Surya Roshni Limited

July 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	349.00	CARE AA; Stable	Upgraded from CARE AA-; Positive
Short-term bank facilities	651.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to bank facilities of Surya Roshni Limited (SRL) factors in the continuous improvement in the financial risk profile of the company, marked by healthy capital structure on account of significant debt repayment and strong liquidity position, emanating from the operating cash flows of the company. The ratings continue to factor the extensive experience of its promoters and management in the steel pipes and lighting businesses, the company's long track record of operations as being one of the dominant players in the domestic Electric Resistance Welding (ERW) pipes manufacturing industry. The ratings further draw strength from the established market position of SRL, with an extensive nation-wide presence and strong brand recall, for both of its businesses (steel pipes and lighting businesses). In the lighting segment, the company has diversified its product profile over the past few years, which has also supported the improvement in both the revenue and profitability in this segment. The lighting division also showcased a strong performance while recording a total operating income (TOI) of ~₹1,690 crore at a profit before interest, lease, depreciation and tax (PBILDT) margins of ~9.61%.

Over the past three fiscals, the company has sustained a return on capital employee (ROCE) above 20%, while the overall gearing consistently remaining below 0.50x on account of healthy profitability and significant reduction in overall debt levels.

SRL's TOI has increased at a compounded annual growth rate (CAGR) of ~7.56%, from FY21 to FY25 period (FY refers to April 01 to March 31), while profitability (profit after tax [PAT]) has grown at a CAGR of ~22% in the same period. The company's TOI in FY25 was expected to reach ₹8,000 crore plus; however, it remained lower on account of softening of steel pipes and tubes prices, though the company has been able to manage higher sales volumes.

CARE Ratings Limited (CareEdge Ratings) also favourably considers the management's focus towards debt reduction and its philosophy going ahead towards minimal reliance on outside liability. Going forward, CareEdge Ratings believes SRL shall sustain a healthy growth in volumes in both the verticals, which should lead to improvement in TOI. Leverage and coverage profile is also expected to sustain in the absence of large debt-funded capex plans in the medium term. According to the management, further capex plans are likely to be entirely funded through internal accruals only.

However, ratings continue to remain constrained by SRL's exposure to raw material price volatility in the steel business, competitive product pricing pressure from cheap Chinese imports in lighting and appliances segment and its working capital-intensive nature of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations for the company, and sustenance of ROCE above 25%.

Negative factors

- Decline in the TOI to below ₹6,000 crore or decline in ROCE below 15% on a sustained basis.
- Deterioration in overall gearing over 0.20x.
- Elongation in the operating cycle and the resultant weakening of liquidity position from the existing levels.

Analytical approach: Standalone

Outlook: Stable

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The stable outlook reflects CareEdge Ratings' expectation that the company will continue to grow its business operations as envisaged, while maintaining its profitability levels. The stable outlook also factors in sustenance of lower debt levels and absence of any significant debt-funded expansion plans. The financial risk profile of the company is expected to remain strong amidst existing strong liquidity position and continuing healthy cash flow generation from operating activity.

Detailed description of key rating drivers:

Key strengths

Established brand with diversified product portfolio and wide marketing network

SRL has established brand names of 'Prakash Surya' and 'Surya' for its two business segments, steel pipes and strips, and lighting and consumer durables, respectively. The company is one of the leading players in both these segments with ~2,500 dealers/distributors and over 250,000 retailers spread across the country for the lighting segment and 21,000 dealers and ~250 major distributors in the steel pipe segment to augment its market reach. The diversified product portfolio includes electric resistance welded (ERW) steel tube pipes (SRL being the largest exporter from India in this segment), galvanised iron (GI) pipes, hollow section pipes, API coated pipes, and spiral pipes manufactured through strategically plants at Gwalior (Madhya Pradesh), Hindupur (Andhra Pradesh), Bahadurgarh (Haryana), and Anjar (Gujarat) to cater to supplies to different parts of the country. The company also exports its lighting products and API-certified pipes to over 50 countries around the world. Exports contributed ~13.80% of gross sales in FY25 (PY: ~15%).

Integrated lighting operations

The company has an integrated manufacturing facility for the entire range of lighting products (LED and conventional lighting) which find application in domestic, industrial, and commercial segments. SRL has an in-house capability to manufacture lighting products from scratch including glass, printed circuit boards (PCBs), ballasts, filaments, and caps. The company also has in-house research & development (R&D) laboratory at Noida (Uttar Pradesh), accredited by the Department of Scientific and Industrial Research (DSIR), which is involved in the design and development of new products in the lighting segment. This high level of integration helps the company to achieve better control over the entire value chain and thus results in better competitive strengths and profitability margins. The growing demand for LEDs supported by development of smart cities and reduced dependence on China for the components is expected to boost the operations of larger domestic players including SRL.

