

**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

28<sup>th</sup> April, 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,

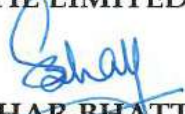
**Sub: Update of Credit Rating of TIL Limited pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015**

We are enclosing herewith a copy of the letter dated 28<sup>th</sup> April, 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

**Shri Shibaditya Ghosh**  
**Chief Financial Officer**  
**TIL Limited**

1, Taratolla Road, Garden Reach,  
Kolkata  
West Bengal 700024

April 28, 2021

**Confidential**

Dear Sir,

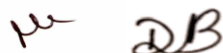
**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your Company for 9MFY21, our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	190.00	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed; Outlook revised from Stable
Long Term / Short Term Bank Facilities	160.00	CARE BBB-; Negative / CARE A3 (Triple B Minus; Outlook: Negative / A Three)	Reaffirmed; Outlook revised from Stable
<b>Total Facilities</b>	<b>350.00</b> <b>(Rs. Three Hundred Fifty Crore Only)</b>		

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. 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

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.



CARE Ratings Ltd.

early as possible. In any case, if we do not hear from you by April 29, 2021 we will proceed on the basis that you have no any comments to offer.

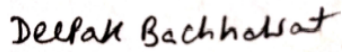
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, 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 aforementioned 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](http://www.careratings.com) for latest update on the outstanding rating.

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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,



**Deepak Bachhawat**  
Deputy Manager  
deepak.b@careratings.com



**Mamta Muklania**  
Associate Director  
mamta.khemka@careratings.com

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.



**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	CC*
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	
	<b>Total</b>	<b>190.00</b>	

\*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	LC/BG*
2.	State Bank of India	42.00	
3.	Allahabad Bank	20.00	
4.	Union Bank of India	19.00	
5.	HDFC Bank Ltd.	13.50	
6.	Axis Bank Ltd.	9.00	
7.	IDBI Bank Ltd.	6.50	
8.	Punjab National Bank	5.00	
	<b>Total</b>	<b>160.00</b>	

\*LC - Letter of Credit, BG - Bank Guarantee

**Total Long Term / Short Term Facilities: Rs.160.00 crore**

**Total Facilities (1.A + 2.A): Rs.350.00 crore**

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**Annexure 2**  
**Press Release**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Rating Action</b>
Long Term Bank Facilities	190.00	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed; Outlook revised from Stable
Long Term / Short Term Bank Facilities	160.00	CARE BBB-; Negative / CARE A3 (Triple B Minus; Outlook: Negative/ A Three)	Reaffirmed; Outlook revised from Stable
<b>Total Bank Facilities</b>	<b>350.00</b> <b>(Rs. Three Hundred Fifty Crore Only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale and Key Rating Drivers**

The ratings assigned to TIL Limited (TIL) continue to draw strength from the experience of the promoters along with long and established track record of the company, manufacturing and technical collaboration with leading international players, reputed clientele, and consistent source of revenue from maintenance and repair contracts. The ratings also factor in the significant improvement in order book position and liquidity support extended by the promoters in the form of unsecured loans during FY21 (refers to the period April 1 to March 31).

However, the ratings are constrained by the significant losses incurred by the company in 9MFY21 (refers to the period April 1 to December 31) due to decline in operating profitability. The total operating income declined by about 18% in 9MFY21 as compared to 9MFY20 due to the impact of Covid-19 on demand and execution. With under-absorption of fixed overheads and relatively lower margin sales, the operating profitability and debt coverage indicators have witnessed substantial deterioration. The operating cycle continues to remain elongated and debt levels have continued to remain high inspite of significant infusion of funds by the promoter in the form of unsecured loans.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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CARE draws comfort from the advanced stage of monetizing of a non-core asset of the company which is expected to ease the pressure on liquidity.

### **Rating Sensitivities**

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

- Increase in operating profitability with PBILDT margin at about 13% on a sustained basis and interest coverage above 2x.
- Improvement in operating cycle to below 200 days on a sustained basis and release of working capital.
- Substantial reduction in debt level leading to improvement in debt coverage indicators.

*Negative factors - Factors that could lead to negative rating action/downgrade*

- Continued low operating profitability resulting in weak debt coverage indicators.
- Further deterioration in capital structure or delay in monetisation of non-core assets resulting in inability to reduce debt level.
- Further elongation in operating cycle.

