

Sunflag Iron And Steel Co Limited

February 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE A+; Stable / CARE A1+ and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE A+; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and subsequently withdrawn the ratings of 'CARE A+;Stable/CARE A1+' assigned to the bank facilities of Sunflag Iron and Steel Co. Limited (SISCL) with immediate effect. The above action was taken as per CareEdge Ratings policy on withdrawal of ratings and at the request of the company and on receipt of 'No Objection Certificate' from all the lenders that have extended the facilities to SISCL rated by CareEdge Ratings. The reaffirmation of the rating assigned to the bank facilities of SISCL factors in the established position and long track record of SISCL in manufacturing of different alloy and carbon steel products supplied to major automobiles original equipment manufacturers (OEMs) (who are the company's primary customers). The rating also takes into consideration, diversification in the customer profile (with non-auto segment contributing 25-30% of sales), healthy sales realisations (though declining in accordance with current industry scenario) and the completion of major capex activity in the recent past.

The ratings further factors in the strong financial risk profile of SISCL marked by comfortable debt protection metrics with interest coverage ratio and net debt/PBILDT (Profit before interest, lease rentals, depreciation and tax) ratio at 4.33x and 1.87x respectively as on Mar 31, 2025. The tangible networth (TNW) has almost doubled from ₹4,809 crores as on Mar 31, 2024, to ₹8,429 crores as on Mar 31, 2025. As per the settlement in 2023, the company converted the Optionally Fully Convertible Debentures (OFCD) in Lloyds Metal and Energy Limited (LMEL) and resultantly holds 11.02% stake in LMEL (as on December 31, 2025). As on March 31, 2025, the value of quoted investments in LMEL has increased to ₹7,724 crore from ₹3,612 crore as on March 31, 2024. The allocation of these investments and mark-to-market gains associated with LMEL investments has resulted in surge in tangible networth for the company. CARE Ratings Limited (Care Edge Ratings) notes that the overall gearing stood comfortable at 0.10x as on Mar 31, 2025 (vs 0.21x as on Mar 31, 2024).

On a Y-o-Y basis the TOI of the company grew by 4% to ₹3,536 crore in FY25 (FY refers to the period from April 01 to March 31) from ₹3,413 crore in FY24. The sales volume for rolled products (which contributes around 90% of the net sales) have increased to 4.02 lakh metric tons per annum (mtpa) in FY25 from 3.55 lakh metric tons per annum (mtpa), which has resulted in revenue from rolled products increasing to ₹3,334 crore in FY25 from ₹3,093 crore in FY24. The increase in rolled products sales has reduced the sales of intermediate steel products like pig iron and billets. For the super alloy-plant commissioned in FY22, the company has received approvals from multiple marquee customers and the company has been delivering test samples, however, the overall off-take for super alloy products remains slower than envisaged and the company is hopeful that the same is likely to improve over the medium to long term period, which will support the company's growth in revenue as well as profitability margins going ahead.

The rating strengths are, however, tempered by susceptibility of the company's operating margins to the volatility in raw material prices and higher working capital requirements. The risk is though mitigated to an extent as the prices of finished goods move in tandem with the increase/decrease in raw material prices although with a time lag. Apart from working-capital intensive operations, the company has high exposure to the auto segment (around 70-75%) which remains cyclical. The working capital cycle is expected to elongate further from the current levels, largely on account of import of raw material for the manufacturing of various super-alloy products.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has analysed SISCL's credit profile by considering the consolidated financial statements of the company owing to financial, business, operational and management linkages between the parent and its subsidiaries. List of subsidiaries in Annexure - 6.

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

Outlook: Stable

The stable outlook reflects that SISCL will continue to derive stable revenues and cash flows due to its established position in the market and long-standing customer relationships and repeat orders as well. The company has consistent orders from major automobile OEMs, ordnance factories and government entities for supply of the alloy-steel products. Furthermore, the financial risk profile is expected to remain comfortable, given that the company has recently completed the capacity expansion for the blooming mill and super-alloy plant.

Detailed description of key rating drivers:**Key strengths****Experienced promoters with long track record in the iron and steel industry**

The Sunflag group was promoted by the Bhardwaj brothers i.e. Late P. B. Bhardwaj and Ravi Bushan Bhardwaj (Chairman). The promoters have rich experience of over five decades in the iron and steel industry. Pranav Bhardwaj, Managing Director (MD), is second generation entrepreneur, responsible for overall in charge of running the business affairs of the company. The promoters are also supported by team of qualified professionals from varied business backgrounds.

Operational performance improved on the back of demand in end-use segment.

TOI for FY25 stood at ₹3,536 crore reporting a 4% YoY growth from FY24 ₹3,413 crore. The sales volume for rolled products (which contributes around 90% of the net sales) have increased to 4.02 lakh metric tons per annum (mtpa) in FY25 from 3.55 lakh metric tons per annum (mtpa). In addition, the revenue from rolled products increased to ₹3,334 crore in FY25 from ₹3,093 crore in FY24. The increase in rolled products sales has reduced the sales of intermediate steel products like pig iron and billets.

