



Press Release
BRAVO SPONGE IRON PRIVATE LIMITED
May 23, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	784.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	207.00	-	ACUITE A2+ Assigned
Total Outstanding Quantum (Rs. Cr)	991.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of "**ACUITE A- (read as ACUITE A Minus)**" and also assigned the short-term rating to "**ACUITE A2+ (read as ACUITE A Two Plus)**" for Rs. 991.00 Cr. bank facilities of Bravo Sponge Iron Private Limited (BSIPL). The Outlook is 'Stable'.

Rationale for Rating

The rating takes into cognizance the strong business risk profile marked by increase in the scale of operations supported by volume of sales attributed to the increased capacity albeit decrease in the prices of steel. The group's scale of operations improved to Rs. 5533.69 Cr. in FY24 against Rs. 5450.20 Cr. in FY23 due to augmentation of integrated capacities. Furthermore, the improved scale of operations was marked by an operating income of Rs. 6483.42 Cr. in FY25(Estimated). The rating considers the adequate liquidity position of the group marked by sufficient cushion in the net cash accruals. The rating also factors in its revenue diversity across the steel sector and the comfortable financial risk profile of the company characterized by robust net worth and modest coverage indicators standing at ICR:2.31 times and DSCR:1.34 times as on March 31, 2024. These strengths are, however, partly offset by intensive working capital management marked by GCA days of 161 days in FY24 as against 160 days in FY23.

About the Company

Bravo Sponge Iron Private Limited (BSIPL)

Bravo Sponge Iron Private Limited (BSIPL: erstwhile known as Piyushripur Finance Private Limited) was incorporated in 1997 by Jamshedpur-based Bhalotia group. BSIPL's plant was shut down during April 2014 to May 2015 as the plant was making loss. In June 2015, Kolkata-based Shakambari Group took over the control of the company. Currently, BSIPL has installed capacity of sponge iron of 245,850 MTPA, billet of 76,800 MTPA, 1,700,000 MTPA for pellets and 23.9 MW of captive power plant at its plant located at Rukni, Purulia in West Bengal. Present directors are Mr. Deepak Agarwal, Ms. Swati Agarwala, Mr. Sanjeev Kumar Sachan and Mr. Ramabatar Agarwal.

About the Group

Shakambhari Ispat and Power Limited (SIPL)

Acuite Ratings & Research Limited

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Kolkata based, Shakambhari Ispat and Power Limited (SIPL) was incorporated in 2001 as Ma Chhinmastika Steel & Power Private Limited. Later in December 2010, the company was acquired by Shakambhari Group and the name of the company was changed to Shakambhari Ispat and Power Limited. SIPL also has an integrated manufacturing facility of TMT bars with captive sponge iron and mild steel billets plants supported by captive power plants. The company sells its TMT bars under the brand name of 'Thermocon' and 'Elegant'. SIPL's manufacturing unit is in Purulia, West Bengal. The company has installed capacity of 759,000 MTPA for sponge iron, 660,000 MTPA for billet, 660,000 MTPA for rolled product, 111,000 MTPA for ferro alloy and 83 MW of

captive power plant. Current directors are Mr. Ramabatar Agarwal, Mr. Ranjit Banerjee, Mr. Ashok Kumar Sharma, Mr. Deepak Kumar Agarwal, Ms. Priyanka Goenka and Mr. Vikrant Ranjan.

SPS Steels Rolling Mills Limited (SPS)

SPS Steels Rolling Mills Limited (SPS) was established in 1981 by Mr. Bipin Vohra and has its registered office located in Kolkata, West Bengal. The company is an integrated steel manufacturing unit with facilities of sponge iron, billets and rolling mill. The manufacturing unit of the company is located in Durgapur, West Bengal and Purulia, West Bengal. The company sells its TMT bars under the brand name of 'Elegant.' The company was acquired by the Shakambhari Group from NCLT in April 2019. SPS's manufacturing unit is located in Durgapur, West Bengal. The company has an installed capacity of 186,000 MTPA for sponge iron, 330,000 MTPA for billet, 375,000 MTPA for rolled product, 15,845 MTPA for ferro alloys and 10MW for captive power plant. Directors of the company are Mr. Deepak Kumar Agarwal, Mr. Ashok Kumar Sharma, Ms. Priyanka Goenka, Mr. Pranab Sarkar and Mr. Vikrant Ranjan.

