



## Press Release

### Sanvijay Alloys and Power Limited (SAPL)

**March 26, 2025**

#### Rating

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Facilities	723.51 (Enhanced from 255.77)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Facilities	25.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating Reaffirmed	Simple
Long Term Facilities – Proposed Term Loan	0.00 (Reduced from 500.23)	-	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Withdrawn	Simple
<b>Total</b>	<b>748.51</b> <b>(Rupees Seven hundred and forty-eight crore and fifty-one Lakh only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The reaffirmation of ratings to the bank facilities of Sanvijay Alloys and Power Limited (SAPL) factors in the continuation of project execution risk associated with its substantial capital expenditure which is expected to be completed by Q2 FY27. Further, the ratings continue to derive strength from the experience of its promoters, SAPL's forward and backward integration within the parent and subsidiary company, as well as its strategic location near mining sites. Additionally, the company benefits from a moderate scale of operations, improving profitability margins, and eligibility for the mega project benefits scheme. However, the ratings remain constrained by SAPL's moderate financial risk profile, exposure to price volatility, and the challenges posed by intense competition and the cyclical nature of the steel industry.

The outlook is stable after considering the extensive experience of the promoters



## Press Release

The rating for Rs 500.23 crore Proposed Term Loan has been withdrawn based on the client request as the limits has been sanctioned. The rating withdrawn is in line with 'Infomerics' policy on withdrawal

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial & sustained growth in scale of operations with improvement in profitability while maintaining the debt protection metrics & capital structure
- Substantial improvement in the credit risk profile of the parent

#### **Downward Factors**

- Any time or cost over run in the proposed capex
- Any decline in revenue and profitability leading to deterioration in debt protection metrics
- Any decline in the credit risk profile of the parent.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

#### **Experienced management with established track record of operations of the group in steel industry**

Sanvijay Alloys and Power Limited, part of Omsairam Steels and Alloys Private Limited (OSAPL), a key entity within the Omsairam Group. The group, established by the Bharuka Family, has over three decades of experience in steel manufacturing and trading, with a strong presence in Maharashtra. Supported by a team of skilled professionals, the group has a proven track record of executing steel projects efficiently.

Founded on August 14, 2003, OSAPL is the flagship company of the group, engaged in manufacturing and trading steel products. It produces TMT bars under the brand "UMA 500 TMX," utilizing its own MS Billets and hot rolling technology.



## Press Release

### **Location advantage with plant proximity to mines**

SAPL's manufacturing unit is located in Chandrapur, Maharashtra, strategically positioned near iron ore and coal mines, which helps reduce transportation costs.

### **Moderate scale of operations and improving profitability margins**

The total operating income of the company registered a CAGR of 39.39% during FY22-FY24. The total operating income of the company improved by 22.54% in FY24 (Audited) (refers to period April 1, 2023, to March 31, 2024). The increase was mainly due to increase in sales realisation in FY24, and due to increase in their production capacity. EBITDA levels improved due to reduction in iron ore, transportation cost, improvement in capacity utilization and increase in sale of power. The operating income of SAPL stood at Rs 477.02 crore in FY24 as against Rs 389.29 crore in FY23 (refers to the period April 01, 2022, to March 31, 2023). EBITDA margins stood at 26.81% in FY24 as against 22.10% in FY23. For 9MFY25, SAPL has generated Rs 387.46 crore.

### **Eligibility for mega project benefits scheme**

The Company is also eligible for Mega Project benefits under the Package Scheme of Incentives (PSI), 2013 of state of Maharashtra. The eligible investment sanctioned to SAPL is Rs 550 Crore out of which the Company has already received eligibility certificate for Rs 301.50 Crore for sponge iron capex.

### **Key Rating Weaknesses**

#### **Significant debt funded capex**

The company is in the capex mode for setting up sponge iron, power and pellet plant, the total cost of the project is Rs 770.50 crore. The total project cost is being funded through term loan of Rs.500 crores and the balance from promoters' contribution and internal accruals. The project is under execution and is expected to complete by September 2026, and as of December 2024, the project has achieved 20% physical progress. Post expansion the capacity of the sponge iron and power plant will increase to 612,000 MTPA and 83 MW respectively. Additionally, the company is also setting up 1.2 MTPA pellet plant. The scheduled progress of the project will be a key monitorable.



## Press Release

### **Moderate financial risk profile**

SAPL's capital structure remained moderate with network at Rs 318.20 crore as on March 2024 against Rs 234.38 crore as on March 2023. The overall gearing improved to 0.82 times as on March 2024 as against 1.05 times as on March 2023. The improvement is due to increase in PAT levels coupled with Rs 76.65 crore of unsecured loans being treated as quasi equity in FY2024. Interest coverage ratio and debt service coverage ratio stood at 4.52 times and 2.61 times respectively as on March 2024 as against 6.43 times and 5.51 times as on March 2023 respectively. With the onset of debt funded capex, there could be a marginal deterioration of capital structure and debt protection metrics.

