



**Press Release**  
**Ispat Damodar Private Limited**  
**November 14, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.50	ACUITE C   Downgraded	-
Total Outstanding Quantum (Rs. Cr)	9.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to ‘**ACUITE C**’ (read as **ACUITE C**) from ‘**ACUITE BB**’ (read as **ACUITE double B**) on the Rs.9.50 Cr. bank facilities of Ispat Damodar Private Limited (IDPL).

**Rationale for Downgrade**

Acuite has observed that the CRIF Highmark report indicates SMA-2 in August 2024 for Cash Credit account. It has also observed that bank has charged penal interest dated Aug 31, 2024 in the account. Based on such reporting, Acuite has downgrade the rating to recognise the default/ delay of August 2024.

**About the Company**

Incorporated in 1996, Ispat Damodar Private Limited (IDPL) was promoted by Mr. Satpal Bansal and located at Purulia, West Bengal. Currently, IDPL is headed by Mr. Sumita Majee and Mr. Arup Majee. Majee family has taken it in 2019 but shareholding largely remains with Mr. Bansal. The company is engaged in the manufacturing of sponge iron, MS billet and ferro alloys with an installed capacity of 60000 MTPA each. The company also has an 18 MW captive waste heat based power plant.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profiles of IDPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Long track record of operations and experienced management**

IDPL’s key promoter, Mr. Vikas Bansal has an experience spanning over a decade in the ferro alloy, billet and sponge iron industry and understanding of the local market dynamics. The company has also established relationships with reputed players like Oswal Minerals Ltd, Odisha Mining Corporation Limited, Carbon Resources Pvt. Ltd. only to name a few. Acuite believes the long track record, experienced management and healthy relations with suppliers and customers will continue to support the business, going forward.

**Weaknesses**

**Decline in sales in FY2023 and going forward expected to be subdued**

The Company’s revenues have declined in FY2023 at Rs. 576.67 Cr. against Rs. 619.98 Cr. in FY2022 due to increasing cost of raw materials leading to lesser sales for the Company as they were not able to pass on the costs. The revenues of the Company were at Rs. 303. 67 Cr. as of December 2023 (Provisional) basis. 2-3 month shut down in billet in FY2023 and FY2024.

**Intense competition and inherent cyclical nature of the steel industry**

The downstream steel industry remains heavily fragmented and unorganised. The company is exposed to intense

competitive pressures from large number of organised and unorganised players along with its exposure to inherent cyclical nature of the steel industry. Additionally, prices of raw materials and products are highly volatile in nature.

**Delays in servicing term debt obligations**

The team has recently found OD penal charges in the bank statement dated 31/08/2024, and the CRIF Highmark

report shows a delay in the Cash Credit account and is mentioned as SMA-2 in August 2024. Although the account conduct is satisfactory till date.

#### **Rating Sensitivities**

- Timely servicing of term debt obligations

#### **Liquidity Position**

##### **Poor**

The team has recently found OD penal charges in the bank statement dated 31/08/2024, and the CRIF Highmark report shows a delay in the Cash Credit account and is mentioned as SMA-2 in August 2024. Although the account conduct is satisfactory till date.

#### **Outlook: Not Applicable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	576.67	619.98
PAT	Rs. Cr.	7.65	5.04
PAT Margin	(%)	1.33	0.81
Total Debt/Tangible Net Worth	Times	0.47	0.55
PBDIT/Interest	Times	8.96	5.09

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Apr 2024	Bank Guarantee (BLR)	Short Term	6.04	ACUITE A4+ (Reaffirmed & Withdrawn)
	Bank Guarantee (BLR)	Short Term	11.53	ACUITE A4+ (Reaffirmed & Withdrawn)
	Letter of Credit	Short Term	1.26	ACUITE A4+ (Reaffirmed & Withdrawn)
	Cash Credit	Long Term	14.70	ACUITE BB (Downgraded & Withdrawn from ACUITE BB+   Stable)
	Cash Credit	Long Term	32.33	ACUITE BB (Downgraded & Withdrawn from ACUITE BB+   Stable)
	Cash Credit	Long Term	1.00	ACUITE BB   Stable (Downgraded from ACUITE BB+   Stable)
	Cash Credit	Long Term	8.50	ACUITE BB   Stable (Downgraded from ACUITE BB+   Stable)
	Proposed Long Term Bank Facility	Long Term	15.64	ACUITE Not Applicable (Withdrawn)
	Proposed Bank Guarantee	Short Term	20.00	ACUITE Not Applicable (Withdrawn)
06 Jan 2023	Bank Guarantee (BLR)	Short Term	11.53	ACUITE A4+ (Downgraded from ACUITE A3)
	Letter of Credit	Short Term	1.26	ACUITE A4+ (Downgraded from ACUITE A3)
	Proposed Bank Guarantee	Short Term	20.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	6.04	ACUITE A4+ (Downgraded from ACUITE A3)
	Cash Credit	Long Term	23.20	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	15.64	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	33.33	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
18 Oct 2021	Bank Guarantee (BLR)	Short Term	6.04	ACUITE A3 (Upgraded from ACUITE A4+)
	Proposed Bank Guarantee	Short Term	20.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Letter of Credit	Short Term	1.26	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	11.53	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	33.33	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	15.64	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
	Cash Credit	Long Term	23.20	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.50	Simple	ACUITE C   Downgraded ( from ACUITE BB )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE C   Downgraded ( from ACUITE BB )

## Contacts

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### About Acuité Ratings & Research

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