

TRF Limited

February 25, 2020

Credit Update

TRF Ltd (TRF) has announced its working results for the quarter ended September 2019 and December 2019 wherein it has reported significant losses. Earlier, the company had reported improvement in operating profitability in Q1FY20 (refers to the period April 1 to June 30) both on a standalone and consolidated basis.

In Q2FY20, the company reported consolidated loss of Rs.113.66 crore on operating income of Rs.38 crore with significant increase in provisioning on long due receivables both in the products division and projects division. In Q3FY20, however, the losses reduced to Rs.10.45 crore on operating income of Rs.43.89 crore.

CARE takes note of the induction of senior level management of Tata Steel Ltd (TSL), the promoter holding company of TRF, on the board of TRF, indicating strategic importance of TRF to TSL and CARE believes that management, operational and financial support shall continue to be available to TRF by TSL.

CARE expects the performance of the company to improve going forward with induction of new management, absence of legacy issues relating to the projects division and provisions already created for long due receivables. Further, the company is in the process of selling its stake in few overseas subsidiaries which, if materialised, is expected to add to liquidity.

About the company

TRF is engaged in manufacturing material handling equipment and delivering processing systems required in the infrastructure sector. The company operates through two divisions, namely product division and project division. Product division is engaged in manufacturing of bulk material handling equipment with its manufacturing facility being located at Jamshedpur. Major equipment include crushers, screens, feeders, conveying equipment, mining equipment, wagon tippler systems and stacker reclaimers. Project division is engaged in design, manufacture, supply, installation and commissioning of customized material handling system for infrastructure development industries such as power, steel, cement, ports, mining, etc.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total Operating Income	450.80	373.61
PBILDT	-131.89	-50.43
PAT – Continuing Operations	-166.95	-104.17
PAT – After Dis-continuing Operations	-134.11	-34.86
Overall gearing (times)	NM	NM
Interest coverage (times)	-2.69	-0.80

A: Audited, NM: Not meaningful

Annexure-1: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Short Term Instruments-CP/STD	ST	-	-	-	-	1)Withdrawn (06-Oct-17)	1)CARE A2 (16-Dec-16)
2.	Fund-based - LT-Cash Credit	LT	217.00	CARE BBB+; Negative	1)CARE BBB+; Negative (17-Oct-19)	1)CARE BBB+; Negative (08-Jan-19) 2)CARE BBB+; Negative (24-Apr-18)	1)CARE BBB+; Negative (06-Oct-17)	1)CARE BBB+; Negative (16-Dec-16)
3.	Non-fund-based - LT/ST-BG/LC	LT/ST	708.00	CARE BBB+; Negative / CARE A2	1)CARE BBB+; Negative / CARE A2 (17-Oct-19)	1)CARE BBB+; Negative / CARE A2 (08-Jan-19) 2)CARE BBB+; Negative / CARE A2 (24-Apr-18)	1)CARE BBB+; Negative / CARE A2 (06-Oct-17)	1)CARE BBB+; Negative / CARE A2 (16-Dec-16)
4.	Term Loan-Long Term	LT	77.16	CARE BBB+; Negative	1)CARE BBB+; Negative (17-Oct-19)	1)CARE BBB+; Negative (08-Jan-19) 2)CARE BBB+; Negative (24-Apr-18)	1)CARE BBB+; Negative (06-Oct-17)	1)CARE BBB+; Negative (16-Dec-16)
5.	Non-fund-based - ST-Letter of credit	ST	70.00	CARE A2	1)CARE A2 (17-Oct-19)	-	-	-

Note on complexity levels of the rated instrument: 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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