



Press Release
NIF ISPAT LIMITED
May 19, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	66.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	4.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on Rs.70.00 Cr. bank facilities of NIF Ispat Limited. The outlook is '**Stable**'.

Rationale for Rating

The rating considers the stable business risk profile of the company driven by decline in revenues albeit increase in profitability margins during FY24. The revenues achieved for FY25 is ~Rs.189.09 Cr. The company will enhance its operations by installation of a ductile iron plant in FY26. The rating also draws comfort from the long operational track record of decades, extensive experience of the promoters and diversified geographical presence and product portfolio. The rating also factors the healthy financial position of the company characterized by moderate networth and comfortable capital structure and debt protection metrics. The liquidity position is adequate reflected by sufficient net cash accruals against debt repayments, moderate current ratio and absence of debt funded capex plans. However, these strengths are partially offset by the working capital-intensive nature of operations, volatility in raw material prices and the exposure to the foreign exchange rate fluctuations.

About the Company

Incorporated in 1955, NIF Ispat Limited (NIFIL) is based in West Bengal and is headed by Mr. Girish Kumar Madhogaria and Mr. Sugam Madhogaria. The company is ISO 9001:2008 certified and is engaged in the manufacturing of cast iron and ductile iron castings.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of NIFIL to arrive at the rating.

Key Rating Drivers

Strengths

Long operational track record and experienced management

NIFIL was incorporated in 1955 and has a long operational track record of more than six decades in the cast iron and ductile iron manufacturing business. The promoters, Mr. Girish Kumar Madhogaria, Mr. Sugam Madhogaria and Mrs. Pushpa Madhogaria manages the operations of the company. The company has a long-standing presence in cast-iron and ductile iron casting segment. NIFIL has installed a ductile iron plant which will be operational from FY26 and has plans of setting up a processing unit. These are funded through internal cash accruals. NIFIL serves the real estate sector, supplying key clients such as L&T and Godrej, as well as airport projects across India. The company has a broad market presence, exporting to 35 countries, including the USA, Canada, and various European

countries. Acuite believes that the long track of operations and the extensive experience will continue to benefit the company going forward.

Decrease in revenue albeit improving margins in FY24

The company has achieved an operating income of Rs. 171.81 Cr. in FY24 as against Rs. 183.60 Cr. in FY23. The decrease in revenue was due to reduced sales volume and prices of cast iron. Further, the company has achieved revenues of ~Rs.189.09 Cr in FY2025. The order in hand comprises of ~Rs.40.00 Cr as of April 2025 which will be executed within 10 weeks along a rolling pipeline of new orders.

The EBITDA margins stood at 13.43 percent in FY24 as against 12.58 percent in FY23. The increase was due to reductions in other manufacturing costs, raw material costs and selling expenses. The PAT Margin stood at 5.99 percent in FY24 as against 5.47 percent in FY23 due to reduced interest costs. Acuite believes that the scale of operations will improve over the medium term backed by order flow.

Healthy Financial Risk Profile

The company has a healthy financial risk profile marked by increase in net worth, improved gearing ratio and healthy debt protection metrics. The tangible net worth of the company stood at Rs. 61.68 Cr. in FY24 as against Rs. 51.42 Cr. in FY23 due to accretion of reserves. The gearing stood below unity at 0.92 times in FY24 as against 1.35 times in FY23. The unsecured loans stood at Rs.12.98 Cr. in FY24 as against Rs.13.06 Cr. in FY23. These are interest bearing at a rate of 7% to 12% but company has a plan to refund these by FY27. TOL/TNW ratio stood at 1.03 times in FY24 as against 1.50 times in FY23. The interest coverage ratio and debt service coverage ratio stood at 5.14 times and 1.68 times respectively as of March 31, 2024. Acuite believes that the financial risk profile remains healthy supported by healthy cash accruals even though the company is expected to incur capex.

Weaknesses

Intensive working capital cycle

The working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 172 days for FY2024 and FY2023 on account of receivables days followed by inventory days. The debtor days of the company stood at 86 days for FY2024 and FY2023. The credit terms on an average are ~2months. Further, the inventory days of the company stood at 74 days in FY2024 as against 83 days in FY2023. The company stores 4 to 7 weeks of work in progress goods and 30 days of raw materials for any kind of buffer. Against this, the company has minimal dependence on its suppliers to support the working capital; creditors stood at 7 days for FY2024 as against 8 days for FY 2023. NIFIL make advance payments for more than 50% of the purchases of pig iron. Acuite believes that working capital cycle will remain on similar lines over the medium term.

Rating Sensitivities

Movement in revenue and profitability margins

Working capital cycle

Timely completion of capex

Liquidity Position

Adequate

The company has adequate liquidity marked by the steady net cash accruals of Rs.15.18 Cr. as on March 31, 2024, as against Rs. 7.40 Cr. long term debt obligations over the same period. NIFIL has also made prepayments during FY24. The cash and bank balance stood at Rs. 4.46 Cr. for FY 2024. Further, the current ratio of the company stood comfortable at 1.62 times in FY2024. Moreover, the bank limit of the company has been ~84.15 percent utilized for the last six months ended February 2025. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 172 days for FY2024 and FY2023. Acuite believes that the liquidity of the company is likely to remain similar on account of improving cash accruals, comfortable current ratio and absence of debt funded capex plans over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	171.81	183.60
PAT	Rs. Cr.	10.28	10.04
PAT Margin	(%)	5.99	5.47
Total Debt/Tangible Net Worth	Times	0.92	1.35
PBDIT/Interest	Times	5.14	4.55

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Mar 2024	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	PC/PCFC	Long Term	44.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	PC/PCFC	Long Term	17.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Packing Credit	Long Term	8.05	ACUITE Not Applicable (Withdrawn)
	Proposed Packing Credit	Long Term	11.00	ACUITE Not Applicable (Withdrawn)
	Proposed Working Capital Term Loan	Long Term	0.95	ACUITE Not Applicable (Withdrawn)
04 Jan 2023	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3 (Reaffirmed)
	PC/PCFC	Long Term	25.20	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	5.89	ACUITE BBB- Stable (Reaffirmed)
	Proposed Packing Credit	Long Term	8.05	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	15.04	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.30	ACUITE BBB- Stable (Reaffirmed)
	Proposed Packing Credit	Long Term	11.00	ACUITE BBB- Stable (Reaffirmed)
	PC/PCFC	Long Term	17.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.52	ACUITE BBB- Stable (Reaffirmed)
08 Nov 2022	PC/PCFC	Short Term	25.20	ACUITE A3 (Assigned)
	Proposed Packing Credit	Short Term	8.05	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3 (Assigned)
	Proposed Packing Credit	Short Term	11.00	ACUITE A3 (Assigned)
	PC/PCFC	Short Term	17.00	ACUITE A3 (Assigned)
	Covid Emergency Line.	Long Term	5.89	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	15.04	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	4.30	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.52	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.20	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.80	Simple	ACUITE BBB Stable Reaffirmed

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About Acuité Ratings & Research

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