

Transcript of the 40th Annual General Meeting of Sunflag Iron and Steel Company
Limited held on Friday, 25th September, 2026

Ashutosh Mishra - Company Secretary: Ladies and gentlemen, I, Ashutosh Mishra, Company Secretary, Sunflag Iron and Steel Company Limited, welcome our esteemed members to the 40th Annual General Meeting of the Company. We now introduce the board members on the panel to our esteemed shareholders. We have with us:

1. Mr. Ravi Bhushan Bharadwaj, Chairman of the Company as well as Chairman of the Stakeholders Relationship Committee
2. Mr. Pranav Bharadwaj, Managing Director of the Company
3. Mr. Ramchandra Vasant Dalvi, Director Technical
4. Mr. M. A. V. Goutham, Independent Director and Chairperson of the Audit as well as Nomination and Remuneration Committee
5. Mr. Surhit Bharadwaj, Non-Independent, Non-Executive Director
6. C. A. Vinita Bahri, Independent Director
7. Mr. Tirthanath Jha, Independent Director
8. Mr. Mukund Prabhakar Chaudhari, Additional Director.

Let me now introduce the attendees also to our esteemed members. We have with us

1. Mr. S. Mahadevan Iyer, Chief Financial Officer of the Company
2. C. A. Gaurav Lodha, Partner Lodha and Co. LLP., Chartered Accountants, Statutory Auditors of the Company
3. C. S. T. B. Kaushik of DM & Associates Company Secretaries LLP, Secretarial Auditors of the Company
4. C. S. Rachana A. Daga of R. A. Daga & Company, Company Secretaries, appointed as scrutinizer for this meeting.

We further wish to inform that the 40th 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 General Circular dated 22nd September, 2025 of the Ministry of Corporate Affairs and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 the Chairman Sir that the required quorum for the meeting is present and request him to call this meeting in order and declare it open for the proceedings.

Ravi Bhardwaj - Chairman: Please proceed.

Ashutosh Mishra - Company Secretary: Since this AGM is being held pursuant to MCA Circular through video conferencing, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxy by the members was not available for the AGM and 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 rules there under are available as per the provisions of law.

Due to some technical issues related to internet, it is not possible for the Chairman Sir to deliver his speech. So, I request Mr. Ramchandra Vasanth Dalvi, Director (Technical) of the Company to read the Chairman's speech on behalf of the Chairman Sir.

Ramchandra Vasant Dalvi - (Director, Technical): I, Ramchandra Dalvi, am reading out the Chairman's speech.

I welcome you all to this 40th Annual General Meeting of your Company conducted through video conferencing and audio visual means. In order to see the future of your Company, we need to consider and evaluate the global economic scenario. After withstanding higher trade barriers and elevated uncertainty last year, global activity now faces a major test from the outbreak of war in the Middle East. Assuming that the conflict remains limited in duration and scope, global growth is projected at 3.0% for 2026 and should rebound to 3.4% in 2027, but that is still below the average of 3.5% seen in 2024 and 2025. Global inflation is forecast to hover at roughly 4.7%, prompting central banks to take a more cautious approach to rate adjustments.

India is expected to continue to lead the global economy. The Indian economy has maintained strong growth momentum in FY26 largely due to surge in domestic demand. Private consumption and capital formation continue to support expansion, while services remain the key contributor on the supply side. Manufacturing activity has strengthened, and agriculture has provided stability, notwithstanding structural constraints. India is the world's fourth-largest economy and the fastest-growing major economy, with nominal GDP projected to reach \$ 4.15 trillion and an estimated growth rate of 6.5% to 7.6%.

The global steel market is witnessing transformative trends and drivers that significantly shape its future. A major trend is the focus on sustainability, as steel manufacturers increasingly invest in green technologies to minimize carbon emissions. Digital transformation is also becoming prevalent, with the industry leveraging IoT, AI, and data analytics to enhance operational efficiency and streamline manufacturing processes.

India's steel sector is a key "sunrise sector" with strong and steady growth. It became the world's second-largest steel producer in 2018 and has retained this position mainly due to strong domestic steel consumption which has more than doubled over the past 12 years. To support this growth, the government ensured raw material availability and reduced production costs. It also improved access to global markets for Indian steel producers.

