July 20, 2026

Surya Roshni Limited: Rating reaffirmed

Summary Of Rating Action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Short-term - Non-fund based - BG/letter of credit	100.00	100.00	[ICRA]A1+; reaffirmed	RBI
Interchangeable/commercial paper	(100.00)	(100.00)	[ICRA]A1+; reaffirmed	RBI
Total	**100.00**	**100.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The rating reaffirmation continues to favourably factor in Surya Roshni Limited's (SRL) strong operational profile, supported by its established market position in the domestic electric resistance welded (ERW) pipes industry, its geographically diversified manufacturing base, a pan-India distribution network, track record of over four decades and its established brands, Surya and Prakash Surya. Further, the rating action considers SRL's healthy financial risk profile, a sustained healthy operating performance over the years and its comfortable liquidity position.

In FY2026, Surya Roshni Limited (SRL) reported muted revenue growth, with turnover at Rs. 7,540 crore, impacted by a decline in steel prices despite steady volumes in the steel pipes division. The profitability deteriorated in FY2026, reflected in an operating margin (OPM) of 6.5% against 7.8% in FY2025, with margins in the steel pipes division affected by lower realisations and a lag in cost pass-through. The lighting division also witnessed pressure on margins due to competitive intensity and relatively higher input costs, notwithstanding ~7% growth in segment revenues to ~Rs. 1,809 crore. In FY2027, SRL's performance is expected to improve, supported by steady volumetric growth in the steel pipes division driven by optimal utilisation of existing capacities and ramp-up of capacities commissioned in FY2026, along with continued healthy performance in the lighting segment. These factors are likely to aid in overall revenue growth and stabilisation in profitability.

ICRA expects the company's financial risk profile to remain strong over the medium term, backed by healthy internal accruals. Along with this, the steady profit margins are expected to help the company maintain healthy coverage metrics despite the working capital-intensive nature of operations. ICRA notes that the steps being taken by SRL to streamline its working capital cycle have contributed to its cash flow generation and enabled the company to prepay its debt obligations, leading to nil term loan as on March 31, 2026, coupled with minimal working capital debt.

The rating is, however, constrained by intense competition in the steel, lighting as well as consumer appliances segments due to the presence of both organised and unorganised players. This moderates SRL's pricing power, making it more vulnerable to the volatility in raw material prices. Moreover, the cyclicality inherent in the steel business is likely to keep its margins and cash flows vulnerable to the fluctuations in raw material prices and demand for the final products.

Key rating drivers and their description

Credit strengths

Experienced promoters and long track record of company – SRL has been in the steel business since 1973 and diversified into the lighting business in 1985. The promoter and Executive Chairman of the company, Mr. J P Agarwal, has an experience of over five decades in the industry. Further, SRL has separate management teams headed by executive directors and CEOs for the steel pipes and strips and lighting and consumer durables businesses. The management teams consist of experienced professionals in the respective segments.

Healthy operational profile – SRL has a healthy operational profile, characterised by its established brands (Surya and Prakash Surya), strong market position in the domestic electric resistance welded (ERW) pipes industry, geographically diversified manufacturing base and pan-India distribution network. This, along with a track record of repeat business from a diversified client base, have facilitated healthy utilisation of its installed capacities over the years. While the company's revenues have remained largely stable during FY2021–FY2026 amid fluctuations in steel prices and industry cycles, its operating income has consistently remained above Rs. 7,500 crore over the last five years, reflecting the resilience of its business profile and market position.

Stable financial risk profile with strong liquidity – SRL's credit profile continues to be supported by its strong financial position, characterised by a conservative capital structure, healthy cash flow generation and robust liquidity. The company remains term debt-free and maintained sizeable cash and liquid investments of Rs. 420–450 crore as on March 31, 2026, providing substantial financial flexibility. Despite the moderation in profitability during FY2026, debt protection metrics remained strong, with interest coverage of around 17.6 times and low reliance on working capital borrowings. The company has consistently generated healthy accruals, which are adequate to fund its planned capex programme, dividend payouts and working capital requirements. Further, the liquidity position is expected to remain comfortable, supported by healthy cash balances, positive cash flow generation and availability of unutilised bank lines, thereby providing adequate cushion against business cyclicality and future growth requirements.

Credit challenges

Working capital-intensive operations – SRL's operations remain inherently working capital intensive due to the need to maintain adequate inventory levels across its diverse product portfolio and manufacturing locations. The inventory holding period increased to approximately 54 days in FY2026 from 50 days in FY2025, exposing the company to fluctuations in steel prices and inventory valuation risks. Nevertheless, healthy accrual generation over the years, coupled with strong on-balance sheet liquidity, has moderated its reliance on external working capital borrowings. Consequently, utilisation of fund-based working capital limits has remained comfortable, supporting the company's operational requirements and ongoing growth initiatives.

Vulnerability to fluctuation in raw material prices in steel segment – The company manufactures steel pipes, which is a limited value addition business. Therefore, SRL being a steel converter, is exposed to the volatility in steel prices on account of a lag in price adjustments following the fluctuations in the price of hot-rolled coils, in addition to the maintenance of inventory to cater to the market demand in a timely manner. Hence, prudent working capital management is crucial to safeguard against any significant price movement. Nevertheless, a part of its steel pipe business is backed by confirmed orders, which mitigate the inventory price fluctuation risk to some extent. Also, the company's focus on working capital management and increasing the proportion of value-added products in the revenue mix mitigates the risk to some extent. Nevertheless, in case of an adverse demand-supply scenario, the inability to pass on the raw material price hike to its buyers could adversely impact its profitability.