### **Susceptibility of profits to price volatility**

SAPL sources coal from Western Coalfields Limited (WCL) under a long-term raw material procurement contract. Additionally, the company procures iron ore from both private entities and government enterprise, including Lloyds Metals & Power Limited and the National Mineral Development Corporation (NMDC). A significant portion of the iron ore is sourced from Lloyds, located just 50 km from the plant, ensuring cost efficiency and easy accessibility of raw materials. Since, the raw material is the major cost driver and with raw material prices being volatile in nature, the profit margins of the company remain susceptible to fluctuation in raw material prices. Further steel prices are also highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors.

### **Intense competition along with cyclicity in the steel industry**

The steel manufacturing businesses is characterized by intense competition across the value chain due to low product differentiation, and consequent intense competition, which limits the pricing flexibility of the players. The domestic steel industry is cyclical in nature and is likely to impact the cash flows of the steel players. Further, the company's operations are vulnerable to any adverse change in the global demand-supply dynamics.

**Analytical Approach:** Consolidated (*The approach has been changed from standalone to consolidated*)



## Press Release

Infomerics has consolidated operational and financial risk profile of Sanvijay Alloys and Power Limited - Parent Company and Somu Steels and Power Limited - 100% Subsidiary Company for arriving at the rating. The approach was modified as Sanvijay Alloys and Power Limited established Somu Steels and Power Limited as a 100% subsidiary on March 24, 2024.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Criteria of assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Rating criteria on Parent/Group Support](#)

[Criteria on withdrawal on ratings](#)

[Criteria on Consolidation of companies](#)

For arriving at the rating, INFOMERICS has considered the support from parent company – Omsairam Steels and Alloys Private Limited (OSAPL), factoring the strategic importance of SAPL to OSAPL and moral obligations of OSAPL by way of 80% shareholding in the SAPL. Additionally, OSAPL has given the corporate guarantee to the bank borrowings of SAPL.

### **Liquidity: Adequate**

The company's liquidity is expected to remain adequate in the near to medium term marked by sufficient accruals vis-à-vis its debt repayment obligations. The working capital limits of the company remained utilised at ~98% for the last 12 months ended December 2024. Current ratio of the company stood at 1.30 times as on March 2024 as against 1.44 times as on March 2023. Cash and cash equivalents of the company stood at Rs 9.76 crore as on March 2024 and Rs 8.30 crore as on March 2023.

### **About the company**

SAPL was incorporated on August 21, 2003, and is in the business of manufacturing sponge



## Press Release

iron and generating power. The company is also engaged in manufacturing of ferro alloys. The company was previously known as Grace Industries Limited; the name was changed to SAPL dated 23 March 2020. Sanvijay Alloys and Power Limited established Somu Steels and Power Limited as a 100% subsidiary on March 24, 2024. The management of SAPL has been changed to OSAPL by virtue of transfer of shares wherein OSAPL holds 80% Shareholding in SAPL. Presently, the company is having the capacity of 199440 MTPA (Sponge iron: 144000 MTPA, Ferro Alloys: 55440 MTPA) and 33 MW of power plant.

### Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	389.29	477.02
EBITDA	86.04	127.91
PAT	58.42	63.17
Total Debt	245.19	261.89
Tangible Net Worth	234.38	318.20
EBITDA Margin (%)	22.10	26.81
PAT Margin (%)	14.97	13.23
Overall Gearing Ratio (x)	1.05	0.82
Interest Coverage (x)	6.43	4.52

\*Classification as per Infomerics' standards

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	389.29	477.02
EBITDA	86.04	127.91
PAT	58.43	63.17
Total Debt	245.18	261.89
Tangible Net Worth	234.39	299.17
EBITDA Margin (%)	22.10	26.81
PAT Margin (%)	14.97	13.23
Overall Gearing Ratio (x)	1.05	0.88
Interest Coverage (x)	6.43	4.52

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: Nil**





## Press Release

Any other information: N.A.

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(January 01, 2024)	(October 03, 2022)	-
1.	Term Loan	Long Term	633.51	IVR BBB+/Stable	IVR BBB+/Stable	IVR A-/Stable	-
2.	Cash Credit (CC)	Long Term	90.00	IVR BBB+/Stable	IVR BBB+/Stable	IVR A-/Stable	-
3.	Bank Guarantee (BG)	Short Term	25.00	IVR A2	IVR A2	IVR A2+	-
4.	Proposed Term Loan	Long Term	-	Withdrawn	IVR BBB+/Stable	-	-
<b>Total</b>			<b>748.51</b>				

### Analytical Contacts:

Name: Amit Bhuwania

Tel: (022) 62396023

Email: [abhuwania@infomerics.com](mailto:abhuwania@infomerics.com)

### About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



## Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Upto June 2032	633.51	IVR BBB+/ Stable
Cash Credit (CC)	-	-	-	Revolving	90.00	IVR BBB+/ Stable
Bank Guarantee (BG)	-	-	-	Revolving	25.00	IVR A2

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Sanvijay-Alloys-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis:**

Name of the company/Entity	Consolidation Approach
Sanvijay Alloys and Power Limited (SAPL).	Full*
Somu Steels and Power Limited (SSPL).	Full*

*\*Intercompany transactions have been adjusted as per Infomerics standard.*





## Press Release

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).