

Press Release
Man Tubinox Limited

January 11, 2019

Rating Downgraded



| | |
|-------------------------------------|--|
| Total Bank Facilities Rated* | Rs.165.00 Cr. |
| Long Term Rating | ACUITE D (Downgraded from ACUITE BB/Stable) |
| Short Term Rating | 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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Contacts

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About Acuité Ratings & Research:

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