Increase in volumes led to an overall improvement in TOI and offsetting the moderation in Net Sales Realisation (NSR) to ₹77,365 per MT in FY25 from ₹80,226 per MT in FY24. Going ahead, we expect the volumes to increase for FY26, given that the company has already delivered 2.74 lakh metric tonnes of rolled products during H1FY26, resulting in computed annual run-rate of around 5 Lakh tonnes (vs 4.57 Lakh mtpa during FY25).

Semi-integrated operations:

SISCL has an integrated manufacturing facility located in the central part of India at Bhandara, Maharashtra, 70 Kms from Nagpur, where in it is strategically placed to cater to the requirements of various organized and unorganized auto companies across domestic markets. The company manufactures sponge iron and pig iron in-house using Direct reduced iron (plant) and mini blast furnace (MBF). The intermediate products like blooms/billets are used majorly for captive consumption for manufacturing rolled steel products.

Diversified product portfolio with preferred vendor status from major Auto OEMs

The product portfolio of SISCL comprises of Carbon Steels, Alloy Steels, Free & Semi Free Cutting Steels, Micro-Alloyed Steels, Stainless Steels, Spring Steels, Valve Steels, Bearing Steels, Cold Heading Quality Steels, and Tool Steels which are available in various profiles such as Round Bars, Round Cornered Squares in straight bars, Round & Hexagonal wire Rods as coils, Hexagonal and Flat sections straight bars, as well as Bright Bars. Also, SISCL has collaboration with Daido Steel Company (Japan). The marketing presence of the company spreads across all the major cities like Delhi, Ludhiana, Faridabad, Mumbai, Pune, Nagpur, Bangalore and Chennai. The company enjoys preferred vendor status from the major Original Equipment Manufacturers (OEMs) in automotive industry and other auto ancillary companies. Over last three years, there is increased diversification in client base (including railways, defence), however revenue concentration from top 10 customers has remained between 25-30%. The orders from railways and defence players are expected to remain strong on the back of higher government budget outlay this fiscal.

Key weaknesses**Susceptibility to volatility in raw material prices and forex risk:**

Raw material consumption is the single largest cost component for SISCL, constituting about 70-80% of total costs. The key raw materials used by the company are iron ore/iron ore fines; coke and coal/coal fines, ferro alloys etc. Also, the company imports various raw materials such as ferro alloys, coking coal, refractory materials, Lam coke, Fluorspar etc. Any adverse movement in the raw material price/ any major adverse fluctuation in the foreign currency without corresponding movement in finished goods price might result in moderation in profitability of the company. The risk is though mitigated to an extent as the prices of finished goods move in tandem with increase in raw material prices, though there is a time lag of one to two months.

Cyclical nature of the steel industry

The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates, and seasonal changes in the demand and supply conditions in the market. Apart from the demand-side fluctuations, the highly capital intensive nature of steel projects along with the inordinate delays in the completion hinders the responsiveness of the supply side

to demand movements. Furthermore, the producers of steel products are essentially price-takers in the market, which directly expose their cash flows and profitability to the volatility of the steel industry.

Working capital intensive operations

SISCL has a modest operating cycle of 84 days in FY25 on account of a collection period of 36 days and higher inventory holding period of 105 days. The company has a comfortable collection period day. However, historically high operating cycle in the range of 3-4 months is due to high inventory holding period mainly, as the company has an integrated steel plant and ready availability of raw material is critical. Going ahead, the cycle is expected to elongate as super-alloy products have significantly longer working capital cycle.

Liquidity: Adequate

SISCL's liquidity position remains adequate, marked by cash & liquid investments of ₹184 crore as in September 30, 2025 and ₹124.03 crore as on Mar 31, 2025. The average fund based and non-fund based working capital utilization for the past 12 months ending November 2025 remains at around 30-35% and 70-75% respectively, providing sufficient headroom in terms of any additional working capital requirements. As against the gross cash accruals of above ₹200 crores annually, the company annually has an average repayment of around ₹100 crores, while the balance proceeds will be partially utilized towards funding the growth/maintenance capex. Further comfort on the liquidity is drawn from company's access to capital markets (being listed) and unutilised working capital limits.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk Factors
Environmental	<p>Power consumption: Moderate The Company has signed a long-term Power Delivery Agreement with Renew Green MPR Three Pvt. Ltd. for a 71.34 MW solar-based renewable energy project, which was installed, commissioned, and became operational in December 2024.</p> <p>Environmental emissions: High Being a steel manufacturing plant, the power consumption and GHG emissions are generally high. Emissions are within permissible limits of Pollution control board (Electro-static precipitator and Secondary Fume Extraction system installed).</p> <p>Solid wastage & recycling: Moderate 15.95% of input material comprises recycled material, due to re-use of scrap steel.</p>
Social	<p>Gender diversity- Low 5 out of 838 employees are women. While 2 out of 10 board of directors are women as on Mar 31, 2025.</p> <p>Safety standards: Followed Number of fatalities and lost-time injury frequency rate has been nil and 1 respectively for the employees during FY25. Company is certified for ISO 14001 (Environmental Management system) and ISO 45001 (Occupational health and safety management system).</p> <p>Employee attrition & trainings: Adequate. Attrition rate moderate at 17.56% for FY25. Of the 4,930 trainings conducted, 85% were for safety training and 50% on skill-upgradation for employees.</p>
Governance	<p>Board independency- Adequate representation 60% of the board consists of independent directors (6 out of 10).</p> <p>Participation of board members: Active Of the 4 meetings done during the fiscal, attendance rate was strong given that all the independent directors had attended all the 4 meetings.</p> <p>Internal financial controls: Adequate</p>