The Total Income of your Company for the financial year stood at ₹ 3,956 Cr. compared to approximately ₹ 3,552 Cr in the previous year. Profits after tax stood at ₹ 201 Cr. against 162 Cr. in previous year. Your Company has carried forward ₹ 2,845 Cr. to the balance sheet. The Operating income has increased from ₹ 3535.59 Cr. to ₹ 3939.38 Cr., an increase by 11.42%. Likewise, Networth has increased from ₹ 8412.05 Cr. to ₹ 8536.48 Cr., an increase by 1.48%.

During FY 2025-26, your Company continued to focus on enhancing operational efficiencies, improving product quality, increasing value-added steel production and optimising its product mix.

Despite a challenging pricing environment and higher input cost volatility, the Company maintained its emphasis on serving niche and specialised steel segments where quality, consistency and technical capability provide sustainable competitive advantages.

The Company continued to strengthen its presence in value-added alloy and special steel products catering to automotive, engineering, bearing, railways, oil & gas and industrial applications. In line with its long-term strategy, the Company is also expanding its presence in high-value sectors such as Aerospace, Defence, Nuclear Power, Thermal Power Boilers and Super Alloys, which offer superior margins and significant growth opportunities. Further, the Company continues to evaluate opportunities for securing strategic raw material resources, including coal and iron ore mines, to strengthen supply security and improve long-term cost competitiveness.

The management remains confident that the Company's integrated manufacturing facilities, strong customer relationships, continuous technology upgradation, diversified product portfolio and focus on specialty steel will enable it to capitalise on emerging opportunities and create sustainable value for all stakeholders.

Considering the performance, your Company has recommended the Final Dividend @10.00% (i.e. ₹ 1.00/- per share) on Equity Shares of Face Value of ₹ 10/- (₹ Ten) each for the Financial Year ended 31st March, 2026.

At SUNFLAG STEEL, the Corporate Governance guidelines and practices are followed diligently, timely and accurate information regarding operation 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.

Ashutosh Mishra - Company Secretary: Thank you, Sir.

The notice convening this meeting is already with the members for quite some time and hence with the consent of the members present, we take the notice of the 40th Annual General Meeting as read.

With the permission of Chairman Sir, I am reading out the first and last paragraph of the Auditor's Report 2025-26.

The first paragraph: We have audited the accompanying standalone financial statements of Sunflag Iron & Steel Company Limited which comprise the Balance Sheet as at 31st March 2026, 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 then ended and notes to the standalone financial statements including material accounting policies and other explanatory information, (hereinafter referred to as 'standalone financial statement').

The last paragraph: In our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended 31st March 2026 has been paid or provided for by the Company to its Directors in accordance with the provisions of Section 197, read with Schedule V to the Act.

Further, I wish to inform our esteemed shareholders that the Auditor's Report 2025-26 does not contain any qualification, reservation or adverse remark.

I also wish to inform that the Secretarial Audit Report for the financial year 2025-26 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) Regulations 2015 and Section 108 of the Companies Act 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, members have been provided with the 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, 21st September, 2026 from 9 am and ended on Thursday, 24th September, 2026 at 5 pm. During the said period, members of the Company holding shares have cast their vote electronically. After 5 pm on 24th September 2026, the e-voting module has been 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 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 to e-voting in the AGM. Only those members who have not voted through remote e-voting facility are entitled to vote through e-voting at the AGM.

R. A. Daga and Company, Company Secretaries have been appointed by the Board of Directors of the Company as a scrutinizer to process the e-voting for the 40th Annual General Meeting in a fair and transparent manner and will submit their report of the total vote cast in favour or against if any to the Chairman by 28th September, 2026 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 Company, Company Secretaries, is present in the meeting and is available for the purpose for which she has been so appointed.

After the conclusion of the voting at the AGM, the scrutinizer will unblock the votes cast through remote e-voting as well as e-voting in 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 the accounts or any other matter to be placed at the AGM through email on or before 18th September, 2026.

We have received questions from some of our esteemed members namely Mr. Dharendra B. Sanghavi, Mr. Bhupendra G. Sanghavi, Mr. Hiren S. Thakkar, Krunal Pankaj Shah HUF, Mr. Dipal Bipinbhai Gudhka, Mr. Parth Bipin Gudhka, Mr. Nirav Gohel, Mr. Narendra S Patel, Jinal Narendra Patel and many others.

To address and clarify key points raised by the members, I now request the Chief Financial Officer of the Company as well as Director (Technical) of the Company to brief the members.

