



Press Release
GOA SPONGE AND POWER LIMITED
September 04, 2024

Rating Downgraded, Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	77.50	ACUITE BB Downgraded Issuer not co-operating*	-
Bank Loan Ratings	2.50	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	80.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE Double B**) from '**ACUITE BB+**' (read as **ACUITE Double B Plus**) and reaffirmed its short-term rating at **ACUITE A4+** (read as **ACUITE A Four Plus**) on the Rs. 80.00 crore bank facilities of Goa Sponge and Power Limited (GSPL). The rating is now flagged as "Issuer Not-Cooperating" on account of information risk and is based on the best available information.

Acuite had sent repeated reminders to the company for sharing critical information and documents for surveillance of the ratings. But despite multiple requests, the company has remained non-cooperative in providing any information. The rating downgrade is on account of information risk.

About the Company

Incorporated in September 1995, Goa Sponge and Power Limited (GSPL) is a Delhi based company promoted by Mr. Sumit Singla. The Company has a semi-integrated steel plant, engaged in the manufacturing of sponge iron & billets having an installed capacity of 90,000 metric tons per annum (mtpa) and 300 metric tons per day respectively. Manufacturing facility of the company is located in Sanguem, Goa. The company purchases imported coal through domestic traders as its raw material for manufacturing of sponge iron.

Unsupported Rating

Not Applicable

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical

component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook: Not Applicable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	651.74	656.37
PAT	Rs. Cr.	4.81	5.48
PAT Margin	(%)	0.74	0.83
Total Debt/Tangible Net Worth	Times	0.81	0.72
PBDIT/Interest	Times	2.49	2.21

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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, Acuite 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 2023	Cash Credit	Long Term	61.00	ACUITE BB+ Stable (Assigned)
	Covid Emergency Line.	Long Term	16.50	ACUITE BB+ Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Overseas Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.50	ACUITE A4+ Reaffirmed Issuer not co-operating*
Indian Overseas Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	61.00	ACUITE BB Downgraded Issuer not co-operating* (from ACUITE BB+)
Indian Overseas Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.50	ACUITE BB Downgraded Issuer not co-operating* (from ACUITE BB+)

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Dheeraj Salian Associate Analyst-Rating Operations Tel: 022-49294065 dheeraj.salian@acuite.in	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.