### **Outlook: Negative**

The revision in outlook to 'Negative' from 'Stable' reflects the expectation of continued subdued profitability and pressure on liquidity due to significant amount of funds blocked in inventory and long due receivables and elevated debt levels, more so in the wake of second wave of COVID. The company has received significant amount of support in FY21 in the form of unsecured loans from promoters. Further, the company is in advanced stages of monetising its non-core asset to support liquidity. The outlook may be revised to stable if the operational performance improves resulting in improvement in debt coverage indicators and liquidity improves with timely monetisation of assets and reduction in debt level.

### **Detailed description of the key rating drivers**

#### **Key Rating Strengths**

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***Long and established track record with experienced promoters*** 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 rich 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. These alliances have given technological parity to the company as most of the other domestic construction and material handling equipment manufacturers have also tied-up with renowned international technology providers.

***Improvement in order book position with reputed clientele and wide service network***

The order book of the company improved to about Rs.346 crore as on March 10, 2021 as against Rs.113 crore on June 30, 2020. The orderbook also includes defence equipment orders worth Rs 200 crore. The client portfolio of the company comprises reputed public sector and private sector entities.

With a network of four regional offices, 60 branches & 20 product support centres in India, the company offers the required service back-up to support its product line.

***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. It derives income of around one-third of gross sales from sale of components & spare parts.

**Key Rating Weaknesses**

***Decline in profitability in 9MFY21***

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TIL's operating income witnessed a decline of about 18% on a standalone basis in 9MFY21 as compared to 9MFY20. Sales have been lower mainly due to the impact on demand and execution due to outbreak of Covid-19 and consequent lockdowns in the first 2 quarters of FY21. Also, there has been a disruption in the supply chain.

The company incurred net loss of Rs.33.45 crore in 9MFY21 with lower operating profitability on account of under-absorption of overheads and significant provisioning on deferred taxes (Rs 9.41 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 declined from 1.59x in 9MFY20 to 0.20x in 9MFY21 on a standalone basis. Total debt/GCA also deteriorated as GCA turned negative in 9MFY21. The total debt has witnessed further increase during the year with the company availing Covid loans. The company has been timely meeting its obligations through support from the promoters in the form of unsecured loans. Around Rs.70 crore was infused in FY21. Improvement in operating profitability and reduction in debt levels remains a key rating monitorable.

***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 in FY21 and the receivables level has witnessed further increase. Moreover, a significant proportion of debtors remains due for more than nine months. The fund based working capital limits remained almost fully utilised in the 12 months ended March 2021 with increase in working capital requirement.

***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

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the company to risk of foreign exchange fluctuation.

**Liquidity: Stretched**

The working capital limits have been utilised almost fully in the 12-month period ended March 31, 2021. The promoters have infused about Rs.70 crore as unsecured loans to support liquidity and the company is also looking at sale of other non-core assets, part of which is expected to be completed by May 2021. CARE expects improvement in liquidity position with monetisation of the asset and continued liquidity support from the promoter. The company does not have any major capex plans.

The company had availed moratorium on debt servicing from most of its lenders in terms of the Covid-19 Regulatory Package announced by RBI.

**Analytical approach:** Standalone.

**Applicable Criteria**

CARE's Policy on Default Recognition

Rating Methodology – Outlook and Placing ratings under credit watch

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 decades 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

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(EPS) for manufacturing crushing & screening equipment and handling equipment for ports & road building solutions.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	477.37	376.96
PBILDT	62.91	3.12
PAT	26.74	-27.97
Overall gearing (times)	0.78	1.08
Interest coverage (times)	2.37	0.09

A-Audited

**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 the rated instrument / facilities** - Please refer Annexure-3

**Complexity level of various instruments** - Please refer Annexure-4

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	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 BBB-; Negative
Non-fund-based - LT/ ST-BG/LC	-	-	-	160.00	CARE BBB-; Negative / CARE A3

**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 BBB-; Negative	-	1)CARE BBB-; Stable (07-Aug-20)	1)CARE BBB; Stable (24-Feb-20) 2)CARE BBB+; Stable (04-Jul-19)	1)CARE BBB+; Stable (06-Jul-18)

*Handwritten initials: M, DB*

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
2.	Non-fund-based - LT/ST-BG/LC	LT/ST	160.00	CARE BBB-; Negative / CARE A3	-	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)	1)CARE BBB+; Stable / CARE A2 (06-Jul-18)
3.	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (06-Jul-18)

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Contact us**

**Media Contact**

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Email ID: lalit.sikaria@careratings.com

**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**

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\*\* For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)

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