

Surya Roshni Limited

Instrument	Amount (Rs. Crore)	Rating Action
Commercial Paper	50.00	[ICRA]A1+(SO); confirmed as final
Commercial Paper	100.00	Provisional [ICRA]A1+(SO); assigned
Total	150.00	

Source: ICRA

ICRA had Provisional [ICRA]A1+(SO) rating outstanding on Rs. 70 crore¹ commercial paper (CP) programme of Surya Roshni Limited (SRL). Out of this, SRL has provided ICRA with the executed copy of the transaction documents for CPs amounting to Rs. 50 crore, which are in line with the drafts shared with ICRA earlier. Hence, the rating for Rs. 50 crore CP limit is confirmed as final. Further, ICRA has assigned Provisional [ICRA]A1+(SO) rating to another proposed Rs. 100 crore CP programme of the company. Accordingly, the Provisional [ICRA]A1+(SO) rating now stands for an enhanced CP amount of Rs. 120 crore. The provisional rating is subject to fulfilment of all conditions under the structure as mentioned to ICRA including execution of the transaction documents, and the executed documentation being in line with the drafts shared with ICRA. The rating assigned is based on the strength of unconditional and irrevocable stand-by letter from a bank, as per format vetted by ICRA. The rating also factors in the payment mechanism designed to ensure payment on the rated CPs as per the terms of the transaction.

The aforementioned rating for the Rs. 50 crore CP programmes has been confirmed based on three separate stand-by letters to support the repayment obligation on the said CP programmes. These are detailed below:

- Fresh stand-by letter to the extent of Rs. 20 crore from State Bank of India (SBI) dated 23-Nov-2016, having a validity of 12 months from 23-Nov-2016 to 22-Nov-2017
- Fresh stand-by letter to the extent of Rs. 10 crore from State Bank of Patiala (SBoP) dated 28-Nov-2016, having validity from 28-Nov-2016 to 31-Mar-2017
- Fresh stand-by letter to the extent of Rs. 20 crore from SBI dated 29-Nov-2016, having a validity of 12 months from 29-Nov-2016 to 28-Nov-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.

In addition to the above-mentioned ratings, ICRA also has an [ICRA]A1+(SO) rating outstanding for nine other commercial paper programmes of SRL aggregating Rs. 130 crore, based on separate standby letters from banks. Details of the CP issues rated by ICRA for Surya Roshni Limited aggregating Rs. 300 crore, are summarized in the table below:

¹ 100 lakh = 1 crore = 10 million

Instrument	Amount (Rs. Crore)	Stand-by Issuing Bank	Rating Action	Stand-by validity
Proposed CP programme	20 [^]	N/A	Provisional [ICRA]A1+(SO) outstanding [^]	N/A
Proposed CP programme	100	N/A	Provisional [ICRA]A1+(SO) assigned	N/A
CP Programme	20	State Bank of India (SBI)	[ICRA]A1+(SO) confirmed	22-Nov-2017
CP Programme	10	State Bank of Patiala (SBoP)	[ICRA]A1+(SO) confirmed	31-Mar-2017
CP Programme	20	SBI	[ICRA]A1+(SO) confirmed	28-Nov-2017
CP Programme	20	SBI	[ICRA]A1+(SO) outstanding	26-Feb-2017
CP Programme	10	SBoP	[ICRA]A1+(SO) outstanding	31-Dec-2016
CP Programme	10	SBoP	[ICRA]A1+(SO) outstanding	31-Dec-2016
CP Programme	10	SBI	[ICRA]A1+(SO) outstanding	31-Jan-2017
CP Programme	15	SBI	[ICRA]A1+(SO) outstanding	07-Jan-2017
CP Programme	15	Punjab National Bank	[ICRA]A1+(SO) outstanding	17-May-2017
CP Programme	20	IDBI Bank	[ICRA]A1+(SO) outstanding	27-Jan-2017
CP Programme	20	Canara Bank	[ICRA]A1+(SO) outstanding	31-Mar-2017
CP Programme	10	State Bank of Travancore	[ICRA]A1+(SO) outstanding	26-Dec-2016
Total	300			

[^] reduced from Rs. 70 crore earlier, after finalisation of rating for Rs. 50 crore CP programmes

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

In the first quarter ended June 2016, SRL reported an operating income of Rs. 804.35 crore and profit after tax (PAT) of Rs. 12.90 crore as compared to an operating income of Rs. 761.99 crore and PAT of Rs. 11.93 crore in Q1'FY2016.

For the financial year ended March 2016, SRL reported an operating income of Rs. 3,069 crore and PAT of Rs. 62.05 crore as compared to an operating income of Rs. 2,857 crore and PAT of Rs. 54.09 crore in FY2015.

December 2016

For further details please contact:

Analyst Contacts:

Mr. Jayanta Roy, (Tel. No. +91-33-22876617 / 22800008)
jayanta@icraindia.com

Ms. 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 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

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

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

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

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

'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

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

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

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