees for group companies/subsidiaries. For PIL, apart from group support, timely monetisation of its investments will remain critical to support debt repayments in future and is a key monitorable.

Company Profile

PIL Industries Limited (formerly Pantaloon Industries Limited), a part of the Future group, was incorporated in 15th July, 1987 under the Company's Act 1956. The company is primarily a holding/investment company for the group with strategic investments in businesses related to textiles and insurance sectors and other new group initiatives. PIL currently holds a 9.89% stake in the flagship company of the Future group, Future Retail limited (formerly Pantaloon Retail (India) Limited). PIL also has investments in Future Consumer Enterprises Limited (7.98%) which houses the food and FMCG businesses of the group and Future Lifestyle Fashions Limited (5.78%) which has presence in fashion retail. Its operations which earlier included both manufacturing and trading now consists of only trading since manufacturing was moved out from FY 2009 onwards. PIL has a 24.5% stake each in the life and non-life insurance businesses through SPVs, Future group holds 74.5% stake in non-life insurance venture named Future Generali India Insurance Company Limited (FGIICL). The life insurance venture is named Future Generali India Life Insurance Company Limited (FGILICL). The group stake stands reduced to 52% in the life insurance venture after FRL divested a 22.5% stake to Industrial Investment Trust Limited (IITL). PIL Industries Limited was a listed company on the stock exchanges; however, it was delisted on April 1, 2007.

Recent results:

As per audited FY 2015 numbers, PIL reported a loss of Rs. 6.2 crore (over a loss of Rs. 33.9 crore in FY 2014) over an operating income of Rs. 410.2 crore (over Rs. 314.2 crore in FY 2014).

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