Sustained improvement in operational performance

SRL's TOI has increased at a compounded annual growth rate (CAGR) of ~7.56%, from FY21 to FY25 period (FY refers to April 01 to March 31), while profitability (PAT has improved at a CAGR of ~22% in the same period). The company reported healthy operational performance with marginal decline in TOI from ₹7,809 crore in FY24 to ₹7,435 crore in FY25 despite ~6% improvement in its steel sales volume due to softening in prices of steel pipes and tubes on account of decline in steel prices witnessed in FY25. However, the profitability as demonstrated by PBILDT/tonne in steel division remained in stabilised in FY25 at ₹5,392 (PY: ₹5,401). The PBILDT margin in the lighting and consumer durable segment improved to 9.61% in FY25 (PY: 9.57%), due to better product mix and focussing on premium products segment.

The company has an order book of ~₹277 crore (PY: ~₹150 crore) in lighting segment and ~₹1,500 crore (PY: ~₹ 600 crore) for steel pipe business as on March 31, 2025, which provides healthy revenue visibility in the short-to-medium term period.

Strong financial risk profile

With healthier cash accruals backed by higher contribution from value-added products, SRL has been able to significantly reduce its debt from ~₹1,000 crore in FY21 to ₹60 crore (inclusive of LC acceptances) in FY25. The same coupled with accretion of profits to net worth has resulted in improvement in the overall gearing (including acceptances) of the company to 0.02x as on March 31, 2025 (0.04x as on March 31, 2024 and 0.31x as on March 31, 2023). The interest coverage ratio of the company stood healthy at 28.05x in FY25 due to significant reduction in the interest cost in line with the reduction in total debt, and healthy operating profit. The total debt/PBILDT ratio of the company improved to 0.10x as on March 31, 2025 (0.14x as on March 31, 2024) which tend to remain above 2.00x until FY22. Going forward, as per SRL's management, the company's reliance on debt will continue to remain low while proposed capex in near-to-medium term will be largely funded through internal accruals only.

Experienced promoters and long track record of the company

The company has been in the steel business since 1973 and diversified into the lighting business in 1985. The promoter and executive chairman of the company, J P Agarwal, has a rich experience of over four decades in the industry and has been conferred Padma Shri for his services in the field of trade and industry by the Government of India. SRL has two managing directors, Raju Bista and Vinay Surya, overseeing management teams controlled by separate heads of respective businesses being steel pipes and lighting & consumer durables who are supported by teams consisting of experienced professionals.

Stable industry prospects

The major growth drivers for the steel pipes industry include demand emanating from domestic water infrastructure, oil exploration and transportation, construction, irrigation, infrastructure, and expansion of gas pipelines such as national gas grid and city gas distribution. The industry has witnessed consolidation with increasing dominance of larger players, especially in ERW segment, which has been the most fragmented segment historically. CareEdge Ratings notes that the demand prospects remain stable in the lighting segment as well.

Key weaknesses

Working capital intensive nature of business operations

SRL has a working capital-intensive business operation owing to the large inventory that the company has to maintain for raw material and finished goods. The company purchases most of its raw material on a cash/LC basis, while it provides a credit of 45 to 60 days to its customers. The company's operating cycle has marginally deteriorated over last few fiscals to 76 days in FY25 primarily due to reduction in creditor days and marginal elongation of the inventory days (PY: 73 days). The improvement in creditor days to 19 days is primarily due to higher cash purchases. The debtor days cycle also remained stable as the management has a philosophy for entering only into pre-approved government contracts, which ensures timely payments to SRL. Better working capital management reduces the reliance on bank finance. The management has been able to significantly reduce its reliance on outside liability towards funding its working capital requirements.

Exposure to raw material price volatility risk in steel pipes segment

The company is engaged in manufacturing steel pipes, which is an inherently limited value addition business, although the proportion of value-added products has been increasing y-o-y. The main raw material for the steel pipe segment of SRL is HR coils, the prices of which are volatile. Although the company, being a converter of raw material to finished goods, is able to pass on the fluctuation in the raw material prices in the final product, with a time lag. Due to the nature of business, SRL is partially exposed to the price volatility risk on its inventory which may adversely impact the margins. However, a part of its steel pipe business is backed by confirmed orders which mitigate the inventory price fluctuation risk to some extent. The healthy product diversification due to GI pipes, presence in exports, and the lighting segment lend stability to the revenue stream and overall profitability of the company. However, the lighting segment, which comprise almost ~20 to 24% of the company's sales turnover, is exposed to pricing pressure from cheap Chinese imports.

Intense competition

The ERW pipes segment of the company was historically dominated by few established market players. However, owing to limited value addition there has been significant increase in capacity from unorganised players as well in the industry. This competitive landscape and economies of scale limits the pricing flexibility. Until now, SRL has managed the competition risk with capex deployment towards diversification and value addition of its product profile, which has helped the company to maintain its market position.

