Goa Sponge and Power Limited

September 8th , 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	139.50 (Enhanced from 99.13)	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed and Outlook Revised from Stable to Positive	Simple
Short Term Bank Facilities	2.50	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Rating Reaffirmed	Simple
Total	**142.00 (Rupees One Hundred and Forty-Two Crore Only)**				

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

Infomerics Ratings has reaffirmed its rating assigned and revised the outlook from stable to positive to the Bank facilities of Goa Sponge and Power Limited (GSPL). The ratings continue to derive comfort from extensive experience of promoters in the iron and steel industry, adequate financial risk profile and locational advantage with integrated operations. However, these rating strengths remain constrained by susceptibility to volatility in raw material prices with thin profit margins, intense competition and cyclicality in the steel industry.

The positive outlook has been assigned due to likely improvement in company's operations in future.

Key Rating Sensitivities:

Upward Factors

- Sustained and substantial improvement in the scale of operations along with profitability margins
- Significant improvement in capital structure and debt protection metrics

Downward Factors

- Substantial decline in operating income also adversely impacting profitability.
- Any substantial stretch in the operating cycle impacting the liquidity of the business**.**
- Any major debt funded capex

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters in iron and steel industry

GSPL has a track record of more than twenty years and is currently controlled and managed by the second-generation entrepreneurs. The company is closely managed by Mr. Sumit Singla, Mr. Neeraj Goyal and Mr. Nitin Goyal who have over two decades of experience and are actively involved in the business as whole-time directors. This has helped the company establish healthy relationships with its customers and suppliers.

Adequate financial risk profile

GSPL's financial risk profile is considered adequate, supported by healthy net worth and moderate debt coverage indicators. The tangible net worth declined from Rs. 103.17 crore as on March 31, 2023, to Rs. 96.87 crore as on March 31, 2024, due to the buyback of equity shares. However, it increased to Rs. 108.59 crore as on March 31, 2025, on account of accretion of profits. The gearing ratio remained comfortable, at 0.81 times as on March 31, 2023, but rose to 1.16 times as on March 31, 2025, owing to higher total debt. It stood at 1.10 times as on 31st March 2025 (Prov). TOL/TNW ratio stood at 1.69 times as on March 31, 2024, and increased to 1.82 times by March 31, 2025, primarily due to a rise in current liabilities. GSPL's debt protection metrics are moderate, with improvement seen in both key ratios. The interest coverage ratio increased to 2.53 times as on March 31, 2025 (Prov), compared to 2.28 times as on 31st March 2024. Similarly, the debt service coverage ratio improved from 1.49 times as on 31st March 2024 to 1.59 times as on 31st March 2025 (Prov).

Locational Advantage with Integrated Operations

GSPL's Sanguem plant in Goa benefits from proximity to raw materials, helping reduce costs. The company is undertaking a Rs. 38.50 crore capacity project which includes setting up a new induction furnace for the steel melting shop to enhance billet production and upgrading auxiliary, along with the installation of two additional pipe/tube production lines. The commissioning of a new induction furnace is expected to enhance billet manufacturing capacity by 50,000 MTPA, increasing the current capacity from 1,25,000 MTPA to 1,75,000 MTPA. All in-house billets will be used for producing MS Pipes/Strips under its B2C segment. On completion, the facility will evolve into a fully integrated steel plant with sponge iron, induction furnace, captive power, and rolling mill operations, enhancing efficiency and reducing external dependence. However, the timely completion of the project and the realization of its future benefits remain key factors to be monitored.

Key Rating Weaknesses

Susceptibility to volatility in raw material prices with thin profit margins

The company's profitability remains vulnerable to fluctuations in the prices of key raw materials such as sponge iron, coal, pig iron and iron ore pellets which are inherently volatile in nature. These materials are influenced by a variety of external factors, including international commodity markets, domestic demand-supply dynamics, and macroeconomic developments. As a result, any sharp movement in raw material prices especially without a corresponding change in finished product prices can significantly impact the company's cost structure and operating margins. However, although EBITDA and PAT margins remain low, they improved in FY25 (Prov) (FY refers to 1st April to 31st March), with EBITDA rising from 3.37% to 4.54% and PAT increasing from 0.74% to 1.75% compared to FY24. This improvement was primarily driven by higher profitability in FY25 (Prov).

