Press Release
GANPATI SPONGE IRON PRIVATE LIMITED
October 15, 2025
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	121.07	ACUITE BBB | Stable | Downgraded	-
Bank Loan Ratings	15.00	-	ACUITE A3+ | Downgraded
Total Outstanding Quantum (Rs. Cr)	136.07	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has downgraded the long-term rating to **'ACUITE BBB' (read as ACUITE triple B)** from **'ACUITE A' (read as ACUITE A)** and the short term rating to **'ACUITE A3+' (read as ACUITE A three plus)** from **'ACUITE A1' (read as ACUITE A one)** on the Rs 136.07 Cr. bank facilities of Ganpati Sponge Iron Private Limited (GSIPL). The outlook is **'Stable'.**

Rationale for rating downgrade
The rating downgrade considers the deconsolidation of the S Pyarelal group (group) from Sambhv Steel Tubes Limited (SSTL, Acuite A/ Stable/ A1) owing to discontinuation of operational linkages and release of corporate guarantees given by the group entities to SSTL. Further, rating factors the declining scale of operations of group with lower realisation and thin margins. However, rating continues to draw comfort from the presence of strong promoter group with an extensive experience in the industry. The rating also factors in the group's moderate financial risk profile and cyclical nature of the steel industry with volatility in commodity prices. However, the working capital operations remain efficient. Going forward, improvement in production & sales volumes coupled with realisation growth shall be a key rating monitorable.

About the Company

Incorporated in 1989, GSIPL is based in Raipur and engaged in the manufacturing of billets, mild steel (MS) strips, MS pipes, and galvanized iron (GI) pipes. The company has an installed production capacity of 59,800 metric tonnes (MT) for billets, 56,905 MT for MS strips, 350,000 MT for MS pipes, and 60,000 MT for GI pipes. The current directors of the company are Mr. Ritesh Jindal, Ms. Archana Goyal and Mr. Ashish Goyal.

About the Group

Incorporated in 2009 and based in Raipur, SPIPL is engaged in the manufacturing of billets and structural products such as channels and angles. It has an installed capacity of 59,900 metric tonnes per annum (MTPA) for billets and 56,905 MTPA for mild steel (MS) structures. The current directors of the company are Mr. Manoj Kumar Goyal, Mr. Rinku Goyal and Mr. Anuj

Jindal .

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation
• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the standalone business and financial risk profiles of S Pyarelal Ispat Private Limited (SPIPL) and Ganpati Sponge Iron Private Limited (GSIPL), collectively referred to as the 'S Pyarelal Group', in view of common management, strong operational and financial linkages, and similar line of business activities. This is in contrast to the earlier consolidation approach with Sambhv Steel Tubes Limited, which has been deconsolidated due to the discontinuation of operational linkages and the release of corporate guarantees given by SPIPL (release expected in Oct'25) & GSIPL (released in July'25) to SSTL.

Key Rating Drivers

Strengths

Strong promoter group
The promoters of the group have been associated with the iron & steel industry for over three decades. The promoter companies have integrated operations with capacities to produce sponge iron, steel billets and long products. Further, the promoters infused Rs 4.93 Cr. in FY25 to support the debt servicing.
Acuite believes that the long-standing experience of promoters in the industry and financial aids shall benefit the group.

Efficient working capital management
The working capital operations of the group is efficient in nature marked by gross current assets (GCA) of 70 days as on 31st March 2025(Prov.) (68 days as on 31st March 2024). The inventory holding period stood at 25 days as on 31st March 2025(Prov.) (26 days as on 31st March 2024). Further, the debtor period also stood comfortable at 16 days on 31st March 2025(Prov.). Therefore, average utilization of working capital limits remained moderate with average utilisation of fund-based limits at ~ 54.68% over the last six months ending July 2025, and non-fund-based limit utilisation at ~38.33% during the same period.

Weaknesses

Declining scale of operations with low realizations and thin margins
The group's capacity utilisation and sales realisations moderated during FY2025, resulting in a decline in revenue to Rs. 811.48 Cr. (Prov.) from Rs. 895.72 Cr. in FY2024. The EBITDA margin also declined to 2.23% in FY2025 (Prov.) from 2.97% in FY2024, due to lower sales realisations and an increase in power costs. Both the companies primarily manufacture commercial-grade products, which typically yield lower margins.
Going forward, improvement in production & sales volumes coupled with realisation growth shall be a key rating monitorable.

Moderate financial risk profile
The tangible net worth of the group reduced to Rs. 109.95 Cr. as on March 31, 2025(Prov.) as against Rs. 111.07 Cr. on March 31, 2024 owing to losses incurred during the year. Further, the gearing remained moderate at 1.00 times in FY2025 (Prov). The debt protection metrics also stood weak with interest coverage ratio (ICR) of 1.31 times in FY2025(Prov.) (3.45 times in FY2024) and debt service coverage ratio (DSCR) of 0.77 times in FY2025(Prov.) (1.78 times in FY2024).
Going forward, significant increase in debt levels or generation of inadequate cash accruals

thereby impacting the financial risk profile shall be a key rating sensitivity.

Intense competition and inherent cyclical nature of the steel industry
The downstream steel industry remains heavily fragmented and unorganised. Therefore, the group 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 causing an adverse impact on the profitability of the group.

Rating Sensitivities

- Sustainable improvement in the scale of operations along with strengthening of profitability margins
- Any significant increase in debt levels affecting the financial risk profile.
- Any elongation in working capital cycle affecting the liquidity profile.

