



Surya Roshni Limited

Instrument	Amount (Rs. crore)	Rating Action
Commercial Paper Programme	20	[ICRA]A1+(SO); reaffirmed
Commercial Paper Programme	15	[ICRA]A1+(SO); confirmed and reaffirmed

Source: ICRA

ICRA has reaffirmed the [ICRA]A1+(SO) (pronounced ICRA A one plus, Structured Obligation) rating for the Rs. 20 crore* commercial paper (CP) programme of Surya Roshni Limited (SRL). Further, the provisional [ICRA]A1+(SO) rating for another Rs. 15 crore CP programme of the company has been confirmed and stands reaffirmed at [ICRA]A1+(SO).

The rating for Rs. 20 crore CP programme is based on a stand-by letter to the extent of Rs. 20 crore from State Bank of Patiala (SBoP) to support the repayment obligation on the said CP programme, having a validity upto 16th January 2016. The said stand-by letter replaces an existing stand-by letter from SBoP that had a validity upto 16th October 2015.

ICRA had also assigned a Provisional [ICRA]A1+(SO) rating for Rs. 15 crore CP programme of SRL. Since the executed transaction documents are in line with the rating conditions, the said rating has now been confirmed as final. Accordingly, the rating now stands reaffirmed at [ICRA]A1+(SO), based on a stand-by letter from Canara Bank (having a validity upto 31st August 2016) to support the repayment obligation on the said CP programme.

Instruments with [ICRA]A1 rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry 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.

Besides the above-mentioned CP issues, ICRA also has ratings outstanding for three other commercial paper programmes of SRL aggregating Rs. 45 crore (total amount rated being Rs. 80 crore), based on standby facilities from banks. Of the balance issues rated (aggregating Rs. 45 crore), stand-by letters for two of the issues of Rs.10 crore and Rs. 15 crore each (backed by separate stand-by letters from State Bank of India) are valid till 16th December 2015 and 7th April 2016 respectively; while stand-by letter for the third issue of Rs.20 crore (backed by a stand-by letter from IDBI Bank) is valid till 19th April 2016.

Details of the rated issues are summarized in the table below:

Instrument	Amount (Rs. crore)	Stand-by issuing bank	Rating Action
CP Programme	20	State Bank of Patiala	[ICRA]A1+(SO) reaffirmed; stand-by letter valid till 16 th January 2016
CP Programme	15	Canara Bank	[ICRA]A1+(SO) reaffirmed; stand-by letter valid till 31 st August 2016
CP Programme	20	IDBI Bank	[ICRA]A1+(SO) outstanding; stand-by letter valid till 19 th April 2016
CP Programme	15	State Bank of India	[ICRA]A1+(SO) outstanding; stand-by letter valid till 7 th April 2016
CP Programme	10	State Bank of India	[ICRA]A1+(SO) outstanding; stand-by letter valid till 16 th December

* 100 lakh = 1 crore = 10 million



2015

Total **80**

Company Profile

Incorporated in October 1973 as Prakash Tubes Private Limited by Mr. B.D. Aggarwal and his son Mr. J.P. Aggarwal, 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".

While the steel division accounted for 60% of total revenues of the company, lighting division accounted for the balance 40% in FY15. The share of lighting division in profits of the company (at operating profit before interest & tax or OPBIT) level, however, stood higher at ~71%.

In the steel division, the company manufactures ERW pipes and 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 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 is exempted from excise duty and also gets income tax benefits on goods manufactured at its Kashipur plant (lighting division). Under the lighting division, the company is involved in manufacturing CFLs, GLS, FTL, HID and LED Lamps. Further, the company also provides 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 and Industrial Research) which is involved in design and development of new products in the lighting segment viz. Light Emitting Diodes (LED) lights, induction lights etc.

Further, the company has also ventured into other consumer electronics over the past few years. While it launched fans in FY14, domestic appliances such as water heaters, induction cookers, iron, juicer/ mixer grinders and toasters were launched during FY15.

Recent Results

SRL reported an operating income of Rs. 2,857 crore and profit after tax (PAT) of Rs. 54.1 crore in FY15 as compared to an operating income of Rs. 3,031 crore and PAT of Rs. 53.4 crore in FY14. In Q1'FY16, the company reported revenues of Rs. 784.3 crore and PAT of Rs. 11.8 crore as compared to revenues of Rs. 726.3 crore and PAT of Rs. 11.2 crore in Q1'FY15.

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