



Press Release
BOKARO POWER SUPPLY COMPANY PRIVATE LIMITED
June 12, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	290.00	ACUITE AA- Stable Reaffirmed	-
Bank Loan Ratings	110.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	400.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of ‘**ACUITE AA-**’ (read as **ACUITE double A minus**) and short-term rating of ‘**ACUITE A1+**’ (read as **ACUITE A one plus**) on the Rs. 400.00 Cr. bank facilities of Bokaro Power Supply Company Private Limited (BPSCL). The outlook remains ‘**Stable**’.

Rationale for reaffirmation

The rating reaffirmation continues to factor in the sound business risk profile of the company as reflected from its strong operating performance coupled with healthy profitability. Further, it is also supported by the strong parentage and the strategic importance to the parent i.e. SAIL and its, healthy financial position characterised by negligible debt levels. BPSCL’s long term ‘cost plus’ PPA with SAIL and the secured raw material linkages underpin its steady operating performance. These strengths are however, partly offset by working capital intensive nature of the business and counterparty risk accruing from dependence on a single buyer.

About the Company

Incorporated in 2001, Bokaro Power Supply Company Private Limited (BPSCL) is owned jointly and equally by Steel Authority of India Limited (SAIL) and Damodar Valley Corporation (DVC). The registered office of the company is situated in New Delhi. The company is engaged in thermal power generation for Bokaro Steel Plant (BSL), which pertains to SAIL. SAIL and DVC both have equal representation in the board of directors and the chairman is nominated by DVC. The plant has an aggregate generation capacity of 338 MW of power and 2180 Tonne per Hour (TPH) of steam, exclusively for use by BSL. Further, the plant has 9 boilers (5 boilers each of 220 TPH, 3 boilers each of 260 TPH capacity and 1 boiler of 300 TPH) and 7 turbine generators (one 12 MW back Pressure Turbine Generator (TG), 2 TGs each of 55MW capacity, 3 TGs each of 60 MW capacity and one 36 MW back Pressure Turbine Generator). The current directors of the Company are Mr. Arup Sarkar, Mr. Suresh Rangani, Mr. Rajan Kumar, Mr. Chitta Ranjan Mohapatra, Mr. Sanjiv Shrivastava and Mr. Durgesh Maiti.

Unsupported Rating

Acuite A+/Stable

Analytical Approach

Acuité has taken a standalone rating approach while arriving at the ratings of Bokaro Power Supply Company Private Limited (BPSCL). However, Acuité has also notched up the rating due to the strategic importance of the entity and its strong business linkages with the Bokaro Steel Plant of SAIL.

Strengths

Strategic importance and strong business linkages with SAIL

The ownership structure of BPSCL provides adequate financial flexibility, as the company is a joint venture of SAIL and DVC with 50 per cent shareholding of each. BPSCL also derives significant benefits from its strong operational linkages with SAIL, as reflected from its operational performance and timely settlement of receivables from SAIL. BPSCL has a strategic importance to SAIL as it caters to around ~50 per cent of the total power requirement of its Bokaro Steel Plant. Acuité notes that Bokaro Steel Plant is one of the key steel producing units of SAIL with the largest installed capacity.

Acuité believes that BPSCL, from its status as a captive power unit for Bokaro Steel Plant and its critical role in ensuring uninterrupted power supply to Bokaro Steel Plant, shall continue to benefit from the financial, operational and management support from SAIL as and when required. Any changes in the ownership pattern of BPSCL or any event that impinges SAIL's overall credit profile shall remain a key rating sensitivity.

Long term 'cost plus' Power Purchase Agreement with SAIL

BPSCL has a long-term Power Purchase Agreement (PPA) of 14 years with SAIL since March 2017 with a renewal clause. As per the PPA, the tariff is based on the 'cost plus' structure with a fixed return on equity (RoE), which includes recovery of fixed and variable costs, that is, full pass through of any raw material cost escalations and interest on working capital along with specified return on equity. BPSCL sells its entire power and steam output to Bokaro Steel Plant. Acuité derives strength from the Power Purchase Agreement (PPA) and further believes that the long term PPA and the very high likelihood of its renewal mitigates any offtake and profitability risks.