Liquidity Position
Adequate

While the group has generated insufficient net cash accruals of Rs. 4.92 Cr. in FY2025(Prov.) as against repayment obligations of Rs. 10.94 Cr. during the same period, however, the debt obligations has been met by the promoter's infusion. Further, the group is expected to generate cash accruals in the range of Rs. 12 Cr- Rs. 15 Cr. during FY2026 & FY2027 as against repayment obligation in the range of Rs. 10.50 Cr- 11.00 Cr. during the same period. The average utilization of working capital limits remained moderate with average utilisation of fund-based limits at ~ 54.68% over the last six months ending July 2025, and non-fund-based limit utilisation at ~38.33% during the same period. The current ratio stood moderate at 1.10 times in FY2025(Prov.). The unencumbered cash and bank balance of the group stood low at Rs.0.15 Cr. as on March 31,2025(Prov.).

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	811.48	895.72
PAT	Rs. Cr.	(6.06)	18.64
PAT Margin	(%)	(0.75)	2.08
Total Debt/Tangible Net Worth	Times	1.00	1.19
PBDIT/Interest	Times	1.31	3.45

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

Not applicable

Any Other Information

None

Applicable Criteria

• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
• Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.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. Acuite'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Jul 2024	Term Loan	Long Term	2.77	ACUITE A | Stable (Reaffirmed)
	Cash Credit	Long Term	47.00	ACUITE A | Stable (Reaffirmed)
	Cash Credit	Long Term	35.50	ACUITE A | Stable (Reaffirmed)
	Term Loan	Long Term	3.02	ACUITE A | Stable (Reaffirmed)
	Term Loan	Long Term	7.34	ACUITE A | Stable (Reaffirmed)
	Term Loan	Long Term	11.52	ACUITE A | Stable (Reaffirmed)
	Term Loan	Long Term	13.50	ACUITE A | Stable (Reaffirmed)
	Proposed Term Loan	Long Term	0.42	ACUITE A | Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A1 (Reaffirmed)
26 Feb 2024	Term Loan	Long Term	11.52	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Term Loan	Long Term	13.50	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Proposed Term Loan	Long Term	0.42	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Term Loan	Long Term	3.02	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Term Loan	Long Term	2.77	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Cash Credit	Long Term	47.00	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Cash Credit	Long Term	35.50	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Term Loan	Long Term	7.34	ACUITE A | Stable (Upgraded from ACUITE A- | Positive)
	Letter of Credit	Short Term	15.00	ACUITE A1 Upgraded
27 Apr 2023	Term Loan	Long Term	2.99	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	1.09	ACUITE A- | Positive (Assigned)
	Cash Credit	Long Term	37.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	2.56	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE A- | Positive (Assigned)
		Long		

	Term Loan	Term	4.75	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	9.50	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	2.06	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	5.19	ACUITE A- | Positive (Assigned)
	Proposed Term Loan	Long Term	22.93	ACUITE A- | Positive (Assigned)
07 Apr 2023	Term Loan	Long Term	2.99	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A- | Positive (Assigned)
	Cash Credit	Long Term	25.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE A- | Positive (Assigned)
	Term Loan	Long Term	2.56	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	4.75	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	9.50	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE A- | Positive (Assigned)
	Term Loan	Long Term	2.06	ACUITE A- | Positive (Reaffirmed)
21 Feb 2023	Term Loan	Long Term	4.05	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE A- | Positive (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	3.56	ACUITE A- | Positive (Reaffirmed)
	Term Loan	Long Term	9.50	ACUITE A- | Positive (Reaffirmed)
	Proposed Term Loan	Long Term	4.75	ACUITE A- | Positive (Reaffirmed)
06 Apr 2022	Proposed Long Term Loan	Long Term	1.01	ACUITE A- | Stable (Reaffirmed)
	Term Loan	Long Term	4.19	ACUITE A- | Stable (Reaffirmed)
	Cash Credit	Long Term	22.00	ACUITE A- | Stable (Reaffirmed)
	Term Loan	Long Term	2.87	ACUITE A- | Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE A- | Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE A- | Stable (Assigned)
	Proposed Cash Credit	Long Term	15.00	ACUITE A- | Stable (Assigned)

	Proposed Long Term Loan	Long Term	3.79	ACUITE A- | Stable (Assigned)
22 Mar 2022	Cash Credit	Long Term	13.50	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+ | Stable)
	Term Loan	Long Term	0.99	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+ | Stable)
	Term Loan	Long Term	2.87	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+ | Stable)
	Proposed Long Term Loan	Long Term	1.01	ACUITE A- | Stable (Upgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	4.50	ACUITE A- | Stable (Upgraded from ACUITE BBB+ | Stable)
	Cash Credit	Long Term	22.00	ACUITE A- | Stable (Upgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	2.87	ACUITE A- | Stable (Upgraded from ACUITE BBB+ | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.00	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.50	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3+ | Downgraded (from ACUITE A1)
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.74	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	31 Mar 2021	Not avl. / Not appl.	30 Sep 2027	1.64	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	01 Apr 2021	Not avl. / Not appl.	01 Nov 2027	1.49	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
Axis Bank	Not avl. / Not appl.	Term Loan	01 Feb 2022	Not avl. / Not appl.	30 Mar 2027	4.33	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
Axis Bank	Not avl. / Not appl.	Term Loan	01 Oct 2022	Not avl. / Not appl.	30 Mar 2029	7.77	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)
Axis Bank	Not avl. / Not appl.	Term Loan	01 Nov 2023	Not avl. / Not appl.	01 Mar 2030	11.60	Simple	ACUITE BBB | Stable | Downgraded (from ACUITE A)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company Name
1	S Pyarelal Ispat Private Limited
2	Ganpati Sponge Iron Private Limited

Contacts

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About Acuité Ratings & Research
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