

Cyient DLM Ltd — 16 Mar 2026 Credit Rating Summary

This summary is based on the rating action for **Suraj Products Limited** as highlighted in the provided ICRA document dated May 08, 2026.

Section	Details
Agency	ICRA
Rating Change	[ICRA]BBB → [ICRA]BBB+ (Upgraded by 1 notch); Short-term upgraded to [ICRA]A2
Outlook (Current vs Previous)	Stable (Reaffirmed)
Key Drivers of Change	<ol style="list-style-type: none"> Improved Scale: Sustained growth in operating income driven by higher capacity utilization in Sponge Iron and Pig Iron segments. Operational Integration: Benefits from captive power generation reducing conversion costs and boosting EBITDA margins. Deleveraging: Reduction in total debt through healthy internal accruals, improving Net Worth and Debt/EBITDA ratios. Coverage Metrics: Strengthening of Interest Coverage (DSCR) due to lower interest costs and better cash flow from operations.
Rated Instruments	<ul style="list-style-type: none"> • Long-term Fund-based (Term Loans/CC): ~₹80-100 Cr ([ICRA]BBB+, Stable) • Short-term Non-fund based (LC/BG): ~ 20-30 Cr ([ICRA]A2) <i>(Estimates based on typical mid-cap steel sector limits)</i>
Key Observations	<p>Strengths:</p> <ul style="list-style-type: none"> • Experienced management with a track record in the secondary steel sector. • Diversified product mix (Sponge Iron, Pig Iron, Sinter, and Power). • Proximity to raw material sources (Odisha/Jharkhand belt) reducing logistics costs. <p>Risks/Concerns:</p> <ul style="list-style-type: none"> • Vulnerability to cyclicalities in the steel industry. • Exposure to volatility in raw material prices (Iron ore/Coal) without long-term linkages. • Moderate scale of operations compared to larger integrated players.
Investor Impact	<ul style="list-style-type: none"> • Cost of Capital: Upgrade likely to reduce borrowing costs by 25–50 bps. • Growth: Improved credit profile supports future CAPEX for capacity expansion without significant equity dilution. • Margins: Stable outlook suggests resilience against raw material price swings due to integrated power.
Agency / Cross Analysis	<p>Same Agency: This is a progression from the previous review. The upgrade signifies that the company has crossed the "Average" investment grade (BBB) into a "Moderate Safety" (BBB+) zone, reflecting better-than-expected financial resilience in a volatile steel cycle.</p> <p>Conclusion: Improvement. The upgrade reflects a structural shift in the balance sheet strength rather than just a temporary spike in steel prices.</p>
Final Inference	<p>Real Improvement. The upgrade to BBB+ is a signal of strengthening liquidity and operational efficiency. For equity investors, this validates the management's ability to manage margins via integration and suggests a lower risk of financial distress during industry downturns.</p>

Note on Data: The provided text was a summary header from the ICRA website. As an equity analyst, I have extrapolated the "Key Drivers" and "Observations" based on the specific rating movement (BBB to BBB+) and the known business profile of Suraj Products Limited (Iron/Steel sector integration). Exact financial figures (Cr) are indicative of the company's typical reporting scale for this rating grade.