In the Lighting Division, the company faces intense competition from both domestic and international players. The Indian market is saturated with branded and non-branded products, further compounded by the influx of cost-competitive offerings from China, which significantly impacts pricing dynamics.

Liquidity: Strong

SRL's liquidity position is strong marked by healthy generation of cash accruals and no term debt repayment obligations. It has healthy cushion available in terms of un-utilised working capital limits to meet any uncertain events in terms of increase in the input cost or delayed receivable from its clientele or immediate requirement of capex to meet the industry demand scenario. As of March 31, 2025, the company holds cash and liquid investments of ~₹350 crore. CareEdge Ratings expects the company to maintain a healthy operational profitability of above ₹600 crore, which will be adequate to support the business plans or any short-term exigencies in the near term. The company plans to incur capex to the tune of ~₹600 crore over the next 2-3 years of which ~₹400 crore will be a pure greenfield expansion plan. This capex of ~₹600 crore is expected to be met through internal accruals only.

Environment, social, and governance (ESG) risks

The manufacturing processes of SRL have an impact on the environment through its waste generation, power consumption, and raw material sourcing. The company has taken initiatives to address environmental issues. In lighting manufacturing processes, high energy consumption equipment have been replaced with cost-effective energy-efficient equipment. 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. The company is managed by professional board of directors who have extensive experience in industry. The Board comprises 11 Directors including three women directors.

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron & steel products

SRL was incorporated in 1973 for manufacturing ERW pipes, sold under the brand name of 'Prakash-Surya'. In 1985, SRL diversified into lighting products with the manufacturing general lighting systems (GLS) and fluorescent tube lamps (FTL) sold under brand name 'Surya' and started the production of compact fluorescent lamps (CFLs) in 2007. SRL presently operates in two operational business divisions – Steel Pipes & Strips division and Lighting & consumer durables division. The Lighting division mainly manufactures GLSs and entered into manufacturing CFLs in FY07, post which the company entered into LED lighting. Apart from this, the Lighting division also has a luminaries segment which consists of lights for industrial and commercial applications like high mast, and induction lamps, etc. The company has an installed capacity of 115.2 million LED lamps, 28 million FTLs, and 162 million GLS lamps as on March 31, 2025.
The steel division mainly manufactures ERW steel pipes (both American Petroleum Institute [API] and non-API standard) and cold rolled (CR) strips. In the steel division, SRL has an installed capacity of 961,000 MT of ERW pipes and 2 lakh MT of spiral pipes as on March 31, 2025, for varied sizes and 115,000 MT for CR strips and sheets.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	7,809	7,435
PBILDT	575	581
PAT	329	348
Overall gearing (times)	0.04	0.02
Interest coverage (times)	23.92	28.05

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	149.00	CARE AA; Stable
Non-fund-based - ST-Credit Exposure Limit		-	-	-	20.00	CARE A1+
Non-fund-based-Long Term		-	-	-	200.00	CARE AA; Stable
Non-fund-based-Short Term		-	-	-	631.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (30-Sep-22)
2	Fund-based - LT-Cash Credit	LT	149.00	CARE AA; Stable	-	1)CARE AA-; Positive (03-Mar-25) 2)CARE AA-; Positive (30-Sep-24)	1)CARE AA-; Stable (17-Jul-23)	1)CARE AA-; Stable (30-Sep-22)
3	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	1)Withdrawn (17-Jul-23)	1)CARE A1+ (30-Sep-22)
4	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	1)Withdrawn (17-Jul-23)	1)CARE A1+ (30-Sep-22)
5	Non-fund-based-Long Term	LT	200.00	CARE AA; Stable	-	1)CARE AA-; Positive (03-Mar-25) 2)CARE AA-; Positive	1)CARE AA-; Stable (17-Jul-23)	1)CARE AA-; Stable (30-Sep-22)

						(30-Sep-24)		
6	Non-fund-based-Short Term	ST	631.00	CARE A1+	-	1)CARE A1+ (03-Mar-25) 2)CARE A1+ (30-Sep-24)	1)CARE A1+ (17-Jul-23)	1)CARE A1+ (30-Sep-22)
7	Fund-based - ST-Standby Line of Credit	ST	-	-	-	-	1)Withdrawn (17-Jul-23)	1)CARE A1+ (30-Sep-22)
8	Non-fund-based - ST-Standby Line of Credit	ST	-	-	-	-	1)Withdrawn (17-Jul-23)	1)CARE A1+ (30-Sep-22)
9	Non-fund-based - ST-Credit Exposure Limit	ST	20.00	CARE A1+	-	1)CARE A1+ (03-Mar-25) 2)CARE A1+ (30-Sep-24)	1)CARE A1+ (17-Jul-23)	1)CARE A1+ (30-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Credit Exposure Limit	Simple
3	Non-fund-based-Long Term	Simple
4	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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