

## Press Release

Man Tubinox Limited

January 11, 2019



### Rating Downgraded

<b>Total Bank Facilities Rated*</b>	Rs.165.00 Cr.
<b>Long Term Rating</b>	ACUITE D (Downgraded from ACUITE BB/Stable)
<b>Short Term Rating</b>	ACUITE D (Downgraded from ACUITE A4+)

\* Refer Annexure for details

### Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D' (read as ACUITE D)** from '**ACUITE BB' (read as ACUITE double B)** and short term rating to '**ACUITE D' (read as ACUITE D)** from '**ACUITE A4+' (read as ACUITE A four plus)** on the Rs.165.00 cr. bank facilities of Man Tubinox Limited.

The downgrade is in view of persistent delays in servicing the debt obligation.

Man Tubinox Limited (MTL), incorporated in 2006 is part of the J. C. Man Group of Industries. The company is headed by Mr. Jagdish Mansukhani (Chairman) who has more than three decades of experience in the industry. The company is engaged in trading of steel products such as special steel tubes & pipes, billets, flat and long steel products among others. The company plans to set up a unit at Pithampur, Madhya Pradesh to manufacture seamless stainless steel tubes & pipes at an installed capacity of 15000 MT per annum.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the MTL to arrive at this rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

MTL, incorporated in 2006 is headed by Mr. Jagdish J. Mansukhani (Chairman) who holds more than three decades of experience in the industry. He was associated previously with Man Group of Industries. Presently he has no active involvement in Man Industries on account of family settlement. Currently the company is engaged in the trading of steel products to sustain its day to day operations however the key focus is setting up a manufacturing unit for seamless steels and tubes.

#### Weaknesses

- **Delays in servicing of debt obligation**

There have been instances of persistent delays in servicing of debt obligation.

### **About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	274.63	295.27	265.07
EBITDA	Rs. Cr.	6.64	0.43	2.25
PAT	Rs. Cr.	0.96	(0.88)	1.10
EBITDA Margin	(%)	2.42	0.15	0.85
PAT Margin	(%)	0.35	(0.30)	0.42
ROCE	(%)	6.90	3.04	8.79
Total Debt/Tangible Net Worth	Times	0.15	0.18	0.15
PBDIT/Interest	Times	1.24	0.81	1.89

Total Debt/PBDIT	Times	1.89	5.94	2.97
Gross Current Assets (Days)	Days	172	140	91

**Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Trading entities - <http://acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/criteria-complexity-levels.htm>

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
06-Feb-18	Term loans	Long term	10.00	ACUITE BB/Stable (Assigned)
	Proposed Term Loan	Long term	40.00	ACUITE BB/Stable (Assigned)
	Proposed Term Loan	Long term	30.00#	ACUITE BB/Stable (Assigned)
	Proposed Cash Credit	Long term	5.00	ACUITE BB/Stable (Assigned)
	Cash Credit	Long term	7.00	ACUITE BB/Stable (Assigned)
	Cash Credit	Long term	2.50	ACUITE BB/Stable (Assigned)
	Letter of credit	Short Term	23.00	ACUITE A4+ (Assigned)
	Proposed Cash Credit	Long term	35.00	ACUITE BB/Stable (Assigned)
	Proposed Letter of Credit	Short Term	12.50*	ACUITE A4+ (Assigned)

\*100% interchangeability with CC limit

#100% interchangeability as LC/BG/Buyers Credit

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Downgraded from ACUITE BB/Stable)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE D (Downgraded from ACUITE BB/Stable)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	30.00#	ACUITE D (Downgraded from ACUITE BB/Stable)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Downgraded from ACUITE BB/Stable)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE D (Downgraded from ACUITE BB/Stable)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE D (Downgraded from ACUITE BB/Stable)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	23.00	ACUITE D (Downgraded from ACUITE A4+)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE D (Downgraded from ACUITE BB/Stable)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	12.50*	ACUITE D (Downgraded from ACUITE A4+)

\*100% interchangeability with CC limit

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**About Acuité Ratings & Research:**

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