Eloquent Steel Private Limited (ESPL)

Eloquent Steel Private Limited (ESPL) was incorporated in 2012 and the company was engaged in trading of goods. However, in November 2017, the company was taken over by Mr. Deepak Agarwal. ESPL acquired existing plants in Q3FY18, through auction from Official Liquidator of Honorable High Court, Kolkata, and through bidding in auction notice from bank. Both the plants consisted of Ferro Alloy manufacturing facilities as well as steel melting shop. The production has started in November 2018 of Ferro Alloys. The plant capacity is 55,400 MTPA of Ferro Products, as well as 247500 MTPA of billets and rolled products of 198000 MTPA. It has its registered office in Kolkata. Directors of the company are Mr. Ramabatar Agarwal, Mr. Deepak Kumar Agarwal and Ms. Swati Agarwala.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has taken a consolidated view of Shakambhari Ispat and Power Limited, SPS Steels Rolling Mills Limited, Eloquent Steel Private Limited and Bravo Sponge Iron Private Limited as all the entities are in the same line of business, share common management and has significant operational linkage between them. The group herein is referred to as Shakambhari Group.

Key Rating Drivers

Strengths

Long operational track record and experienced management

The Shakambhari group has a long track record of over two decades in the iron and steel industry. Shakambhari Ispat and Power Limited was incorporated in October 2001 in the name of Ma Chhinnamastika Steel & Power Pvt. Ltd. The previous promoters had sold the company to Shakambhari group in December 2010. Thereafter in 2010, the name of the company was changed to its current name. Further, in FY2019, the group acquired SPS Steels Rolling Mills Limited from NCLT which strengthened their business profile. Currently the group is selling TMT Bars in the Eastern, Western and Northern parts of India such as West Bengal, Jharkhand, UP, Bihar Assam, Rajasthan, Madhya Pradesh, Gujarat, Delhi, Haryana and Punjab through its extensive distribution channels which includes about 12000 dealers and about 3200 distributors. The group has two established brands, 'Thermocon' and 'Elegant' which have a strong brand recall in West Bengal and its neighbouring states. The group caters to both domestic and overseas markets such as Nepal, Japan, South Korea, Brazil, USA, Canada, European Countries, etc. among others. Acuité believes that the long track record of operations will benefit the company going forward, resulting in steady growth in the scale of operations. Currently the group is headed by Mr. Deepak Kumar Agrawal who has an experience of more than three decades in the iron and steel industry. Acuité derives comfort from the long experience of the promoters.

Improved scale of operations

The group have achieved a revenue of Rs. 5533.69 Cr. in FY24 against Rs. 5450.20 Cr. in FY23. The increase of 1.53% is attributed to the increased volume of sales albeit moderation in price realization. The EBITDA margins of the group stood at 10.79% in FY24 as compared to 10.74% in FY23. The PAT margins of the group stood at 3.32% in FY24 as compared to 5.21% in FY23. The decrease in PAT is attributed to the increase in interest cost

from the term loans taken to fund the capex. The topline of the group for FY25 is Rs. 6483.42 Cr. The growth is driven by a substantial rise in average realization of TMT bar and ferro alloy because of strong demand from end user industries such as construction, real estate, export etc. In addition to this, the group had enhanced its existing capacities and successfully completed the CAPEX plans to move past the project execution risk. Moreover, the group has a locational advantage as the plants are in the industrial area of West Bengal, which is in close proximity to various steel plants and sources of raw materials. Further the plants are well connected through road and rail transport which facilitates easy transportation of raw materials and finished goods. For easy transportation of goods, the group has also acquired 10 Rakes under GPWIS scheme of railway. Going forward, the group is likely to improve the business risk profile on account of enhanced production limits.

Healthy financial risk profile

The group's financial risk profile is marked by strong net worth, moderate gearing and healthy debt protection metrics. The tangible net-worth of Rs. 2280.04 Cr. as on 31st March 2024 against Rs. 2053.04 Cr. as on 31st March 2023. The improvement has been noticed due to accretion of reserves. The total debt of the group is Rs. 2717.45 Cr. as on 31st March 2024 (LT – Rs.1653.54 Cr., USL – Rs. 88.82 Cr. and ST – Rs. 975.09 Cr.) against Rs. 2223.70 Cr. (LT – Rs. 1336.21 Cr., USL – Rs. 33.39 Cr. and ST – Rs.854.09 Cr.) as on 31st March 2023. The gearing stands moderate at 1.19 times in FY24 against 1.08 times in FY23. Further, the interest coverage ratio of the group stood at 2.31 times in FY24 against 3.28 times in FY23. The debt service coverage ratio stood at 1.34 times in FY24 against 1.85 times in FY23. The decline in coverage indicators has been observed because of the increased loan driven by capital expenditures, alongside the associated rise in interest costs. The TOL/TNW stood at 1.49 times in FY24 against 1.45 times in FY23. Net Cash Accruals/Total Debt (NCA/TD) stood healthy at 0.12 times as on March 31, 2024, against 0.18 times as on March 31, 2023. Acuité believes that the financial risk profile of Shakambhari Group is likely to improve in the medium term due to steady cash accruals after successful completion of CAPEX plans and repayment of debt leading to likely improvement in debt protection metrics.

