

Transcript of 39th AGM of Sunflag Iron & Steel Co. LTD.

Ashutosh Mishra - Company Secretary: Ladies and gentlemen, myself Ashutosh Mishra, Company Secretary, Sunflag Iron and Steel Company Limited, welcome our esteemed members to the 39th Annual General Meeting of the Company. We now introduce the board members on the panel to our esteemed shareholders. We have with us Mr. Ravi Bhushan Bhardwaj, Chairman of the Company as well as Chairman of the Stakeholders Relationship Committee. Mr. Pranav Bhardwaj, Managing Director of the Company. Mr. Ramchandra Vasant Dalvi, Director (Technical). Mr. Anand S. Kapre, Independent Director and Chairperson of the Audit as well as Nomination and Remuneration Committee. Mr. Suhrit Bhardwaj, Non-Independent, Non-Executive Director. CA Vinita Bahri, Independent Director. Mr. M. A. V. Goutham, Independent Director. Mr. Tirthnath Jha, Independent Director.

Let me also introduce the attendees to our esteemed members. We have with us Mr. S. Mahadevan Iyer, Chief Financial Officer. CA R. Jalan, Partner, NSBP & Company, Chartered Accountants, Statutory Auditors. CS T. B. Kaushik of DM & Associates, Company Secretaries, LLP, Secretarial Auditors of the Company. CS Rachana A. Daga of R. A. Daga & Company, Company Secretaries appointed as scrutinizer of this meeting.

Well, the 39th Annual General Meeting of the Company is being conducted through video conferencing without the physical presence of members at a common venue in pursuance to the applicable circulars of the Ministry of Corporate Affairs including the circular dated 19th September 2024 and the Circulars of Securities and Exchange Board of India including the Circular dated 3rd October 2024. The attendance of the members attending the Annual General Meeting through video conferencing will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013. Now, I inform Chairman Sir that the required quorum is present and request him to call this meeting in order and declare it open for the proceedings.

Ravi Bhardwaj - Chairman: Yes, I call this meeting in order and declare it open for proceedings.

Ashutosh Mishra - Company Secretary: Since this AGM is being held pursuant to the MCA circulars through video conferencing, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the members was not available for the AGM. Hence, no proxy form has been received by the company. The register of directors and key managerial personnel and their shareholding prepared pursuant to the provisions of Section 170 of the Companies Act 2013 and rules there under and the register of contracts in which directors are interested prepared pursuant to the provisions of Section 189 of the Companies Act 2013 and the rules there under are available as per the provisions of law.

Now I request Chairman Sir to deliver his speech.

Ravi Bhardwaj - Chairman: Ladies and gentlemen and all my colleagues, I welcome you all to this 39th Annual General Meeting of your company conducted through video conferencing and audio-visual means. To evaluate the future of your company, we need to consider the global economic scenario. The global economy is currently facing a period of slowing growth due to substantial rise in trade barriers, tighter financial conditions and heightened policy uncertainties impacting growth prospects worsened by recent changes of tariff in the USA.

Global growth is projected to slow from 2.8% in 2024 to 2.3% in 2025. India is expected to lead the global economy once again. According to IMF, world economic outlook projections, it will remain as the fastest growing major economy over the next two years.

Moving on to the steel sector, the global steel industry is experiencing mixed trends with India emerging as a key growth driver while facing some pricing pressures. India's steel industry is expected to grow significantly fueled by robust domestic demand and government initiatives. China is expected to continue its dominance in steel production and consumption.

Overall, while the global steel demand is likely to recover in 2025, the industry remains exposed to geopolitical, economic and financial risks. The long-term outlook for the Indian steel industry remains optimistic with continued infrastructure development, industrial expansion and supportive government policies driving the growth.

The performance of your company for the financial year stood at Rs. 3,552 crores compared to approximately Rs. 3,421 crores in the previous year. Profit after tax (PAT) stood at Rs. 162 crores against Rs. 141 crores in the previous year. Your company has carried forward Rs. 2,640 crores to the balance sheet. Operating income has increased from Rs. 3,415 crores to Rs. 3,535 crores, an increase of about 3.52%. Likewise, net worth has increased from Rs. 4,792 crores to Rs. 8,412 crores, an increase of 75.53%.

Superalloy steel manufacturing facility has now achieved the optimum capacity to cater to highly specialized requirements, including those of commercial and fighter jet parts, defense, space vehicles, nuclear reactor, etc. Your company has strengthened tactical capabilities and secured vendor approvals from key government agencies, including VSSC, LPSC, HAL, Brahmos, DRDO and global OEM.