Intense competition in steel, lighting, as well as consumer appliances segments – The ERW pipes market is inherently competitive with the presence of several large established players like APL Apollo, Jindal Pipes, Welspun Corp., etc. As ERW pipe manufacturing is not a capital-intensive process, the entry barriers for new players are low and, hence, the industry has many unorganised players too. Further, the domestic lighting and consumer appliance industries have several large and diversified players such as Philips and Havells, besides imports, as well as single product/segment companies and unorganised players, given the low entry barriers in the form of capital requirements and technological complexity. The stiff competition from several organised and unorganised players limits the pricing flexibility and results in moderate profitability.

Environmental and social risks

Environmental considerations: The company, owing to its presence in the steel tubes and lighting manufacturing industry, faces several environmental risks as it remains dependent on the consumption of power and fuel for running its mills. The manufacturing process involves carbon emission and other chemical waste discharge, exposing the company to the risks of strict regulations or investing in alternative, environmentally-friendly manufacturing methods and technologies in the future. However, the company has been undertaking various initiatives to address environmental issues. Its operating units are compliant with all the environmental regulations and various statutory approvals/permits granted by the authorities. Further, it aims to reduce CO_2 emissions, in sync with its approach towards building a sustainable ecosystem through efficient energy consumption and optimum utilisation of natural resources such as solar and renewable energy. Further, the company focuses on four major areas related to climate change, i.e., energy conservation, water conservation, use of renewable energy and waste minimisation. In lighting manufacturing processes, high energy consumption equipment has been replaced with cost-effective energy-efficient equipment. The company regularly monitors the operations and capacity optimisation of pumps, motors and cooling tower operations, to take corrective actions. Its operating units are compliant with all the environmental regulations and various statutory approvals/permits granted by the authorities.

Social considerations: The company is exposed to reputational risks arising on account of various factors such as deviation in the quality of products, digital media impact and non-compliance with safety norms.

Liquidity position: Strong

SRL's liquidity position remains Strong, supported by free cash and bank balances of ~Rs. 420 crore as on March 31, 2026, providing adequate financial flexibility. The liquidity is further aided by steady cash accruals and moderate utilisation of working capital limits, with sufficient headroom available to meet incremental requirements. While profitability moderated in FY2026, the company's internal accruals and available liquidity are expected to remain adequate to meet its debt servicing obligations and routine capex requirements.

Rating sensitivities

Positive factors – Not applicable

Negative factors – ICRA could downgrade the rating in case of a sustained weakening of operating profitability, and/or if there are any aggressive debt-funded capital expenditure plans, or if there is a significant stretch in the working capital cycle that could weaken the company's liquidity, increase its leverage and moderate the debt coverage metrics. A specific metric for downgrade includes interest coverage of less than 7.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the company

About the company

Surya Roshni Limited (SRL) was incorporated in October 1973 as Prakash Tubes Private Limited by Mr. B.D. Aggarwal and his son Mr. J.P. Aggarwal. It began operations with a steel pipe manufacturing unit at Bahadurgarh (Haryana). In 1985, the company diversified into manufacturing lighting products and set up its facility at Kashipur (Uttarakhand).

At present, SRL has two segments – (i) steel pipes and strips (ii) lighting and consumer durables. The products under both the divisions are marketed under the company's brand name, Surya.

As on date, the company has four manufacturing units under its steel division at Bahadurgarh (Haryana), Malanpur (Madhya Pradesh), Hindupur (Andhra Pradesh) and Anjar (Gujarat). It manufactures cold-rolled (CR) strips and electric resistance welding (ERW) and spiral pipes of various grades and coated pipes at its newly established 3 LPE coating line at Anjar.

Under the lighting and consumer durables division, the company manufactures various types of lamps, including light-emitting diode (LED) lamps, LED street lights, fluorescent tube lights (FTL), general lighting service (GLS) lamps and high-intensity discharge (HID) lamps. At present, the company is one of the major LED lighting providers in the country with a diverse product portfolio (LED lamps, LED tube lights, LED down lighters and LED street lights).

Key financial indicators (audited)

SRL Consolidated	FY2025	FY2026
Operating income	7,435.9	7,540.4
PAT	346.6	285.8
OPBDIT/OI	7.8%	6.5%
PAT/OI	4.7%	3.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.0	0.1
Interest coverage (times)	28.0	17.7

Source: Company, ICRA Research; 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: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Jul 20, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based - BG/LC	Short Term	100.00	[ICRA]A1+	Jul 30, 2025	[ICRA]A1+	Jul 17, 2024	[ICRA]A1+	Jul 10, 2023	[ICRA]A1+
Interchangeable/ Commercial paper	Short Term	(100.00)	[ICRA]A1+	Jul 30, 2025	[ICRA]A1+	Jul 17, 2024	[ICRA]A1+	Jul 10, 2023	[ICRA]A1+
Commercial Paper	Short Term	-	-	-	-	-	-	Apr 03, 2023	[ICRA]A1+
								Jul 10, 2023	[ICRA]A1+, withdrawn

Complexity level of the rated instruments

Instrument	Complexity indicator
Short term - Non-fund based/BG/LC	Simple
Interchangeable/Commercial paper	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 analysing 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 are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	Short term - Non-fund based/BG/LC	-	-	-	100.00	[ICRA]A1+	RBI
NA	Interchangeable /Commercial paper*	-	-	-	(100.00)	[ICRA]A1+	RBI

*Source: Company; No CP is placed against [ICRA]A1+ rating**

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Annexure II: List of entities considered for consolidated analysis

Company name	SRL ownership	Consolidation approach
Surya Roshni LED Lighting Projects Ltd	100.00%	Full consolidation

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3406
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Sumit Jhunjhunwala
+91 33 6521 6814
sumit.jhunjhunwala@icraindia.com

Prerna Aggarwal 1
+91 124 4545 380
prerna.aggarwal1@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches