

TIL Limited
February 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D / CARE D; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE D; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated February 01, 2023, placed the rating(s) of TIL Limited (TIL) under the 'issuer non-cooperating' category as TIL had failed to provide information for monitoring of the rating. TIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and letter/emails dated December 18, 2023, and January 07, 2024.

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.

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE D; ISSUER NOT COOPERATING' [Single D; ISSUER NOT COOPERATING] assigned to the bank facilities of TIL Limited with immediate effect. The above action has been taken at the request of TIL Limited and 'No Objection Certificate (NOC)' received from State Bank of India (SBI) and 'No Dues Certificates (NDC)' received from the other banks that have extended the facilities rated by CARE Ratings Ltd. CARE Ratings notes that TIL has repaid the entire rated amount as per the One Time Settlement and there is no amount outstanding under the said facilities.

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 ratings assigned to the bank facilities of TIL Limited factor-in delays/defaults in debt servicing due to stretched liquidity position.

Analytical approach: Standalone.

Outlook: Not applicable.

Detailed description of the key rating drivers:

At the time of last rating on February 01, 2023, the following were the rating weaknesses and strengths (updated for the information available from stock exchange/ registrar of companies):

Key weaknesses

Ongoing delays in debt servicing

There were delays in debt servicing of bank facilities and outstanding dues were repaid by the company as per One Time Settlement (OTS). No due certificate has been received from the lenders along with NOC for withdrawal of ratings from SBI.

Weak financial performance in FY23 and 9MFY24

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

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

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.

The turnover of TIL stood at Rs. 43.83 crore in FY23. The Company continued to incur operating loss of Rs.54 crore in FY23 as compared to an operating loss of Rs.118 crore in the previous year. In 9MFY24, the company has reported operating loss of Rs.99.05 crore on turnover of Rs.36.34 crore.

Deterioration in debt coverage indicators

Debt coverage indicators continued to remain not meaningful in FY23 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, 2023.

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 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](#)

[Policy on Withdrawal of Ratings](#)

[Factoring Linkages Parent Sub JV Group](#)

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

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

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

About the company and industry

Industry classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

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.

Recently, the company has been taken over by Gainwell Group, through its group entity - Indocrest Defence Solutions Private Limited (IDSPL), has acquired a dominant stake in TIL (formerly Tractors India) Limited. Gainwell Group promoter Mr. Sunil Kumar Chaturvedi has been appointed as a director of TIL and is slated to be appointed, subject to Shareholders' approval, the Chairman & Managing Director of TIL.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (UA)
Total operating income	64.99	43.83	36.34
PBILDT	-117.96	-54.26	-99.05
PAT	-416.48	-88.28	85.26
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	NM	NM	NM

A: Audited UA: Unaudited; NM: Not meaningful; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

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

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

Complexity level of various instruments rated: 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	-	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	0.00	Withdrawn

*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 2023-2024	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
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (01-Feb-23)	1)CARE D (19-Nov-21) 2)CARE B+; Negative (20-Aug-21) 3)CARE BB; Negative (07-Jun-21) 4)CARE BBB-; Negative (29-Apr-21)	1)CARE BBB-; Stable (07-Aug-20)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST^	-	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (01-Feb-23)	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)

*Issuer did not cooperate; based on best available information.

^Long term/Short term.

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

Annexure-4: Complexity level of the various instruments rated

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 the 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.

Contact us

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About us:

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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