We must also keep an eye on current challenges and threats. The broader Indian steel industry operates in a volatile and complex global environment, facing a combination of structural and cyclical challenges that may impact growth and profitability.

Sunflag is committed to maintain its quality and has received appreciations and awards from various sources. With the continuous efforts on making clean steel, now Company is focusing on expanding its market share in other segments viz. railways and defence etc. This will protect the Company from dependency on Automobile sector.

As a milestone towards minimising the carbon emissions, your company has entered into a Joint Venture Agreement with Sunsure Solar Park Thirty Seven Pvt. Ltd., to source 11 MW of captive renewable power, in addition to existing arrangement with Renew Green Energy Solution Pvt. Ltd. for sourcing 71.34 MW of captive renewable power.

Considering the performance, your Company has recommended the Final Dividend @7.5% that is about Rs. 0.75 per share on equity share of face value of Rs. 10 for the financial year ended 31st March, 2025.

At Sunflag, the corporate governance guidelines and practices are followed diligently, timely and accurate information regarding operations are disclosed. Practicing Company Secretary certify compliance with the conditions of Corporate Governance and it forms part of the Annual Report.

Before I conclude, I gratefully acknowledge the assistance and support extended to the company by all the lenders and government agencies. My heartfelt thanks to every stakeholder for standing by your company in times of need. I express my admiration for employees, management and union, for their single-minded commitment for Sunflag Steel to grow.

Thank you very much.

Ashutosh Mishra - Company Secretary: Many thanks to you, Chairman Sir.

The notice conveying this meeting is already with the members and it is with the consent of the members present, we take the notice of 39th Annual General Meeting as read. With the permission of Chairman Sir, I am reading out the first and last para of the Auditor's Report 2024-25.

First para- we have audited the accompanying standalone financial statements of Sunflag Iron and Steel Company Limited, which comprise the balance sheet as at 31st March 2025, the statement of profit and loss, including other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information, hereinafter referred to as the standalone financial statements.

The last para- based on our examination, which included test checks, the company has used accounting software for maintaining its books of account, which has a feature of recording audit trail, edit log facility, and the same has operated throughout the year for all the transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of an audit trail feature being tampered with.

As provisio to Rule 3, Sub-Rule 1 of the Company's Accounts Rules 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Company's Audit and Auditor's Rule 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March 2025.

I further wish to inform you that the Auditor's Report 2024-25 does not contain any qualification, reservation, or adverse remark. Similarly, I also wish to inform you that the Secretarial Audit Report for the financial year 2024-25 submitted by DM and Associates Company Secretaries LLP, the Secretarial Auditors of the Company, does not contain any qualification, reservation, or adverse remark.

With the permission of Chairman Sir, we wish to inform our esteemed members that as required under Regulation 44 of the SEBI Listing Obligations and Disclosure Requirements, Regulation 2015, Section 108 of the Company's Act, read with Rule 20 of the Company's Management and Administration Rules 2014, members have been provided with a facility to cast their vote on the resolutions proposed to be passed in this Annual General Meeting by electronic means, that is, remote e-voting or e-voting on the day of the AGM. The remote e-voting facility was kept open from Monday, 22nd September 2025 from 9 A.M and ended on Thursday, 25th September 2025 at 5 P.M. During the set period, members of the Company holding shares either in physical or dematerialized form have casted their vote electronically. After 5 P.M on 25th September 2025, the e-voting module was disabled by NSDL.

All those members of the Company who have not voted through remote e-voting facility and are attending this Annual General Meeting through video conferencing facility have been provided the facility to vote through e-voting system in the AGM also and up to 15 minutes after the conclusion of the AGM. All the proposed resolutions at the AGM will be first explained and thereafter it will be put for vote by the members through e-voting in the AGM. Only those members who have not voted through remote e-voting facilities are entitled to vote through e-voting in the AGM.

R. A. Daga and Co., Company Secretaries have been appointed by the Board of Directors of the Company as a scrutinizer to process the e-voting for the 39th Annual General Meeting both remote e-voting as well as e-voting at the AGM in a fair and transparent manner and will submit their report of the total vote cast in favor or against if any to the Chairman by 29th of September 2025

to facilitate the declaration of result on voting by the Chairman on that very day. CS Rachana A. Daga proprietor of R. A. Daga and Co., Company Secretaries Nagpur is present in the meeting and is available for the purpose for which she has been appointed.

