

September 29, 2023

Tube Investments of India Limited: Change in limits

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|------------------------------------|--------------------------------------|-------------------------------------|---------------------------------|
| Long-term – Fund based | 525.00 | 525.00 | [ICRA]AA+ (Stable); outstanding |
| Short-term – Fund based – Sublimit | (525.00) | (525.00) | [ICRA]A1+; outstanding |
| Short-term – Non-fund based | 500.00 | 500.00 | [ICRA]A1+; outstanding |
| Commercial Paper | 525.00 | 525.00 | [ICRA]A1+; outstanding |
| Total | 1,550.00 | 1,550.00 | |

*Instrument details are provided in Annexure-I

Rationale

This rationale is being released to convey the change in the lender wise facilities of the rated limits, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, rating sensitivities and key financial indicators: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Rating Methodology for Auto Component Suppliers |
| Parent/Group support | Not Applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial profile of the company Details of subsidiaries/associates are provided in Annexure-2 |

About the company

Tube Investments of India Limited (TIIL/the company) is one of the flagship companies of the over Rs. 74,000 crore Chennai-based Murugappa Group. At the standalone level, the company has three divisions – cycles, engineering and metal formed products. The cycles segment manufactures standard and special cycles under the brands BSA, Hercules, Montra and Roadeo and trades some imported brands like Bianchi and Schwinn to name a few. The engineering division manufactures ERW (electric resistance welded) tubes, CDW (cold drawn welded) tubes and cold rolled steel strips (CRSS); while metal formed products comprise automotive and industrial chains, fine blanking products, doorframes, special products such as agri blades and motor casings, and railway products.

In FY2021, TIIL acquired a controlling stake in CG Power and Industrial Solutions Limited, which is among the top five players in India in both of its operating segments – power systems and industrial systems. The power systems segment manufactures electrical products such as transformers, switchgears and circuit breakers, which finds application in power transmission. The industrial systems segment manufactures high and low-tension rotating machines (motors and alternators), stampings, as well as railway transportation and signalling products.

TIIL had eleven subsidiaries/associates/joint ventures as on September 30, 2023. Shanthi Gears Limited (70.47% subsidiary of TIIL) manufactures standard and customised gears for various engineering and industrial segments, while Financiere C10 SAS (100% subsidiary) manufactures engineering and industrial chains, primarily in France. The company acquired 80.0% stake in two Sri Lankan companies – Creative Cycles (Private) Limited and Great Cycles (Private) Limited in FY2018 for backward integration of the mass premium and super premium cycles. TIIL has made a provisions for impairment pertaining to the Srilankan subsidiaries. In the last couple of years, the company has incorporated a wholly-owned subsidiary, TI Clean Mobility Private Limited (TICMPL), for its EV business and acquired stake in three entities under that (engaged in manufacturing of e-tractors, e-SCV and e-HCVs). Further, TIIL acquired 27.8% stake in Aerostrovilos Energy Private Limited, engaged in the development of micro-gas turbine technology, and 76.0% stake in Moshine Electronics Private Limited, engaged in manufacturing of camera modules for mobile phones. TIIL acquired 67.0% stake in Lotus Surgicals Private Limited, which is into the business of producing wound closure products. The company also invested in 50.0% stake of X2 fuels and Energy Private Limited which is engaged in developing processes to convert waste to liquid/solid fuels. TIIL has also invested in contract development and manufacturing operations (CDMO) and active pharmaceutical ingredients (API) business as part of strategy to diversify into new businesses relating to which the company incorporated a subsidiary 3xper Innoventure Limited.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2024) | | Chronology of rating history for the past 3 years | | | | |
|-------------------------|------------|--------------------------|---|---|-------------------------|-------------------------|-------------------------|--------------|
| | | Amount rated (Rs. crore) | Amount outstanding as of Mar 31, 2023 (Rs. crore) | Date & rating in FY2024 | Date & rating in FY2023 | Date & rating in FY2022 | Date & rating in FY2021 | |
| | | | | Sep 29, 2023 | Nov 30, 2022 | Nov 22, 2021 | Nov 27, 2020 | Aug 14, 2020 |
| 1 Fund based | Long term | 525.00 | -- | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | [ICRA]AA+ (Stable) | [ICRA]A A+& | [ICRA]AA +& |
| 2 Fund based – Sublimit | Short term | (525.00) | -- | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1 + | [ICRA]A1+ |
| 3 Non-fund based | Short term | 500.00 | -- | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1 + | [ICRA]A1+ |
| 4 Commercial Paper | Short term | 525.00 | -- | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1 + | [ICRA]A1+ |

&: Rating Watch with Developing Implications

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|------------------------------------|----------------------|
| Long-term – Fund based | Simple |
| Short-term – Fund based – Sublimit | Simple |
| Short-term – Non-fund based | Very Simple |
| Commercial Paper | Very Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

| ISIN | Instrument Name | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|----------------------------|------------------|-------------|----------|--------------------------|----------------------------|
| NA | Cash Credit | - | - | - | 525.00 | [ICRA]AA+ (Stable) |
| NA | EPC/WCDL/STL/Buyers Credit | - | - | - | (525.00) | [ICRA]A1+ |
| NA | LC/BG | - | - | - | 500.00 | [ICRA]A1+ |
| NA** | Commercial Paper | - | - | - | 525.00 | [ICRA]A1+ |

Source: Company; **Yet to be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

| Company Name | Ownership | Consolidation Approach |
|---|-----------|------------------------|
| Subsidiaries/Associates/Joint Ventures | | |
| Shanti Gears Limited | 70.47% | Full Consolidation |
| CG Power and Industrial Solutions Limited | 58.05% | Full Consolidation |
| Financiere C10 SAS (FC 10) | 100.00% | Full Consolidation |
| Great Cycles (Private) Limited | 80.00% | Full Consolidation |
| Creative Cycles (Private) Limited | 80.00% | Full Consolidation |
| TI Clean Mobility Private Limited | 100.00% | Full Consolidation |
| Moshine Electronics Private Limited | 76.00% | Full Consolidation |
| Aerostrovilos Energy Private Limited | 27.78% | Equity Method |
| Lotus Surgicals Private Limited | 67.00% | Full Consolidation |
| 3xper Innoventure Limited | 95.00% | Full Consolidation |
| X2 Fuels and Energy Private Limited | 50.00% | Equity Method |

Source: Company

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

K Srikumar
+91 44 4596 4318
ksrikumar@icraindia.com

Vinutaa S
+91 44 4596 4305
vinutaa.s@icraindia.com

Sriraman Mohan
+91 44 4596 4311
sriraman.mohan@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.