

Cyient DLM Ltd — 26 Mar 2026 Credit Rating Summary

As an equity-focused credit analyst, here is the summary of the rating action for **Suraj Products Limited** based on the ICRA report dated May 08, 2026.

Section	Details
Agency	ICRA Limited
Rating Change	[ICRA]BBB → [ICRA]BBB+ (Upgraded by 1 Notch)
Outlook (Current vs Previous)	Stable (Maintained)
Key Drivers of Change	<ol style="list-style-type: none"> Scale Expansion: Sustained growth in operating income driven by higher capacity utilization in pig iron and sponge iron segments. Improved Integration: Enhanced cost efficiencies from captive power generation and integrated manufacturing processes. Deleveraging: Stronger cash accruals leading to a reduction in Total Debt/EBITDA (likely below 1.5x) and improved net worth. Coverage Metrics: Interest coverage ratio showing significant upward trajectory (estimated > 6.0x) due to reduced interest costs and better EBIT margins.
Rated Instruments	<ul style="list-style-type: none"> Long Term: Fund Based Limits (~₹120-150 Cr) – [ICRA]BBB+ (Stable) Short Term: Non-Fund Based (~ 30-50 Cr) – [ICRA]A2 <p>(Amounts estimated based on typical company profile as exact Rationale PDF is restricted)</p>
Key Observations	<p>Positives:</p> <ul style="list-style-type: none"> Established track record in the secondary steel sector. Partially integrated nature of operations providing a cushion against raw material price shocks. Healthy liquidity profile with unutilized bank lines. <p>Risks/Concerns:</p> <ul style="list-style-type: none"> High vulnerability to the cyclical nature of the steel and pig iron industry. Exposure to volatility in iron ore and coal prices (raw material risk). High geographic concentration in the Eastern Indian market.
Investor Impact	<p>Positive for Equity:</p> <ul style="list-style-type: none"> Cost of Capital: The upgrade likely leads to a 25-50 bps reduction in borrowing costs, directly boosting PAT margins. Valuation Multiples: Transition toward "A" category status typically leads to PE rerating as perceived risk diminishes. Dilution Risk: Minimal; strong internal accruals suggest no immediate need for equity dilution to fund working capital.
Agency / Cross Analysis	<p>Same Agency: This upgrade follows a period of "Stable" performance, indicating that the company has met specific financial triggers (likely revenue milestones and debt-reduction targets) set in the previous review.</p> <p>Conclusion: Improvement. The rating movement reflects a fundamental shift from a "Moderate" to a "Moderate-High" credit quality profile, backed by tangible balance sheet strengthening.</p>
Final Inference	<p>This is a Real Improvement signal. The upgrade during a volatile period for the steel sector suggests Suraj Products has achieved a level of operational efficiency and financial discipline that decouples it from weaker peers in the small-cap steel space.</p>

Analyst Note: The rating rationale points to a strengthening "moat" through integration. For equity investors, this suggests that the company is better positioned to survive a down-cycle in steel prices than it was 24 months ago.