After the conclusion of voting at the AGM, the scrutinizer will unblock the vote cast through remote e-voting as well as e-voting at the AGM in the presence of at least two witnesses not in the employment of the Company and shall make and provide the consolidated report on the voting to the Chairman for declaration of result of the voting.

We have invited the members seeking any information with regard to accounts or any matter to be placed at the AGM through email on or before Friday 19th September 2025. We have received queries from some of our esteemed members namely Mr. Abhishek J. from Chennai, Mr. Chiranjeev Shah from Ahmedabad and several other esteemed members. Most of these questions relate to the working and financials of the Company.

To address some key questions of our esteemed members we request Mr. S. Mahadevan Iyer, the Chief Financial Officer of the Company to brief the members.

S. Mahadevan - Chief Financial Officer: Thank you Mr. Ashutosh. Good afternoon esteemed shareholders, ladies and gentlemen, members of the board, colleagues and valued stakeholders. It gives me immense pleasure to address you today at the 39th Annual General Meeting of Sunflag Iron and Steel and to present the financial performance of your Company for the financial year ended 31st March 2025.

Financial performance and overview:

During the financial year 2025 despite a challenging microeconomic environment, fluctuating raw material cost and devaluing global trade conditions, your Company delivered a steady performance. Operating income rose by 3.5% year-on-year reflecting resilience in our core business operation. Operating profit also registered an increase of 3.8% year-on-year. However, our operating profit margin remained flat at 11% in line with 2024 financial year, indicating margin pressure on account of higher input and energy cost.

Depreciation charges saw modest rise of 1.4% while finance cost reduced by 7% year-on-year demonstrating improved debt management and efficient treasury operations.

Let me also share with you some important numbers. The total income from operations stood at Rs. 3,536 crores which is slightly higher than Rs. 3,415 crores in the previous financial year 31st March 2024. Profit before tax (PBT) came in at Rs. 211.43 crores compared to Rs. 181.42 crores

in the financial year ended 31st March 2024. Earning per share (EPS) was reported at Rs. 8.98 per share.

To summarize, net profit for year 2025 grew by 14.2% year-on-year, translating net profit margin improving to 4.6% compared to 4.1% in the previous year.

On the balance sheet side, Sunflag maintained financial discipline and strengthened its position. Long-term debt was reduced by 37% from Rs. 258.33 crores in financial year 2024 to Rs. 161.06 crores in financial year 2025 reflecting our continued commitment in deleveraging. Non-current assets surged by 75% standing at Rs. 9,600 crores primarily due to increase in value of 6 crores equity shares of Lloyds Metal and Energy held by the company. Current liabilities stood steady at Rs. 1,053 crores with only a marginal increase of 0.01%. Current assets increased by 3% increasing Rs. 1,566 crores maintaining the current ratio. Debt service coverage ratio improved from 1.6 times to 1.9 times. Similarly, return on capital employed increased marginally from 9% to 10% in the financial year 2025.

Other key matters:

Your company is in the process of getting various statutory clearances for operationalizing the mines allotted. Bhivkund Coal Mine- Sunflag has achieved all milestones and is now in the process of executing a mining lease. As regards Lohardongri Iron ore mine, Sunflag has applied for extension of LOI validity. The same is under consideration but awaiting approval. It is also pertinent to mention that Sunflag has been declared successful bidder for Surjagarh 6 iron ore mine and received letter of intent. Since the allocation is under composite license, presently in the process of getting drilling permission assess the reserve.

Further, in the process of value enhancement in the steel making business, Sunflag has been approved for its super alloy products by its potential customers from segments like aerospace, turbine, submarine, defense etc. Going forward, your company remains focused on enhancing operational efficiency and margin optimization, focusing on digitization to ensure better control and achieve optimum productivity. Continuing our prudent financial management to ensure value creation for shareholders. We remain confident that with our strong asset base, reduced leverage and robust results, Sunflag is well positioned to capture future growth opportunities predominantly in domestic markets.

On behalf of the management, I would like to thank our board of directors for their guidance, our employees for their relentless efforts and you, our esteemed shareholders for your continuous trust and support. Thank you.

Ashutosh Mishra - Company Secretary: Many thanks to you, Mahadevan ji. Now, we take up proceedings as per the notice of the meeting.

Ordinary Resolutions:

1. We take up item number one of the notice, which is an ordinary resolution for the adoption of audited financial statements, standalone and consolidated of the company for the financial year ended 31st March 2025, together with the reports of the board of directors and auditors thereon. The board of directors recommend the resolution related to item number one of the notice for approval of the members.

