

January 31, 2024

Suraj Products Limited - Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Term Loans	31.00	31.00	[ICRA]BBB (Stable); outstanding
Long term – Cash Credit	25.00	25.00	[ICRA]BBB (Stable); outstanding
Short term - Non-fund based Facilities	1.50	1.50	[ICRA]A3+; outstanding
Total	57.50	57.50	

Rationale

Material Event

On January 22, 2024, Suraj Products Limited (SPL) informed the stock exchanges regarding searches initiated by the Income Tax (IT) department at some of SPL's premises/plant from January 18, 2022 to January 21, 2022. As per the company's exchange disclosure, SPL has not yet received any written communication from the IT department regarding the outcome of the search.

Impact of the material event

Based on discussions with the management, ICRA understands that as of now, there has been no impact on the business operations, and that its factory at Sundargarh is operating normally. ICRA also understands that there has been no restrictions imposed by the IT authorities on the company's bank accounts. ICRA would continue to monitor closely on any such developments related to this event and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating methodologies for Entities in the Iron & Steel Industry
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of SPL.

About the company

Established in 1991, Champion Cement Industries Limited was involved in production of cement. The company took its present name, Suraj Products Limited, in 2000. Since 2002, the company discontinued the cement manufacturing plant and diversified into manufacturing of sponge iron and pig iron. The manufacturing facility is located in Sundargarh district, Odisha. The company commissioned its captive power plant (CPP) of 3MW (waste heat recovery) and an induction furnace of 25,000 MT

during 2017. In FY2019, SPL installed its second CPP of 3 MW (AFBC based) and also doubled the steel melting capacity. The company has also installed a continuous casting machine (CCM) for production of billets instead of ingots. Presently the company has an installed capacity to produce 36,000 metric tonnes per annum (MTPA) of sponge iron, 24,000 MTPA of pig iron, 72,000 MTPA of billets and 72,000 MTPA of TMT bars.

Key financial indicators

SPL	FY2022	FY2023	H1 FY2024*
Operating income	236.9	285.0	179.0
PAT	23.6	26.0	15.7
OPBDIT/OI	18.4%	17.0%	15.0%
PAT/OI	10.0%	9.1%	8.8%
Total outside liabilities/Tangible net worth (times)	0.9	0.7	0.5
Total debt/OPBDIT (times)	1.4	1.1	0.8
Interest coverage (times)	9.7	12.0	15.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
CRISIL	CRISIL B+/Stable/A4; ISSUER NOT COOPERATING	September 28, 2023

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. crore)	Amount Outstanding as of Sep 30, 2023 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Jan 31, 2024	Nov 30, 2022	Aug 12, 2021	Jun 23, 2020
1 Term Loans	Long-term	31.00	23.77	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)
2 Cash Credit	Long-term	25.00	--	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)	[ICRA]BB+ (Stable)
3 Non Fund-Based Facilities	Short term	1.50	--	[ICRA]A3+	[ICRA]A3+	[ICRA]A3	[ICRA]A4+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loans	Simple
Cash Credit	Simple
Non Fund-Based Facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs Crore)	Current Rating and Outlook
NA	Term Loans	FY2017	NA	FY2027	31.00	[ICRA]BBB(Stable)
NA	Cash Credit	NA	NA	NA	25.00	[ICRA]BBB(Stable)
NA	Non Fund-Based Facilities	NA	NA	NA	1.50	[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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Branches



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