

TIL Limited
February 01, 2023

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	190.00	CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	148.25	CARE D / CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from TIL Limited (TIL) to monitor the rating(s) vide e-mail communications dated November 16, 2022, and January 20, 2023, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Furthermore, TIL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on TIL Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating assigned to the bank facilities of TIL Limited takes into account ongoing delays in debt servicing due to stretched liquidity position.

Detailed description of the key rating drivers

At the time of last rating on November 19, 2021, the following were the rating weaknesses and strengths (updated for the information available from Registrar of Companies and Stock Exchange):

Analytical approach: Standalone

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in debt servicing of bank facilities.

Sharp deterioration in performance in FY22 and H1FY23: Despite healthy order book position, the turnover declined to Rs.65 crore in FY22 from Rs.312 crore in FY21 mainly due to inability of the company to execute the order due to paucity of adequate working capital. The Company has incurred loss of Rs.416 crore in FY22 as compared to loss of Rs.67 crore in FY21 mainly due to provisioning and writing - off of inventory, trade receivables and certain advances pursuant to re-assessment of assets post Covid-19 and based on a Management Audit carried out voluntarily by the Company.

In H1FY23, the company has reported total income of Rs.23.84 crore and loss of Rs.44.76 crore.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Deterioration in debt coverage indicators: Debt coverage indicators continued to remain not meaningful in FY22 as the company continued to incur losses.

Increased working capital intensity of operations: TIL requires high level of working capital to support and maintain its large inventory of raw materials, finished goods as well as stores & spare parts. The inventory and debtors' levels have continued to remain high as on Mar 31, 2022.

Exposure to foreign exchange risk: The major raw materials/inputs required by TIL are high quality steel, engines, chassis for auto mobiles, valves, axle, hoist units, hydraulic ram and cylinder etc. A large part of the material requirement is met through imports (about 50% of the total raw material is imported). This exposes the company to risk of foreign exchange fluctuation.

Key Rating Strengths

Long track record of operations: TIL is an established player in providing technology intensive equipment for the infrastructure sector. The company, over the last seven decades, has consistently introduced new products in the material handling and construction equipment.

Manufacturing and technical collaborations with leading international players: TIL, over the years, has entered into long term manufacturing and technical alliances with leading equipment manufacturers across the globe to offer superior products to its customers.

Moderate order book position with reputed clientele and wide service network: The order book of the company remained moderate and stood at about Rs.333 crore as on March 31, 2022 as against Rs.300 crore as on August 18, 2021. The orderbook also includes around 65% of total order book from defence equipment.

Consistent source of revenue from maintenance & repair contracts and sale of component & spare parts: TIL, while selling its products, also enters into long term maintenance and repair contracts with various customers thereby providing stable and consistent source of future income.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non-financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Manufacturing Companies](#)

About the Company

TIL, incorporated in 1944, has been in operation for more than seven decade and is engaged in manufacturing and marketing of equipment for material handling, lifting, port & road building solutions. It provides integrated customer support and after-sale services through a well-connected network of offices and product support centres in India along with a subsidiary in Singapore. The manufacturing facilities are located at Kamarhatty (near Kolkata) and Kharagpur in West Bengal. The company operates under two strategic business units (SBUs): Material Handling Solutions (MHS) for manufacturing of material handling equipment (MHE) and Equipment & Project Solutions (EPS) for manufacturing crushing & screening equipment and handling equipment for ports & road building solutions.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (U/A)
Total operating income	312.43	64.99	23.84
PBILDT	-26.98	-120.75	-22.89
PAT	-67.02	-416.48	-44.76
Overall gearing (times)	1.69	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited; U/A- Unaudited; NM: Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	190.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	148.25	CARE D / CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	190.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (19-Nov-21) 2)CARE B+; Negative (20-Aug-21) 3)CARE BB; Negative (07-Jun-21)	1)CARE BBB-; Stable (07-Aug-20)	1)CARE BBB; Stable (24-Feb-20) 2)CARE BBB+; Stable (04-Jul-19)

						4)CARE BBB-; Negative (29-Apr-21)		
2	Non-fund-based - LT/ ST-BG/LC	LT/ST *	148.25	CARE D / CARE D; ISSUER NOT COOPERATING *	-	1)CARE D / CARE D (19-Nov-21) 2)CARE B+; Negative / CARE A4 (20-Aug-21) 3)CARE BB; Negative / CARE A4 (07-Jun-21) 4)CARE BBB-; Negative / CARE A3 (29-Apr-21)	1)CARE BBB-; Stable / CARE A3 (07-Aug-20)	1)CARE BBB; Stable / CARE A3+ (24-Feb-20) 2)CARE BBB+; Stable / CARE A2 (04-Jul-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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