

TIL Limited

CIN : L74999WB1974PLC041725
Registered Office:
1, Taratolla Road, Garden Reach
Kolkata-700 024
Ph : 6633-2000, 6633-2845
Fax : 2469-3731/2143
Website : www.tilindia.in

25th November, 2021

The Secretary
The Calcutta Stock Exchange
Ltd.
7, Lyons Range
Kolkata 700 001

The Manager,
Listing Department
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block - G,
Bandra Kurla Complex, Bandra (E),
Mumbai 400 051

The Secretary,
Listing Department
BSE Ltd.,
P.J. Towers,
Dalal Street, Fort,
Mumbai 400001.

Stock Code: TIL

Scrip Code: 505196

Dear Sir / Madam,

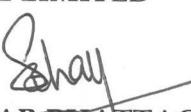
Sub: Update of Credit Rating of TIL Limited pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

We are enclosing herewith a copy of the letter dated 19th November, 2021 as received from CARE Ratings Limited – Credit Rating Agency, contents of which are self-explanatory.

This is for your kind information and records.

Thanking you,

Yours faithfully
For TIL LIMITED


SEKHAR BHATTACHARJEE
COMPANY SECRETARY

Encl: As above

No. CARE/KRO/RL/2021-22/1734

Ms. Bipasha Sanyal
Chief Financial Officer
TIL Limited
1, Taratolla Road, Garden Reach,
Kolkata
West Bengal 700024

November 19, 2021

Confidential

Dear Madam,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your Company for FY21 (Audited) and H1FY22 (Unaudited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	190.00	CARE D (Single D)	Revised from CARE B+; Negative (Single B Plus; Outlook: Negative)
Long Term / Short Term Bank Facilities	148.25 (Reduced from 160.00)	CARE D / CARE D (Single D / Single D)	Revised from CARE B+; Negative / CARE A4 (Single B Plus ; Outlook: Negative / A Four)
Total Facilities	338.25 (Rs. Three Hundred Thirty-Eight Crore and Twenty-Five Lakhs Only)		

2. Refer Annexure 1 for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure 2. We request you to peruse the annexed document and offer your comments if any.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by November 19, 2021, we will proceed on the basis that you have no any comments to offer.

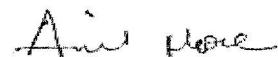
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,
Yours faithfully,



Vikash Kumar Rai
Lead Analyst
vikashkumar.rai@careratings.com



Anil More
Assistant Director
anil.more@careratings.com

CARE Ratings Ltd.

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.





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Annexure 1
Details of Rated Facilities

1. Long Term Facilities

1.A. Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	Bank of India	41.00	
2.	State Bank of India	34.50	
3.	South Indian Bank Ltd.	25.00	
4.	Punjab National Bank	25.00	
5.	HDFC Bank Ltd.	20.00	
6.	Allahabad Bank	18.00	
7.	Union Bank of India	10.50	
8.	IDBI Bank Ltd.	10.00	
9.	Axis Bank Ltd.	6.00	
	Total	190.00	Cash Credit

Total Long Term Facilities : Rs.190.00 crore

2. Long Term / Short Term Facilities

2.A. Non-Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	Bank of India	45.00	
2.	State Bank of India	32.00	
3.	HDFC Bank Ltd.	22.00	
4.	Allahabad Bank	20.00	
5.	Union Bank of India	19.00	
6.	IDBI Bank Ltd.	5.25	
7.	Punjab National Bank	5.00	
	Total	148.25	Letter of Credit/Bank Guarantee

Total Long Term / Short Term Facilities: Rs.148.25 crore

Total Facilities (1. A+2.A): Rs.338.25 crore

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Annexure 2
Press Release
TIL Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long Term Bank Facilities	190.00	CARE D (Single D)	Revised from CARE B+; Negative (Single B Plus; Outlook: Negative)
Long Term / Short Term Bank Facilities	148.25 (Reduced from 160.00)	CARE D / CARE D (Single D / Single D)	Revised from CARE B+; Negative / CARE A4 (Single B Plus ; Outlook: Negative / A Four)
Total Facilities	338.25 (Rs. Three Hundred Thirty-Eight Crore and Twenty-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

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

Rating Sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade

- Delays/defaults free track record of 90 days.
- Infusion of equity/unsecured loans or timely monetisation of assets leading to improvement in liquidity position of the company.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing

There are ongoing delays in debt servicing of bank facilities.

