June 25, 2020

Vibhor Steel Tubes (P) Limited: Ratings downgraded and continue to remain under Non Cooperating category.

Summary of rated instruments

Instrument^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Cash Credit	38.00	38.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable) and Rating continues to remain under the 'Issuer Not Cooperating' category
Long Term – Term Loan	16.96	16.96	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable) and Rating continues to remain under the 'Issuer Not Cooperating' category
Non-fund based – Letter of Credit	21.00**	21.00**	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Non-fund based – Bank Guarantee	21.00**	21.00**	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Fund-based – Forward Contract Limit	(5.00)***	(5.00)***	[ICRA]BB+ (Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable)/[ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Fund-based – EPC/PCFC//EBC/FBD/ODBC	(5.00)***	(5.00)***	[ICRA]BB+ (Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable)/[ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Fund-based – Derivative / CEL	0.10	0.10	[ICRA]BB+ (Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable)/[ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Unallocated	7.94	7.94	[ICRA]BB+ (Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable)/[ICRA]A3 and Rating continues to remain under the 'Issuer Not Cooperating' category
Total	**105.00**	**105.00**	

**Issuer did not cooperate; based on best available information.*
***fully interchangeable*
****sublimit of cash credit facility*
^Instrument details are provided in Annexure-1

Rationale

The Long-term and short-term ratings downgrade is because of lack of adequate information of Vibhor Steel Tubes (P) Limited's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Vibhor Steel Tubes (P) Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: Click here

About the company:

VSTPL was promoted by Mr. Vibhor Kaushik and Mr. Vijay Kaushik in 2003. The company is engaged in manufacturing of hollow section, GI and ERW (Electric Resistance Welded) black pipes, ranging from size 1/2" to 8" in diameter. It has two manufacturing facilities, one located at Raigarh, Maharashtra; with a production capacity of 1,25,000 MT per annum and the second located in Mehboob Nagar, Telangana; with a production capacity of 96,000 MT per annum.

Status of non-cooperation with previous CRA

CRA	Status	Date of Release
CRISIL	CRISIL B+(Stable)/A4; Issuer Not Cooperating; Downgraded	August 06, 2019
CARE	CARE BBB- (Stable)/A3; Issuer Not Cooperating; Downgraded/Reaffirmed	March 13, 2020

Key financial indicators:

	FY2018	FY2019
Operating Income (Rs. crore)	448.17	600.20
PAT (Rs. crore)	11.41	6.26
OPBDIT/OI (%)	6.76%	3.93%
RoCE (%)	25.27%	14.07%
Total Outside Liabilities/Tangible Net Worth (times)	3.09	3.67
Total Debt/OPBDIT (times)	3.16	5.66
Interest Coverage (times)	1.97	2.44

Source:MCA

Any other information

Not applicable.

Applicable Rating Methodologies Policy in respect of non-cooperation by the rated entity

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years	
		Type	Amount Rated	Amount Outstanding	Rating	FY2020	FY2018
					25-Jun-2020	30-May-2019	23-Nov-2017
1	Cash Credit	Long Term	38.00	-	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)
2	Term Debt	Long Term	16.96		[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)
3	Letter of Credit	Short Term	21.00**	-	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3; ISSUER NOT COOPERATING	[ICRA]A3
4	Bank Guarantee	Short Term	21.00**	-	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3; ISSUER NOT COOPERATING	[ICRA]A3
5	Forward Contract Limit	Long Term / Short Term	(5.00)***	-	[ICRA]BB+ (Stable)/A4+; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3
6	EPC/PCFC//EBC/FBD/ODBC	Long Term / Short Term	(5.00)***	-	[ICRA]BB+ (Stable)/A4+; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3
7	Derivative / CEL	Long Term / Short Term	0.10	-	[ICRA]BB+ (Stable)/A4+; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3
8	Unallocated	Long Term / Short Term	7.94	-	[ICRA]BB+ (Stable)/A4+; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/A3

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1

Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	38.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Term Loan	FY2014	NA	FY2020	16.96	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Letter of Credit	NA	NA	NA	21.00**	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Bank Guarantee	NA	NA	NA	21.00**	[ICRA]A4+ ISSUER NOT COOPERATING
NA	Forward Contract Limit	NA	NA	NA	(5.00)***	[ICRA]BB+ (Stable)/ A4+; ISSUER NOT COOPERATING
NA	EPC/PCFC//EBC/FBD /ODBC	NA	NA	NA	(5.00)***	[ICRA]BB+ (Stable)/ A4+; ISSUER NOT COOPERATING
NA	Derivative / CEL	NA	NA	NA	0.10	[ICRA]BB+ (Stable)/ A4+; ISSUER NOT COOPERATING
NA	Unallocated	NA	NA	NA	7.94	[ICRA]BB+ (Stable)/ A4+; ISSUER NOT COOPERATING

Source: Vibhor Steel Tubes (P) Limited

Analyst Contacts

Mr. K Ravichandran
+91 44 4596 4301
ravichandran@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

Sruthi Vinesh
+91 80 4922 5513
sruthi.vinesh@icraindia.com

Dhwani Vinchhi
+91 79 4027 1563
dhwani.vinchhi@icraindia.com

Relationship Contact

Jayanta Chatterjee
+91 80 4332 6401
jayantac@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

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Registered Office
1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001
Tel: +91 11 23357940-50

Branches

Mumbai	+ (91 22) 24331046/53/62/74/86/87
Chennai	+ (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata	+ (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore	+ (91 80) 2559 7401/4049
Ahmedabad	+ (91 79) 2658 4924/5049/2008
Hyderabad	+ (91 40) 2373 5061/7251
Pune	+ (91 20) 2556 0194/ 6606 9999