2. We proceed to item number two of the notice, which is an ordinary resolution regarding declaration of final dividend at the rate of 7.5%, that is Rs. 0.75 per share on equity share of face value of Rs. 10 each for the financial year ended 31st March 2025. Your board of directors recommend this resolution related to item number two of the notice for approval of the members.

3. We take up item number three of the notice, which is an ordinary resolution regarding reappointment of Mr. Suhrit Bhardwaj, who retires by rotation and being eligible, offers himself for reappointment. Your board of directors recommend this resolution related to item number three of the notice for approval of the members.

Special Resolutions:

4. Now we proceed to item number four of the notice, which is a special resolution regarding appointment of Lodha and Company LLP, Chartered Accountants, New Delhi as the statutory auditors of the company for a period of five consecutive years, that is to hold office from the conclusion of 39th annual general meeting until the conclusion of 44th annual general meeting of the company to be held for the financial year 2029-30, in place of the retiring auditors, NSBP and company, Chartered Accountants, New Delhi. Your board of directors recommend the resolution related to item number four of the notice for approval of the members.

5. Now we take up item number five of the notice, which is a special resolution regarding reappointment of CA Vinita Bahri as a director category non-executive independent of the company for a fixed second term of five consecutive years from 21st September 2025 till 20th September 2030. Your board of directors recommend this resolution related to item number five of the notice for approval of the members.

6. We proceed to item number six of the notice, which is a special resolution regarding reappointment of CA M. A. V. Goutham as director category non-executive independent of the company for a fixed second term of five consecutive years from 12th August 2025 till 11th August

2030. Your board of directors recommend the resolution related to item number six of the notice for approval of the members.

7. Now we take up item number seven of the notice, which is a special resolution regarding reappointment of Mr. Tirthnath Indranath Jha as a director category non-executive independent of the company for a fixed second term of five consecutive years commencing from 3rd September 2025 till 2nd September 2030. Your board of directors recommend this resolution related to item number seven of the notice also for the approval of the members.

8. We proceed to item number eight of the notice, which is a special resolution regarding reappointment of Mr. Pranav Bharadwaj, as the managing director category non-independent executive designated key managerial personnel of the company not liable to retire by rotation for a further period of five years effective 17th January 2026. Your board of directors recommend the resolution related to item number eight of the notice for the approval of the members.

9. Now we take up item number nine of the notice, which is an ordinary resolution regarding appointment of DM and Associates Company Secretary LLP, Mumbai as secretarial auditors of the company for a period of five years to hold office from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting to be held for the financial year 2029-30. Your board of directors recommend this resolution related to item number nine of the notice for approval of the members.

10. Now we proceed to item number 10 of the notice, which is an ordinary resolution and relates to the ratification by members of the remuneration of G. R. Paliwal & Co., Cost Accountants, Nagpur appointed as the cost auditors of the company to conduct the audit of cost records of the company for the financial year 2025-26. The board of directors of the company appointed G. R. Paliwal & Co., Cost Accountants, Nagpur, as the cost auditors of the company for the financial year 2025-26 at a remuneration of Rs. 2,40,000 plus applicable taxes and reimbursement of actual out-of-pocket expenses. Pursuant to the provisions of section 148 of the Companies Act 2013 and rules thereunder, the remuneration of the cost auditors as fixed by the board needs to be ratified by the members. Hence your board of directors recommend the resolution as specified in item number 10 of the notice for the approval of the members.

Now I request chairman sir to order that all the resolutions in the notice be put to e-voting.

Ravi Bhardwaj - Chairman: I hereby order that all the resolutions in the notice be put to e-voting.

Ashutosh Mishra - Company Secretary: Okay sir. Please note that only those members of the company who have not voted through a remote e-voting facility and are attending this Annual General Meeting can cast their votes through the e-voting system in the AGM and up to 15 minutes

after the conclusion of the AGM. As informed the results of the e-voting- remote e-voting as well as e-voting at the AGM will be declared on receipt of the scrutinizers report on voting and shall be placed on the company's website as well as the website of NSDL and Bigshare Services Private Limited that is RTA of the company and will simultaneously be sent to the stock exchanges where the shares of the company are listed.

Now, I express my sincere gratitude to our esteemed shareholders for sparing their valuable time for this meeting and also for their continued support to the company. Thanks a lot to all of you.

Chairman sir as the business of the meeting has been completed as per the agenda I would request you to please declare this meeting as concluded.

Ravi Bhardwaj - Chairman: I declare this meeting as concluded. Thank you very much everyone.
