

## Surana Industries Limited

March 24, 2017

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	517.28	<b>CARE D (Single D)</b>	Reaffirmed
Short-term Bank Facilities	75.63	<b>CARE D (Single D)</b>	Reaffirmed
<b>Total Facilities</b>	<b>592.91</b> <b>(Rupees Five Hundred Ninety Two crore and Ninety One lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The rating continues to factor in delays in servicing of the debt obligations by Surana Industries Limited (SIL).

### Detailed description of the key rating drivers

**Instances of delays in debt servicing:** The company has reported delays in debt servicing to banks on account of tight liquidity position. During FY16 (refers to the period April 01 to March 31), the company generated total income of Rs.586 crore as against Rs.643 crore during FY15. The company reported net loss of Rs.526 in FY16 as against net loss of Rs.263 crore in FY15. Net worth has moderated from Rs.668 crore as on March 31, 2015 to Rs.142 crore as on March 31, 2016.

**Analytical approach:** Standalone

### Applicable Criteria

[CARE's Policy on Default Recognition](#)

[CARE's methodology for Short-term Instruments](#)

[CARE's methodology for manufacturing companies](#)

### About the Company

Surana Industries Limited (SIL) is into manufacturing of iron and steel products and trading in MS Structural. The company has two units, one each at Raichur (Karnataka) and Gummidipoondi, Tamil Nadu (GPD). As on March 31, 2016, Raichur unit had a sponge iron capacity of 1,28,000 tonnes per annum (tpa), steel melting shop with capacity of 2,25,000 tpa and Rolling Mill/Wire drawing capacity of 3,00,000 tpa. GPD unit has a rolling mill capacity of 1,09,800 tpa and induction furnace of 30,000 tpa for production of ingots. In addition to production and sale of billets & TMT bars, GPD operations include purchase and sale of MS Structural. SIL is in this line of business for the past 25 years.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	May 2023	191.30	CARE D
Non-fund-based - ST-BG/LC	-	-	-	75.63	CARE D
Fund-based - LT-Cash Credit	-	-	-	325.98	CARE D

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	191.30	CARE D	1)CARE D (21-Apr-16)	1)CARE D (23-Apr-15)	-	1)CARE D (19-Sep-13) 2)CARE BB- (25-Apr-13)
2.	Non-fund-based - ST-BG/LC	ST	75.63	CARE D	1)CARE D (21-Apr-16)	1)CARE D (23-Apr-15)	-	1)CARE D (19-Sep-13) 2)CARE A4 (25-Apr-13)
3.	Fund-based/Non-fund-based-LT/ST	-	-	-	-	-	-	1)CARE D / CARE D (19-Sep-13) 2)CARE BB- / CARE A4 (25-Apr-13)
4.	Fund-based - LT-Cash Credit	LT	325.98	CARE D	1)CARE D (21-Apr-16)	1)CARE D (23-Apr-15)	-	1)CARE D (19-Sep-13) 2)CARE BB- (25-Apr-13)
5.	Fund-based - LT-Working Capital Demand loan	-	-	-	-	-	-	1)CARE D (19-Sep-13) 2)CARE BB- (25-Apr-13)

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