



Press Release

TIL Limited

September 18, 2024

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities- Term Loan	75.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Long Term Bank Facilities- Cash Credit	10.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities- Bank Guarantee	40.00	IVR A3 (IVR A Three)	-	Assigned	Simple
Total	125.00 (Rupees One Hundred and Twenty- five crores only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The ratings assigned to the bank facilities of TIL Limited (TIL) derive comfort from change of management of the company. The company was taken over by the promoters of Gainwell Group from January 2024 onwards. The ratings also consider the technical collaboration of the company with leading international players and healthy order book position reflecting near to medium term revenue visibility. Further, the ratings positively note the healthy improvement in financial performance of the company during Q1FY2025 (FY refers to the period from April 01 to March 31) with TIL achieving a topline of Rs.66.98 crore post-acquisition of the company by the new management. These rating strengths are partially offset by working capital intensive nature of business and exposure to foreign fluctuation risk. The ratings also note past default history of the company under the earlier management.

The outlook of the company is expected to remain stable due to expected healthy business performance of the company on the back of strong support of Gainwell group coupled with its established presence in crane manufacturing segment.



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Key Rating Sensitivities:

Upward Factors:

- Substantial and sustained growth in operating income and profitability leading to improvement in cash accruals and debt protection metrics
- Improvement in the capital structure marked by improvement in the overall gearing ratio
- Effective working capital management leading to improvement in liquidity

Downward Factors:

- Dip in operating income and/or profitability impacting the debt protection metrics.
- Moderation in the liquidity position with elongation in its operating cycle
- Moderation in the credit profile of the Gainwell group

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Resourceful promoters with long standing business experience**

TIL Limited (TIL) was acquired by the promoters of Gainwell group through Indocrest Defence Solutions Private Limited (IDSPL). Mr. Sunil Kumar Chaturvedi (promoter of the Gainwell group), through IDSPL has infused Rs.120 crore in TIL. The funds have been used to partly settle the existing lenders of TIL through the OTS (One time settlement) mechanism which happened in January 2024 and to fund part of the working capital requirements. Gainwell group, through its flagship company, Gainwell Commosales Private Limited (GCPL) is an exclusive dealer of Caterpillar Inc.'s (CAT) equipment across in northern and eastern India, Nepal and Bhutan. Besides CAT, GCPL also has dealership of other large infrastructure players like Phillips Construction LLC and RPM Global Holdings Limited. GCPL has a strong financial profile and TIL is expected to receive product, knowledge, technical and managerial support from GCPL as and when required. Further, Mr. Sunil Chaturvedi is a common director in GCPL and TIL. Mr. Chaturvedi is a Chartered Accountant and retired IAS by qualification with an experience of over three decades in the sector. He is supported by a team of other qualified directors and experienced personnel. IDSPL and its promoter Mr. Sunil Chaturvedi has articulated to provide operational, managerial and financial support to TIL during the full tenure of the bank facilities availed by the company.



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- **Technical collaboration with leading international players**

TIL has a long term technical and strategic alliance with leading global equipment manufacturers like Groves Cranes, USA, Manitowoc Crane Group, USA, HYSTER, USA, etc. Earlier, the partnerships with the global capital goods giants were put on hold due to financial stress from FY2020 onwards. However, with change in management, the same has been restarted. These collaborations provide requisite technical support to TIL.

- **Healthy order book position reflective near to medium term revenue visibility**

TIL has an unexecuted order book position of Rs.243.30 crore as on August 13, 2024 (3.64 time of its FY2024 consolidated total operating income) which consists of manufacturing orders of Rs.228.26 crore and orders for services and supply of spare parts of Rs.15.04 crore as on August 13, 2024. The order book is expected to be executed within a span of 12-18 months indicating healthy near to medium term revenue visibility. Moreover, the orders are received from reputed private and government companies in sectors like defence, road construction, port handling, mining, etc. which indicates lower counter party credit risk.

