

APRIL 09, 2015

CARE ASSIGNS 'CARE A+' AND 'CARE A1+' RATINGS TO THE BANK FACILITIES AND CP ISSUE OF MANAKSIA STEELS LIMITED

Ratings

Bank Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities\$	50.00	CARE A+ (Single A Plus)	Assigned
Short term Bank Facilities\$	196.00	CARE A1+ (A One Plus)	
Total Facilities	246.00		
Proposed Commercial Paper issue - Standalone*	30.00	CARE A1+ (A One Plus)	Assigned

\$The bank facilities has an outstanding rating of CARE AA/A1+ under credit watch in Manaksia Ltd.(ML) In view of demerger of steel division to a separate company, Manaksia Steels Ltd., part of bank facilities in the books of ML has been transferred to MSL, pursuant to the demerger.

*The aggregate of outstanding CP and other working capital borrowings shall be within the sanctioned fund-based working capital limits with banks.

Rating Rationale

The ratings draw strength from the experienced promoters, diversified product profile, satisfactory overall gearing ratio, moderate profitability margins marked by low working capital utilisation and strong financial profile of its major customer MINL Ltd. (MINL), Nigeria a wholly owned subsidiary of Manaksia Ltd. The above strengths are partially offset by volatility in prices of raw materials and finished goods, exposure to foreign exchange fluctuation risk and high degree of revenue concentration to Nigeria. Ability of the company to improve its profitability, diversify geographically and sustenance of capital structure are the key rating sensitivities.

Background

Manaksia Steels Ltd. (MSL) was incorporated on June 07, 2001. It was a dormant company till Oct.01, 2013 before the transfer of steel division of Manaksia Ltd, as per the scheme of demerger. Net assets aggregating Rs.129.97 crore (comprising assets of Rs.306.07 crore and liabilities of Rs.176.10 crore) of ML were transferred to Manaksia Steels Ltd. (MSL).

The steel division of ML manufactures and sells value added steel products comprising of Cold rolled sheets, Galvanized Corrugated Sheets, Galvanized Plain Sheets, Pre-painted color coated steel sheets. The plants of MSL are located at Haldia where it manufactures cold rolling sheets (1,00,000 tpa) and galvanized steel (36,000 tpa). It also has colour coated line for the manufacture of pre-painted steel sheets.

In H2FY14 (refers to the period October 1 to March 31), MSL achieved PAT (after deferred tax) of Rs.10.52 crore on total operating income of Rs.212.51 crore. Further, MSL reported PAT of Rs.6.30 crore on total income of Rs.220.05 crore in H1FY15.

Analyst Contact

Name: Vineet Chamaria

Tel: 033-4018 1600

Mob: 9051730850

Email: vineet.chamaria@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings 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.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 94139 69100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691