Weaknesses

Intense competition and inherent cyclical nature of the steel industry

The working capital operations of the group remained intensive marked with stable GCA days which stood at 161 days as on as on 31st March 2024 against 160 days as on 31st March 2023. The high level of GCA days is on account of high inventory levels during the same period. The inventory and debtor days of the group stood at 95 days and 29 days respectively as on 31st March 2024 against 103 days and 26 days respectively as on 31st March 2023. The slight moderation was on account of better inventory management and operational efficiencies derived due to rake procurement and other integration activities within the group. On the other hand, the creditor days of the group stood at 12 days as on 31st March 2024 against 19 days as on 31st March 2023. Acuité believes that Shakambhari group's working capital cycle is likely to remain moderate on account of efficient collection mechanism but constrained by high inventory levels over the medium term.

Intense competition and inherent cyclical nature of the steel industry

The downstream steel industry remains heavily fragmented and unorganized. The company is exposed to intense competitive pressures from large number of organized and unorganized 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. Acuite believes that the group remains exposed to such cyclical nature and competition in the steel industry is reflected from volatility to its operating margins.

ESG Factors Relevant for Rating

Manufacture of metals has a substantial environmental impact. The production of basic metals is extremely power intensive. Steel is still produced with blast furnaces, releasing large amounts of carbon dioxide, nitrogen oxide, and particulate matters into the air. On the social front, occupation and workforce health & safety management are of primary importance to this industry given the dangerous nature of operations. Furthermore, factors such as ethical business practices, management compensation and board administration hold primary importance within this industry. Shakambhari Group's CSR initiative, in collaboration with the Elegant Foundation, focused on enhancing the wellbeing of communities surrounding their plant. The group aimed to provide essential education, clean water, and other necessities, while also fostering community development through sports and educational sponsorships. Together, they demonstrated a strong commitment to improving lives and building stronger community relations.

Rating Sensitivities

Movement in operating income while sustaining profitability.
Movement in debt protection metrics
Movement in working capital cycle

Liquidity Position

Adequate

The liquidity profile of the group is adequate marked by net cash accrual of Rs. 316.77 Cr. as on as on 31st March 2024 against the debt repayment obligations of Rs. 168.21 Cr. in the same period. The current ratio of the group stood at 1.41 times as on 31st March 2024 against 1.49 times as on 31st March 2023. The slight moderation can be attributed to the increase in short term debt. The NCA/TD stood at 0.12 times in FY24 as against 0.18 times in FY23. Further, the average bank limit utilization for the fund-based limits at the month end balance stood high at 87% for 6 months ending December 2024. Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of better accruals that will be generated with the help of increased capacity, absence of debt laden capex and moderate current ratio albeit intensive working capital nature of operations.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	5533.69	5450.20
PAT	Rs. Cr.	183.49	283.80
PAT Margin	(%)	3.32	5.21
Total Debt/Tangible Net Worth	Times	1.19	1.08
PBDIT/Interest	Times	2.31	3.28

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

CARE, vide its press release dated December 26th, 2024 had denoted the rating of Bravo Sponge Iron Private Limited as CARE BB/ Stable/CARE A4 'Downgraded and Issuer not co-operating'.

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

- 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 : Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+ Assigned
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+ Assigned
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A2+ Assigned
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE A- Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A- Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A- Stable Assigned
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	110.00	Simple	ACUITE A- Stable Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	29.00	Simple	ACUITE A2+ Assigned
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A2+ Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE A2+ Assigned
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	54.00	Simple	ACUITE A2+ Assigned
Yes Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE A2+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.45	Simple	ACUITE A- Stable Assigned
UCO Bank	Not avl. / Not appl.	Term Loan	19 Nov 2022	Not avl. / Not appl.	31 Mar 2032	55.99	Simple	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	08 Nov 2019	Not avl. / Not appl.	31 Dec 2034	105.84	Simple	ACUITE A- Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	21 Sep 2019	Not avl. / Not appl.	31 Mar 2034	120.35	Simple	ACUITE A- Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	21 Dec 2019	Not avl. / Not appl.	31 Mar 2035	91.56	Simple	ACUITE A- Stable Assigned

Indian Bank	Not avl. / Not appl.	Term Loan	28 Jun 2021	Not avl. / Not appl.	30 Sep 2031	107.32	Simple	ACUITE A- Stable Assigned
Aditya Birla Finance Limited	Not avl. / Not appl.	Term Loan	28 Jun 2023	Not avl. / Not appl.	30 Sep 2030	35.34	Simple	ACUITE A- Stable Assigned
Indian Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.72	Simple	ACUITE A- Stable Assigned
Punjab National Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.51	Simple	ACUITE A- Stable Assigned
Union Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.31	Simple	ACUITE A- Stable Assigned
UCO Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.61	Simple	ACUITE A- Stable Assigned

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

Sr. No.	Company name
1	Shakambhari Ispat and Power Limited
2	SPS Steels Rolling Mills Limited
3	Eloquent Steel Private Limited
4	Bravo Sponge Iron Private Limited

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About Acuité Ratings & Research

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