Key Rating Weaknesses

- **Decrease in profitability from FY2020 onwards leading to delays in debt repayment obligations albeit regularization of account post-acquisition by Gainwell Group**

The company's financial performance has deteriorated from FY2020 onwards under the previous management. The scale of operations decreased drastically from Rs.377.03 crore in FY2020 to Rs.66.91 crore in FY2024 (Prov.) due to challenges faced by the company, especially the supply chain bottlenecks which included non-availability of critical components and liquidity issues that affected the financial performance of TIL. TIL sustained operating losses from FY2020 onwards and subsequently suffered net loss in FY22 and FY23. PAT of Rs.253.90 crore in FY2024 was majorly attributable to exceptional gain of Rs.302.55 crore which pertains to gains from sale of certain assets, gains arising from OTS of debt obligations which happened in January 2024 and gains arising from forgone of unsecure loans by the earlier promoters. With continuous losses, the net worth of the company had become negative and consequently the account had become NPA. Currently, the company has been taken over by the Gainwell Group which have made good the defaults of TIL. Post takeover, TIL has achieved a TOI of Rs.66.98 crore during



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Q1FY2025. The ability of the company to turnaround itself with increased scale of operations and increase in overall profitability under the new management will be critical from credit perspective.

- **Working capital intensive nature of operations**

TIL's operations have been working capital intensive, marked by its high operating cycle of 476 and 301 days during FY23 and FY24 respectively. The average collection period has generally been on the higher side due to sizeable portion of government contracts, involving procedural delays. This, coupled with the company having a very high raw material holding period (as its raw materials are generally slow moving), resulted in an elongated working capital cycle, despite high creditor days. However, under the current management the company expects its working capital cycle to improve significantly from FY 25 onwards with ongoing renegotiations with its approved and new vendors and aims to bring down inventory to 3 months and debtor cycle to 2 months from new orders & supplies, though the impact of the same is yet to be seen.

- **Exposure to foreign currency fluctuation risk**

A large part of TIL's raw material requirement is met through imports which exposes the company to the risk arising out of fluctuations in foreign currency.

Analytical Approach: Consolidated

Infomerics has considered the consolidated financials of TIL Limited and its wholly owned subsidiary company – TIL Overseas PTE Limited (TILP), which is based out of Singapore on account of its common management team and strong operational & financial linkages. List of entities considered for consolidated analysis is given at Annexure 4.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Parent/group support](#)

[Consolidation of companies](#)

Liquidity – Adequate



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The liquidity profile of the company is expected to remain adequate in the near to medium term in the absence of any major debt repayment obligation till FY2025. Also, the company has unutilised working capital limit to the tune of Rs.17.50 crore which provides adequate buffer in its working capital requirements. Also, the company enjoys a strong parentage by virtue of being associated with the Gainwell group.

About the Company

Incorporated in 1944, TIL Limited (TIL) was initially started as a dealer for Caterpillar Inc (CAT). Subsequently, the company started manufacturing of cranes in 1962. The CAT dealership business was housed under a subsidiary Tractors India Pvt Ltd (TIPL). The subsidiary and the business were hived off in 2016-17 due to continuous losses and were purchased by Mr. Sunil Kumar Chaturvedi (Currently, the Managing Director of TIL). TIL has two manufacturing unit – Kamarhatty and Kharagpur in West Bengal. The plant at Kamarhatty manufactures cranes and reach stackers while the Kharagpur plant (started in 2011) manufactures hot mix asphalt and road construction equipment.

Financials (Consolidated):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	43.83	66.91
EBITDA	(55.00)	(74.58)
PAT	(91.02)	253.90
Total Debt	410.69	171.83
Tangible Net Worth	(331.04)	(65.07)
EBITDA Margin (%)	(125.48)	(111.46)
PAT Margin (%)	(180.13)	367.60
Overall Gearing Ratio (x)	NM	NM
Interest Coverage (x)	NM	NM

* Classification as per Infomerics' standards.

NM = Not Meaningful

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Term Loan	Long Term	75.00*	IVR BBB-; Stable	-	-	-
2	Cash Credit	Long Term	10.00*	IVR BBB-; Stable	-	-	-
3	Bank Guarantee	Short Term	40.00	IVR A3	-	-	-

* Outstanding as on March 31st, 2024

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	June 2031	75.00*	IVR BBB- / Stable
Cash Credit	-	-	-	10.00	IVR BBB- / Stable
Bank Guarantee	-	-	-	40.00	IVR A3

* Outstanding as on March 31st, 2024

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-TIL-Limited-18-sep-24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Entity	Consolidation/Combined Approach
TIL Limited	Consolidation
TIL Overseas PTE Limited	Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.