

## Sudhir Power Limited

Instrument	Amount in Rs crore	Rating Action
Non-fund based limits #	479.00 (enhanced from Rs. 364.00)	[ICRA]AA-(Stable)/[ICRA]A1+ Reaffirmed
Fund-based limits	25.00	[ICRA]AA-(Stable) Assigned
Total	504.00 (enhanced from Rs. 364.00)	

# sub limit of Rs.55 crore for fund-based facilities

ICRA has reaffirmed the long-term rating of [ICRA]AA- (pronounced ICRA Double A minus) and short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs. 364.00-crore<sup>1</sup> non-fund based facility of Sudhir Power Limited (SPL), formerly known as Sudhir Gensets Limited<sup>†</sup>. ICRA has also assigned a long-term rating of [ICRA]AA- and a short-term rating of [ICRA] A1+ to the additional Rs. 140.00-crore fund-based and non-fund based facility of SPL. The outlook on the long-term rating is stable.

### Rating Rationale

The rating action takes into account the established position of Sudhir Power Limited (SPL) in the diesel generator (DG) industry. It manufactures DG sets, which are powered by Cummins India Limited's (Cummins) technology. The ratings derive comfort from the reputed and diverse client profile and the exclusive selling rights from Cummins in North India (except UP), Gujarat and Madhya Pradesh. The rating also takes into account the strong financial profile of the company, characterised by very low debt and significantly high cash and liquid investments of over Rs. 800 crore. However, the ratings are constrained by the highly fragmented and price-sensitive nature of the business due to weak entry barriers, particularly in the low-capacity segment. Nevertheless, the brand has a strong presence in the high-capacity segment, which offers some competitive edge. Further, Cummins controls over 50% shares in the domestic high-capacity DG sets market, benefitting its distributors including SPL. The ratings are further constrained by the anemic growth in the DG set market because of low demand from end-user industries such as real estate, commercial and industrial segments.

ICRA's ratings are assigned after taking into account the consolidated business and financial profile of SPL along with its subsidiaries, Sudhir Power Projects Limited, Sudhir Transformers Limited and Sudhir Sales and Services Limited. SPL extends corporate guarantee to the group companies.

### Company Profile

SPL, formerly known as Sudhir Gensets Limited, was promoted by Mr. Sudhir Seth in 1973. The company is an original equipment manufacturer (OEM) of Cummins and is one of the leading producers of DG sets in the range of 7.50 KVA to 3000 KVA and ancillary equipments such as control panels and acoustics. The company is managed by the Seth family and has a dominant presence in the northern and north-western states of India. SPL has three wholly-owned subsidiaries, namely, Sudhir Power Projects Limited (the EPC business), Sudhir Transformers Limited (manufactures transformers of up to 20 MVA) and Sudhir Sales and Services Limited (services DG sets).

### Recent Results

In FY2016 (based on provisional numbers), SPL reported a PAT of Rs 100.32 crore on an operating income of Rs. 910.27 crore as against PAT of Rs 106.27 crore on an operating income of Rs. 794.24 crore in FY2015.

**September 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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