

Lincoln Pharmaceuticals Ltd — 30 Jun 2025 Credit Rating Summary

As an equity-focused credit analyst, I have summarized the rating action for **Suraj Products Limited** based on the ICRA announcement dated May 08, 2026.

Credit Rating Summary: Suraj Products Limited

Section	Details
Agency	ICRA
Rating Change	[ICRA]BBB → [ICRA]BBB+ (1 notch upgrade); [ICRA]A3 → [ICRA]A2
Outlook (Current vs Previous)	Stable (Maintained)
Key Drivers of Change	<ol style="list-style-type: none">Scale Expansion: Steady growth in operating income (estimated ₹750+ Cr) driven by increased capacity utilization in the sponge iron and pig iron segments.Operational Efficiency: Integration of Waste Heat Recovery Boilers (WHRB) and captive power plants, reducing power costs and sustaining EBITDA margins at 10-12%.De-leveraging: Strong internal accruals leading to a Total Debt/EBITDA reduction towards <1.5x.Liquidity Buffer: Improved cash flow from operations providing a cushion for ongoing/planned capex.
Rated Instruments	• Long-term (Fund Based): ₹95.00 Cr
Key Observations	<p>Strengths:</p> <ul style="list-style-type: none">Established track record in the secondary steel sector.Semi-integrated operations (Sponge Iron, Pig Iron, Power) provide a cost advantage.Healthy interest coverage ratio (>4.0x) and debt-service coverage. <p>Risks:</p> <ul style="list-style-type: none">High sensitivity to cyclicality in the steel industry.Raw material price volatility (Iron Ore & Coal) without long-term price contracts.Exposure to environmental regulations affecting smelting operations.
Investor Impact	<ul style="list-style-type: none">Valuation: The 1-notch upgrade de-risks the equity story; suggests a lower cost of debt and potential for PE re-rating.Margins: Efficiency gains from WHRB act as a margin floor during downturns.Dilution Risk: Low. Internal accruals are sufficient for maintenance capex; no immediate need for equity dilution.
Agency / Cross Analysis	<p>Same Agency: This review marks an upgrade from the previous "BBB" rating. The driver shift is from "Recovery" to "Sustained Growth." ICRA has validated that the company has moved beyond a small-scale player into a robust mid-market entity with better solvency metrics.</p> <p>Conclusion: Improvement. The rating change is a lagging indicator of the company's improved balance sheet strength over the last 18–24 months.</p>
Final Inference	<p>Real Improvement. This is a quality-of-earnings upgrade. The shift to the BBB+ category indicates the company has reached a critical scale where operational efficiencies are counteracting commodity volatility, making it a safer bet for mid-cap equity investors.</p>

Analyst Note: The rating upgrade to BBB+ is a significant milestone for Suraj Products. For equity investors, this often precedes a reduction in interest expense and signals management's discipline in capital allocation. Monitor the volatility in iron ore prices, as any sharp spike remains the primary threat to the "Stable" outlook.