Sharp deterioration in performance in H1FY22

TIL reported a loss of Rs.68.58 crore on total income of Rs.46.54 crore in H1FY22 as against loss Rs.35.76 crore on total income of Rs.131.16 crore in H1FY21 mainly due to closure of production division for major part of Q1FY22 because of many Covid-19 cases at the plant premises and covid related restrictions set forth by Government. This apart the company also could not execute orders due to paucity of adequate working capital.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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TIL's operating income witnessed a decline of about 16% on a standalone basis in FY21 as compared to FY20. Sales have been lower during the year mainly due to the impact on demand and execution due to outbreak of Covid-19 and consequent lockdowns. Also, there has been a disruption in supply chain. The company incurred net loss of Rs.67 crore in FY21 with lower operating profitability on account of under-absorption of overheads, lower margin sales and significant provisioning on receivables (about Rs.36 crore). Finance cost also increased due to higher borrowings to support increase in working capital intensity further impacting profitability.

Deterioration in debt coverage indicators

Interest coverage ratio continued to remain negative in H1FY22 as the company continued to incur cash loss and there was further increase in finance cost.

With inadequate cash flows from operations, the company has been relying on unsecured loans from promoters to meet its debt obligations.

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 level has continued to remain high as on Sep 30, 2021. Although, trade receivables have declined in H1FY22 but remained at elevated level vis-à-vis total operating income. The fund based working capital limits remained almost fully utilised in the 12 months ended June 2021.

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.

Liquidity: Poor

Delay in sale of other non-core assets, slow execution of orders and subdued debtors' collection led to poor liquidity resulting in lower accruals vis-à-vis debt repayment obligation. This had constrained the ability of the company to repay its debt obligation on timely basis.



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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. The current promoter Mr. Sumit Mazumder, possesses long experience in the industry and is supported by a team of qualified personnel.

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.300 crore as on August 18, 2021 as against Rs.346 crore as on March 10, 2021. The orderbook also includes defence equipment orders worth Rs 200 crore.

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.

Analytical approach: Standalone.

Applicable Criteria

CARE's Policy on Default Recognition

Rating Methodology-Manufacturing Companies

Financial Ratios - Non-Financial Sector

Liquidity Analysis of Non-Financial Sector Entities

Criteria for Short Term Instruments

Consolidation and Factoring Linkages in Ratings

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.



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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 (Rs. crore)	FY20 (A)	FY21 (A)	H1FY22 (U/A)
Total operating income	376.96	314.93	46.54
PBILDT	3.12	-24.48	-46.60
PAT	-27.97	-67.02	-68.58
Overall gearing (times)	1.08	1.69*	2.61*
Interest coverage (times)	NM	NM	NM

A-Audited; U/A-Unaudited; *Excluding acceptances; NM- Not meaningful

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: Please refer Annexure-3

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	190.00	CARE D
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	148.25	CARE D / CARE D

Annexure-2: 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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	190.00	CARE D	1)CARE B+; Negative (20-Aug-21) 2)CARE BB; Negative (07-Jun-21) 3)CARE BBB-; Negative (29-Apr-21)	1)CARE BBB; Stable (24-Feb-20) 2)CARE BBB+; Stable (04-Jul-19)	1)CARE BBB+; Stable (06-Jul-18)	

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2	Non-fund-based - LT/ ST-BG/LC	LT/ST*	148.25	CARE D / CARE D	1) CARE B+; Negative / CARE A4 (20-Aug-21) 2) CARE BB; Negative / CARE A4 (07-Jun-21) 3) CARE BBB-; Negative / CARE A3 (29-Apr-21)	1) CARE BBB; Stable / CARE A3+ (24-Feb-20) 2) CARE BBB+; Stable / CARE A2 (04-Jul-19)	1) CARE BBB+; Stable / CARE A2 (06-Jul-18)
3	Term Loan-Long Term	LT	-	-	-	-	1) Withdrawn (06-Jul-18)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities - NA

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

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

Annexure 5: Bank Lender Details for this Company

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

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Contact us

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information, please contact us at www.careratings.com



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