Intense competition

The steel manufacturing industry faces intense competition across the entire value chain, primarily due to the commoditized nature of its products and minimal differentiation among offerings. This lack of product uniqueness results in significant pricing pressure, as customers can easily switch between suppliers. Consequently, players have limited pricing power, which constrains their ability to pass on cost increases to customers and impacts overall profitability.

Cyclicality in the steel industry

The domestic steel industry is characterized by its cyclical nature, often experiencing extended periods of downturn due to overcapacity, which results in downward pressure on steel prices. Such cyclical trends can adversely affect the operating performance of industry players, including this company. Additionally, the company's business remains exposed to fluctuations in global demand-supply dynamics, where factors such as international trade policies, economic slowdowns, and shifts in global consumption patterns can significantly influence both input costs and product realizations, thereby impacting overall profitability.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

GSPL has earned gross cash accruals of Rs.16.63 crore during FY25 (Prov) as against its repayment obligation of Rs 5.87 crore. The company's fund-based working capital limits for last 12 months ending June 2025 stood at 86.79% indicating moderate cushion available in case of adversities. All these factors reflect adequate liquidity position of the company.

About the Company

Goa Sponge & Power Ltd (GSPL) incorporated on 5th January 1995, has its registered office at Delhi and is promoted by Mr. Sumit Singla. GSPL has an integrated steel plant at Sanguem, Goa, and is majorly engaged in manufacturing of Sponge Iron, M.S. Billets and MS Pipes/Strips with an installed capacity of 125,000 MTPA, 125,000 MTPA and 127,500 MTPA respectively.

Financials (Standalone): **(Rs. crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	642.50	668.80
EBITDA	21.64	30.33
PAT	4.75	11.73

Total Debt	112.25	119.56
Tangible Net Worth	96.87	108.59
EBITDA Margin (%)	3.37	4.54
PAT Margin (%)	0.74	1.75
Overall Gearing Ratio (x)	1.16	1.10
Interest Coverage (x)	2.28	2.53

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: INDIA Ratings continued the ratings of bank facilities of GSPL in the 'Issuer Not Cooperating' category vide Press Release dated 10th January 2025, due to non-submission of information by the company.

Acuite Ratings moved the ratings of bank facilities of GSPL in the 'Issuer Not Cooperating' category vide Press Release dated 4th September 2024, due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-2026)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	**Amount outstanding (Rs. Crore)**	**Rating**	**Date(s) & Rating(s) assigned in 2024-25**	**Date(s) & Rating(s) assigned in 2023-24**	**Date(s) & Rating(s) assigned in in 2022-23**
					Date 26th June 2024	**Date**	**Date**
					Rating	Rating	Rating
1	Fund based Bank Facilities	Long Term	139.50 (Enhanced from 99.13)	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	-
2	Non-Fund based Bank Facilities	Short Term	2.50	IVR A3 (IVR A three)	IVR A3 (IVR A three)	-	-
3	Proposed	Long Term/ Short Term	0.00 (Reduced from 0.37)	-	IVR BBB-/Stable; IVR A3	-	-

Sr. No.	Name of Security/Facilities	Current Ratings (2025-2026)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					Date 26th June 2024	**Date**	**Date**
					(IVR Triple B Minus with Stable Outlook; IVR A Three)		

Analytical Contacts:

Name: Jyotsna Gadgil

Tel: (020) 69015332

Email: jyotsna.gadgil@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) previously Infomerics Valuation and Rating Private Limited 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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit www.infomerics.com.

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
Long Term Bank Facilities Term Loan	-	-	-	2032	27.00	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)
Long Term Bank Facilities ECLG	-	-	-	February 2026	1.50	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)
Long Term Bank Facilities ECLG 2 Ext	-	-	-	December 2027	5.00	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)
Long Term Bank Facilities Cash Credit	-	-	-	Revolving	106.00	IVR BBB- / Positive (IVR Triple B Minus with Positive Outlook)
Short Term Bank Facilities Bank Guarantee	-	-	-	-	2.50	IVR A3 (IVR A three)

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-goasponge-sep25.pdf

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

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.