Steady operating performance with assured raw material linkages

The company has achieved revenue of Rs. 787.99 Cr. in FY2024 as compared to Rs.867.08 Cr. in FY2023. Further, in FY2025(Est.) the revenue improved and stood at Rs. 843.10 Cr. The operating margin improved to 8.81 per cent in FY2024 from 8.31 per cent in FY2023. The Return on Capital Employed (ROCE) of the company, improved and stood at 12.10 per cent for FY2024 as compared to 10.74 per cent for FY2023. Moreover, BPSCL has existing fuel supply agreements with government owned companies like Bharat Coking Coal Limited and Central Coalfields Limited. Hence, the risks related to steady fuel supply are largely mitigated for BPSCL. Acuité believes the raw material linkages provide further support to the business risk profile of the company and ensure uninterrupted generation.

Strengthening financial risk profile

The financial risk profile of the company stood healthy, marked by improving net worth, below unity gearing (debt-equity) and debt protection metrics. The tangible net worth increased to Rs. 855.73 Cr. as of March 31, 2024, as compared to Rs. 838.62 Cr. as on March 31, 2023. In FY2024 the dividend payment amounted to Rs. 62.01 Cr. as compared to Rs. 133.95 Cr. during the previous year. The gearing (debt-equity) ratio stood below unity, and stood at 0.01 times as on 31 March 2024 as compared to 0.02 times as on 31 March 2023. The debt protection metrics improved and stood healthy in nature where the Interest Coverage Ratio stood at 60.84 times for FY2024 as against 26.25 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 47.61 times in FY2024 as against 18.88 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 0.15 times as on 31 March 2024 as against 0.15 times as on 31 March 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 6.20 times for FY2024 as against 4.21 times for FY2023.

Acuité believes that BPSCL's financial risk profile will continue to remain robust on the back of healthy cash accruals from operations and conservative capital structure with minimal dependence on external borrowings.

Weaknesses

Intensive nature of working capital operations

The working capital management of the company is intensive in nature marked by increased Gross Current Assets (GCA) of 223 days in FY2024 as compared to 184 days in FY2023. The high GCA days, is on account of a high proportion of Other Current Assets mainly consisting of advance tax. The inventory days increased to 66 days in FY2024 as compared to 52 days in FY2023. The debtor days stood at 42 days in FY2024 as against 50 days in FY2023. Further, the creditor days stood at 16 days in FY2024 as compared to 11 days in FY2023. However, the average utilization of working capital limits remained low with average utilisation of fund-based limits at ~11.02% over the last twelve months ending March 2025, and non-fund-based limit utilisation at ~68.57 % during the same period.

Going forward, Acuité believes that the working capital operations of the company will remain at similar levels due to the nature of its operations.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios

(applicable for ratings factoring specified support considerations with or without the “CE” suffix)

BPSCL is receiving parentage as well as operational support in terms of complete power tie-up with SAIL.

Stress case Scenario

Acuite believes that, owing to the strong parentage support and business linkages with SAIL, BPSCL service its working capital debt obligations on time, even in stress scenarios.

Rating Sensitivities

- Any significant changes in the shareholding pattern
- Any material deterioration in the credit profile of Steel Authority of India Limited and Bokaro Steel Plant

Liquidity Position

Strong

The company's liquidity position is strong marked by generation of healthy net cash accruals of Rs. 79.34 Cr. in FY2024 as against no repayment obligations. The cash and bank balances of the company stood at Rs. 180.94 Cr. as on March 31, 2024 as compared to Rs. 120.79 Cr. as on March 31, 2023. The current ratio stood comfortable at 3.98 times as on March 31, 2024, as compared to 3.96 times as on March 31, 2023. Further, the reliance on working capital limits remained low with average utilisation of fund-based limits at ~ 11.02% over the past twelve months ending March 2025, and non-fund based limit utilisation at ~68.57% during the same period. Going ahead, liquidity position of the company is expected to remain strong on account of steady accruals and buffer available from unutilised limits.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	787.99	867.08
PAT	Rs. Cr.	78.99	64.40
PAT Margin	(%)	10.02	7.43
Total Debt/Tangible Net Worth	Times	0.01	0.02
PBDIT/Interest	Times	60.84	26.25

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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. Acuité'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
14 Mar 2024	Proposed Short Term Bank Facility	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	60.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	104.00	ACUITE AA- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	36.00	ACUITE AA- Stable (Reaffirmed)
15 Dec 2022	Letter of Credit	Short Term	60.00	ACUITE A1+ (Reaffirmed)
	Short-term Loan	Short Term	50.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	140.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE AA- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE AA- Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE AA- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A1+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	160.00	Simple	ACUITE AA- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1+ Reaffirmed

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

Sr. No.	Company Name
1	Bokaro Power Supply Company Private Limited
2	Steel Authority of India Limited

Contacts

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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.

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