



**Press Release**  
**UMA ISPAT PRIVATE LIMITED**  
**October 04, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	84.88	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	84.88	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating at '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) for Uma Ispat Private Limited (UIPL) on the Rs. 84.88 Cr. bank facilities. The outlook is '**Stable**'.

**Rationale for rating**

The rating takes into cognizance the long track of operations with diversified clientele, stable business risk profile, efficient working capital cycle and adequate liquidity position. However these strengths are partly offset by the volatility in steel prices in the market and supplier concentration risk.

**About the Company**

Kolkata – Based, Uma Ispat Private Limited was incorporated in 1996. The company is engaged in trading and decoiling of finished flat products of Steel Authority of India Limited. The products traded are H R Coil, H R Sheet, H R Plate, PMP Plate, CR Coil, chequered Coil & Plate and Iron Structure.

The directors of the firm are Ms. Sapna Seth, Mr. Vanit Kumar Seth and Mr. Vinay Seth.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Uma Ispat Private Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced Promoters and diversified clientele**

The company is backed by promoters namely Mr. Vinay Seth and Mr. Vanit Kumar Seth who have prior experience in trading of iron and steel for almost over two decades.

The company has a diversified clientele base having the key clients from North East, Madhya Pradesh, Maharashtra and presence across east and west India. Acuite believes that the business will benefit from the

promoters experience coupled with healthy relations with the clientele going forward.

**Above average financial risk profile**

The financial risk profile of the company is above average marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The adjusted tangible net worth stood at Rs.30.44 Cr. as on March 31, 2024 as compared to Rs.24.21 Cr. as on March 31,2023 and Rs. 22.74 Cr. as on March 31,2022 and unsecured loans being treated as quasi equity of Rs. 4.51 Cr. in FY 2024. Adjusted Gearing stood comfortable at 1.57 times as on March 31, 2024 compared to 1.46 times as on March 31,2023 and 0.73 times as on March 31, 2022. The interest coverage ratio stood at 1.80 times as on March 31,2024 compared to 1.97 times as on March 31, 2023 and 5.16 times as on March 31, 2022. The debt service coverage ratio stood at 1.53 times as on March 31,2024 compared to 1.74 times as on March 31,2023 and 4.12 times as on March 31, 2022. The TOL/TNW stood at 1.62 times as on March 31, 2024 compared to 1.49 times as on March, 2023 and 0.84 times as on March 31, 2022. The company has set up a coil cutter plant amounting to Rs. 27.03 Cr. which is partly funded by term loan of Rs. 18.50 Cr and promoter's contribution of Rs. 8.53 Cr. The trail runs have been completed. Acuite believes that the company's financial risk profile will remain above average in medium term backed by steady cash accruals.

### **Efficient working capital management**

The operations of the company have an efficient working capital cycle as reflected from Gross Current Assets of 47 days as on March 31, 2024 compared to 46 days as on March 31, 2023 and 35 days in as on March 31, 2022. The inventory days stood at 21 days as on March 31, 2024 as compared to 27 days as on March 31, 2023 and 18 days as on March 31, 2022. The debtor days stood at 6 days as on March 31, 2024 compared to 3 days as on March 31, 2023 and 4 days as on March 31, 2022. The company does not avail much credit from SAIL (Steel Authority of India Limited) and largely functions on cash and carry model with them to avail of various incentives. Acuite believes that working capital requirements are expected to remain efficient of the company over the medium term.

### **Weaknesses**

#### **Supplier Concentration risk**

The company is exposed to supplier concentration risk since SAIL is the sole supplier of products to the company. Any breach in MoU terms might impact the company, since it has limited bargaining power against SAIL and relaxation in any terms and conditions of the MoU would be exercised only at the discretion of SAIL. Any change in the availability of products or pricing might directly impact UIPL's earning profile. However, the company has not witnessed any such un-toward risk in the past 20 years track record with SAIL. Acuite believes the company will be exposed to the supplier concentration risk over the medium term.

#### **Margins are susceptible to price fluctuations**

The company's performance remains vulnerable to cyclicity in the steel sector as demand for steel depends on performance of end user segments such as construction and real estate. Indian steel sector is highly competitive due to presence of large number of players. Acuite believes that the operating margin of the company will continue to remain exposed to fluctuations in the prices of raw materials as well as price realization from finished goods.

### **Rating Sensitivities**

- Improvement in revenues while improving operating profitability.
- Timely implementation of the coil cutting plant leading to better revenues and margins
- Working capital cycle

### **Liquidity Position**

#### **Adequate**

The liquidity is adequate marked by steady net cash accruals of Rs. 2.02 Cr. in FY 2024 as against long term debt repayment of Rs. 0.19 Cr. over the same period. The cash and bank balances stood at Rs. 0.09 Cr. in FY 2024 as compared to Rs. 0.10 Cr. in FY 2023 and Rs. 0.05 Cr. in FY 2022. The current ratio stood at 1.37 times as on March 31, 2024 as compared to 1.61 times as on March 31, 2023 and 2.19 times in FY 2022. Moreover, the fund-based limit was utilized at 70 per cent for the six-months ended August 2024. Acuite believes that going forward the liquidity position of the company will remain adequate in the absence of any major debt funded capex plans.

### **Outlook: Stable**

Acuite believes the outlook on company will remain 'Stable' over the medium term backed by its experienced management and long track record of operations along with efficient working capital management. The outlook may be revised to 'Positive' if the company is able to improve its scale of operations significantly along with sustained improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of stretch in liquidity profile or deterioration in financial risk profile.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	443.66	443.34
PAT	Rs. Cr.	1.73	1.46
PAT Margin	(%)	0.39	0.33
Total Debt/Tangible Net Worth	Times	1.57	1.46
PBDIT/Interest	Times	1.80	1.97

### 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-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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:Not Applicable**

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	62.20	Simple	ACUITE BBB- Stable   Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.10	Simple	ACUITE BBB- Stable   Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2025	1.13	Simple	ACUITE BBB- Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.95	Simple	ACUITE BBB- Stable   Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2032	18.50	Simple	ACUITE BBB- Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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