

## PIL Industries Limited

| Instrument                          | Amount (Rs. Cr.)          | Rating Action                 |
|-------------------------------------|---------------------------|-------------------------------|
| Non-Convertible Debenture programme | 100.0                     | [ICRA]BB+(stable) reaffirmed  |
| Non-Convertible Debenture programme | 50.0                      | [ICRA]BB+ (stable) withdrawn  |
| Long term fund-based facilities     | 10.0                      | [ICRA]BB+ (stable) withdrawn  |
| Long-term loans                     | 80.0 (reduced from 100.0) | [ICRA]BB+ (stable) reaffirmed |

ICRA has reaffirmed the rating for the Rs. 80.0 crore long-term loans of PIL Industries Limited (PIL) at [ICRA]BB+ (pronounced as ICRA double B plus). ICRA has also reaffirmed the rating on the Rs. 100.0 crore non-convertible debenture programme of the company at [ICRA]BB+. The outlook on the long-term rating is “stable”. ICRA has withdrawn the [ICRA]BB+ rating on the Rs. 10.0 crore\* long-term fund-based facilities since there is no amount outstanding against the same. ICRA has also withdrawn the [ICRA]BB+ rating against the Rs. 50.0 crore non-convertible programme of the company since the same was not placed and there is no amount outstanding against it.

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 network 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 6.14% 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 (7.78%) which houses the food and FMCG businesses of the group and Future Lifestyle Fashions Limited (6.44%) 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 51% subsidiary, Weavette Textstyles Limited, which is engaged in designing, manufacturing and trading in fabrics. 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.

\* Rs. 100 lakh = Rs. 1 crore = Rs. 10 million



**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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