

## Surya Roshni Limited

Instrument	Amount (Rs. Crore)	Rating Action
Commercial Paper Programme	20.00	[ICRA]A1+(SO) reaffirmed
<b>Total</b>	<b>20.00</b>	

Source: ICRA

ICRA has reaffirmed the [ICRA]A1+(SO) (pronounced ICRA A one plus, Structured Obligation) rating for the Rs. 20 crore<sup>1</sup> commercial paper (CP) programme of Surya Roshni Limited (SRL). The rating is based on a fresh stand-by letter to the extent of Rs. 20 crore from Canara Bank to support the repayment obligation on the said CP programme, having validity up to 31-Mar-2017.

Instruments with [ICRA]A1 rating are considered to have a very strong degree of safety regarding timely payment of financial obligations. Such instruments carry the lowest credit risk. Within this category, certain instruments are assigned the rating of [ICRA]A1+ to reflect their relatively stronger credit quality. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

The rating for the aforementioned CP programme is based on the following executed documentation:

- Executed stand-by letter from Canara Bank, as per which the Bank has unconditionally and irrevocably guaranteed to make payment for the Commercial Paper on due date, on receipt of a written instruction from the Issuing and Paying Agent (IPA) or the investor or SRL
- An undertaking from SRL on its letterhead confirming that it'll deposit the requisite funds in the CP account at least one working day prior to the due date of maturity of the CP
- Addendum to the IPA agreement from IDBI Bank, as per which it has confirmed that it is the IPA for the rated issue and hence would perform its functions as per the payment structure to ensure that obligations are serviced in a timely manner

Besides the above-mentioned rating, ICRA also has an [ICRA]A1+(SO) rating outstanding for eight other commercial paper programmes of SRL aggregating Rs. 110 crore, based on separate standby letters from banks. Details of the issues rated by ICRA are summarized in the table below:

Instrument	Amount (Rs. Crore)	Stand-by Issuing Bank	Rating Action	Stand-by validity
CP Programme	20	Canara Bank	[ICRA]A1+(SO) reaffirmed	31-Mar-2017
CP Programme	10	State Bank of India (SBI)	[ICRA]A1+(SO) outstanding	01-Nov-2016
CP Programme	15	SBI	[ICRA]A1+(SO) outstanding	07-Oct-2016
CP Programme	10	SBI	[ICRA]A1+(SO) outstanding	27-Nov-2016
CP Programme	10	SBI	[ICRA]A1+(SO) outstanding	30-Nov-2016
CP Programme	20	IDBI Bank	[ICRA]A1+(SO) outstanding	27-Jan-2017
CP Programme	10	State Bank of Travancore	[ICRA]A1+(SO) outstanding	26-Dec-2016
CP Programme	15	PNB	[ICRA]A1+(SO) outstanding	17-Nov-2016
CP Programme	20	State Bank of Patiala	[ICRA]A1+(SO) outstanding	23-Nov-2016
<b>Total</b>	<b>130</b>			

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



### **Company Profile**

Incorporated in October 1973 as Prakash Tubes Private Limited by Mr. B.D. Aggarwal and his son Mr. J.P. Aggarwal, Surya Roshni Limited (SRL) commenced operations as a steel pipe manufacturing unit in Bahadurgarh (Haryana). In 1984-85, the company diversified into manufacture of lighting products and established its facilities at Kashipur (Uttarakhand). At present, SRL has two reportable segments, namely, steel and lighting. Products under both the divisions are marketed under company's established brand name – "Surya".

Steel division accounted for around 55% of total revenues of the company, while the lighting division accounted for the balance 45% in FY16. The share of lighting division in profits of the company (at Operating Profit before Interest and Tax or OPBIT level) is, however, higher at ~76% because of higher operating profitability.

In the steel division, the company manufactures Electric Resistance Welding (ERW) pipes and Cold-Rolled (CR) coils and structured formations at its manufacturing facility located at Bahadurgarh (Haryana). The company has also commissioned additional capacities for ERW pipes and Octagonal High Mast Lighting Poles in Malanpur, Gwalior (Madhya Pradesh). Besides the above, the company also undertakes manufacturing of Polyvinyl Chloride (PVC) pipes at its Kashipur Lighting Division plant. The volume of PVC pipes is, however, not significant in total business of the company; hence, the same is not reported separately.

In the lighting division, the company has two manufacturing facilities located at Kashipur (Uttarakhand) and Malanpur, Gwalior (Madhya Pradesh). SRL had exemption from excise duty on its Kashipur unit till January 2016 (lighting division). Also, exemption on company's profits from the unit stands reduced to 30% from 100% till January 2016. Under the lighting division, the company manufactures Compact Fluorescent Lights (CFLs), GLS lamps, Fluorescent Tube Lamp (FTL), High-intensity Discharge (HID) lamps and light-emitting diode (LED) Lamps. Further, the company also provides a full range of luminaries, fixtures and fittings for lighting decorations and industrial uses. Both the plants in the lighting division are 100% backward integrated, manufacturing glass from sand, Printed Circuit Board (PCBs) for CFL, ballast, filament, cap etc.

Besides the above, the company also has an in-house Research and Development laboratory in Noida (Uttar Pradesh) (accredited by the Department of Scientific & Industrial Research) which is involved in design and development of new products in the lighting segment viz. LED lights, induction lights etc.

Further, the company also ventured into other consumer electronics over the past few years. While it launched fans in FY2014, domestic appliances such as water heaters, induction cookers, iron, juicer/ mixer grinders and toasters were launched during FY2015.

### **Recent Results**

SRL reported an operating income of Rs. 3,069 crore and profit after tax (PAT) of Rs. 62.05 crore in FY2016 as compared to an operating income of Rs. 2,857 crore and profit after tax (PAT) of Rs. 54.09 crore in FY2015.

**September 2016**

*For further details please contact:*

Analyst Contacts:

**Mr. Rohit Inamdar** (Tel. No. +91-124-4545847)  
rohit.inamdar@icraindia.com

**Anil Gupta** (Tel. No. +91 124 4545 314)  
anilg@icraindia.com

**Nidhi Marwaha** (Tel. No. +91 124 4545 337)  
nidhim@icraindia.com

Relationship Contacts:

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com



© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500