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Withdrawal Policy](#)
- [Short Term Instruments](#)
- [Iron & Steel](#)
- [Consolidation](#)

About the company and industry

Industry classification

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

Incorporated in September 1984, SISCL is the flagship company of the Nagpur (Maharashtra) based Sunflag Group, promoted by the Bharadwaj brothers i.e. Late P B. Bharadwaj and Ravi Bhushan Bhardwaj. The company started operations in 1989 as a spring steel producer however, at present the company is engaged in manufacturing of mild-steel and alloy steel products of varieties like carbon steel, free & semi-free cutting steels, micro-alloyed steel, stainless steel, spring steels, valve steel, bearing steels, quality steels, tool steel etc. The product range of SISCL includes: Rolled products, Billet/Bloom, Ingots, and Bright Bars etc. of varied shape and size range. These products are mainly used for manufacturing Automotive Transmission Gears, Drive Shafts, Steering System, Bearings, Exhaust System and other Engine Components. The company also supplies to Indian Railways, Ordnance Factories, Power Sectors & other General Engineering areas for manufacture of critical application components. SISCL has been collaborated with Daido Steel Co. Ltd (Japan's leading specialty steel producer), since November 2010 which also has equity stake in SISCL to the tune of 10.00% as on September 30, 2025. The association with Daido helps SISCL in improvement in production Process and Product Quality, Development of New Grades, Localization of Steel by the Automobile OEMs. SISCL has its manufacturing facility located at Warthi, Bhandara Road (Maharashtra) with installed capacity of 5 Lakh MTPA for rolled products.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	3,413	3,536	2,007
PBILDT*	373	389	233
Profit after tax (PAT)	143	162	108
Overall gearing (x)	0.21	0.10	-
Interest coverage (x)	3.86	4.33	6.23

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31-03-2028	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31-12-2027	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn

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)CARE A+; Stable (23-Feb-26)	1)CARE A+; Stable (26-Nov-24)	1)CARE A+; Stable (04-Jan-24)	1)CARE A+; Stable (05-Jan-23) 2)CARE A+; Stable (25-Aug-22)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE A+; Stable (23-Feb-26)	1)CARE A+; Stable (26-Nov-24)	1)CARE A+; Stable (04-Jan-24)	1)CARE A+; Stable (05-Jan-23) 2)CARE A+; Stable (25-Aug-22)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE A+; Stable / CARE A1+ (23-Feb-26)	1)CARE A+; Stable / CARE A1+ (26-Nov-24)	1)CARE A+; Stable / CARE A1+ (04-Jan-24)	1)CARE A+; Stable / CARE A1+ (05-Jan-23) 2)CARE A+; Stable / CARE A1+ (25-Aug-22)
4	Fund-based - LT-Term Loan	LT	-	-	1)CARE A+; Stable (23-Feb-26)	1)CARE A+; Stable (26-Nov-24)	1)CARE A+; Stable (04-Jan-24)	1)CARE A+; Stable (05-Jan-23) 2)CARE A+; Stable (25-Aug-22)

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
5	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE A+; Stable / CARE A1+ (23-Feb-26)	1)CARE A+; Stable / CARE A1+ (26-Nov-24)	1)CARE A+; Stable / CARE A1+ (04-Jan-24)	1)CARE A+; Stable (05-Jan-23) 2)CARE A+; Stable (25-Aug-22)
6	Commercial Paper- Commercial Paper (Standalone)	ST	-	-	-	-	1)Withdrawn (04-Jan-24)	1)CARE A1+ (05-Jan-23) 2)CARE A1+ (25-Aug-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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No.	Name of the entity	Extent of consolidation	Rationale for consolidation	Extent of Shareholding as on Mar 31, 2025 (%)
A	Subsidiaries			
1	Sunflag Power Limited	Full consolidation	Subsidiary, Operational & management linkages	100.00
2	Khappa Coal Company Private Limited			63.27
3	Sunflag Foundation			100.00
B	Joint Ventures			
4	Madanpur (North) Coal Company Private Limited	Equity method	JV	11.73
5	Daido DMS India Private Limited			17.56
6	Ramesh Sunwire Private Limited			49.00
7	C T Mining Private Limited			31.80
8	ReNew Green (MRP Three) Private Ltd.			31.20

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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