

January 31, 2023

Saivijay Pragati Steel Udyog Private Limited (erstwhile Pragati Steel Udyog Private Limited): Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Cash Credit	22.00	22.00	[ICRA]BB(Stable); withdrawn
Long term – Working Capital Term Loan	6.00	6.00	[ICRA]BB(Stable); withdrawn
Short term – Interchangeable #	(5.00)	(5.00)	[ICRA]A4+; withdrawn
Total	28.00	28.00	

*Instrument details are provided in Annexure I; # Non-fund-based letter of credit limits interchangeable with cash credit limits

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Saivijay Pragati Steel Udyog Private Limited (erstwhile Pragati Steel Udyog Private Limited) (SPSUPL) at the request of the company and based on the no-objection certificates received from the bankers. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Ferrous Metals Industry Policy on withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Established in 1986, Incorporated in 2004, Saivijay Pragati Steel Udyog Private Limited (SPSUPL) manufactures sponge iron with a capacity of 30,000 MTPA and its manufacturing facility is located in Hospet, Karnataka. The company employs pre-heating technology for manufacturing sponge iron. SPSUPL was started by Late Srinivasulu Setty and the day-to-day operations are handled by his son, Mr. Santosh. The promoter Group also used to own an iron ore mine under a proprietorship firm, M/s Geetha Srinivasulu (erstwhile known as M/s S.V.Srinivasalu), but the mine has now been shut down following the expiry of lease in March 2020.

Key financial indicators

	FY2021	FY2022
Operating Income (Rs. crore)	58.68	109.73
PAT (Rs. crore)	1.30	4.46
OPBDIT/OI (%)	8.84%	9.18%
RoCE (%)	11.59%	22.54%
Total Outside Liabilities/Tangible Net Worth (times)	5.30	3.75
Total Debt/OPBDIT (times)	5.64	3.47
Interest Coverage (times)	1.92	5.64
DSCR (times)	1.87	4.23

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2022 (Rs. crore)	Current rating	Date & rating in FY2022		Date & rating in FY2021	Date & rating in FY2020
					Jan 31, 2023	Mar 21, 2022	Apr 23, 2021	-	Oct 01, 2019
1	Cash Credit	LT	22.00	-	[ICRA]BB (Stable); withdrawn	[ICRA]BB (Stable)	[ICRA]BB (Stable)	-	[ICRA]BB (Stable)
2	Letter of credit	ST	-	-	-	-	[ICRA]A4+	-	[ICRA]A4+
3	Unallocated	LT/ST	--	-	-	-	[ICRA]BB (Stable)/[ICRA]A4+	-	[ICRA]BB(Stable)/[ICRA]A4+
4	Working Capital Term Loan	LT	6.00	-	[ICRA]BB (Stable); withdrawn	[ICRA]BB (Stable)		-	-
5	Interchangeable #	ST	(5.00)	-	[ICRA]A4+; withdrawn	[ICRA]A4+		-	-

Non fund-based letter of credit limits interchangeable with cash credit limits

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Cash Credit	Simple
Long term – Working Capital Term Loan	Simple
Short term – Interchangeable	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Cash Credit	NA	NA	NA	22.00	[ICRA]BB (Stable); withdrawn
NA	Long term – Working capital Term Loan	FY2021-FY2022	11-12%	FY2025-2026	6.00	[ICRA]BB (Stable); withdrawn
NA	Short term – Interchangeable	NA	NA	NA	(5.00)	[ICRA]A4+; withdrawn

Source: Company; **Note:** Amount in Rs. Crore

[Please click here to view the details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis-Not Applicable

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About ICRA Limited:

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Branches



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