First, I request the Chief Financial Officer, Mr. S. Mahadevan Iyer for the briefing.

S. Mahadevan Iyer (CFO): Thank you Mishra Ji. Good afternoon respected Chairman, esteemed members of Board, distinguished shareholders and valued stakeholders, it is my privilege to present the financial position and performance of your company for the financial year ended 31st March 2026.

Financial year 25-26 has been defining year for Sunflag. I will take you through the key financial highlights under three lenses: our operating performance, the strength of our balance sheet, and our strategic direction for the years ahead.

Macroeconomic Context

The year FY26 presented a mixed operating environment. Global steel markets remained volatile, with fluctuating coking coal, coke and iron ore prices, and evolving trade policy regimes. Domestically, however, the picture was far more encouraging — government investment in infrastructure, railways, and construction continued at pace, providing robust demand for high-quality alloy and special steel, which is our core product profile.

Against this backdrop, Sunflag has demonstrated strong execution — growing revenues substantially, improving operating leverage, and continuing to deleverage the balance sheet.

Financial Performance: FY-2025–26

Revenue and Top-line Growth

Your Company recorded Revenue from Operations of ₹3,956 crores for FY2025–26, representing a growth of 11.4% over ₹3,552 crores in FY2024–25. This is a significant top-line milestone for Sunflag.

Profitability

Profit Before Exceptional Items and Tax for FY26 stood at ₹308 crores, up from ₹211 crores in FY25 — a growth of approximately 46%. The exceptional item of ₹9 crore is related to the enhanced gratuity obligation arising from the new Labour Codes notified by the Government.

Profit After Tax for FY2025–26 stood at ₹226 crores before adjustment of deferred tax amounting to ₹25 crores, which pertains to prior year, compared to ₹161.75 crores in FY25 — a growth of approximately 40%. Net profit margin has improved to approximately 5.7%, up from 4.6% in FY25, reflecting improved operating leverage even as raw material costs remained under pressure.

Earnings Per Share for FY26 is ₹11.13, compared to ₹8.98 in FY25 — a growth of over 24%. On a face value of ₹10 per share, this represents robust returns being generated for our shareholders.

Finance Costs and Interest Management

Finance costs for FY26 were ₹72.22 crores, as compared to ₹90 crores in FY25, despite the substantial growth in revenues and operations. This reflects our disciplined approach to working capital management and efficient utilisation of the credit lines extended by our banking partners.

Depreciation and amortisation for the year was Rs.113 crores, reflecting ongoing investments in maintaining and upgrading our plant and machinery.

Turning to the balance sheet: I am pleased to report continued financial strengthening of our Company. Total equity as of 31st March 2026 stands at ₹ 8,865 crores up from ₹ 8,750 crores as of 31st March 2025. Equity share capital remains at ₹ 180 crores with other reserves and surplus at ₹ 8,685 crores, underscoring the significant value that has been built in by your Company over the years.

Deleveraging continues to be a core financial discipline at Sunflag. Long-term borrowings have been reduced sharply to ₹57 crores as at March 31, 2026, from ₹161 crores in FY25 — a reduction of 65%. To put this in perspective, long-term borrowings were ₹258 crores just two years ago in FY24. We have thus reduced long-term debt by approximately 78% over two years — a meaningful achievement.

Short-term borrowings, representing working capital facilities, stood at ₹413 crores in FY26, broadly in line with ₹405 crores in FY25, reflecting the higher level of operations.

Liquidity position: Trade receivables reduced to ₹339 crores from ₹362 crores in FY25 despite of increase in sale volume, reflecting improved collections and credit discipline.

Total current assets grew to ₹1,733 crores from ₹1,566 crores, while total current liabilities marginally increased to ₹1,177 crores from ₹1,082 crores — resulting in an improved current ratio that reflects a healthier working capital position.

Total assets of the Company as at March 31, 2026 stood at ₹11,279 crores, broadly in line with the previous year, reflecting asset quality being maintained while the Company grows revenues and earnings on this asset base.

Beyond the numbers, I would like to briefly outline the strategic direction of your Company charting for the years ahead.

The Superalloy business continues to generate value disproportionately to its volume, serving as a quality anchor for our brand in high-end metallurgical obligations. We are cautiously optimistic about the outlook and we are investing the capabilities needed to scale the business responsibly.

The cost of raw materials — iron ore and coking coal — represents our major operating cost. Securing captive access to these inputs is therefore of strategic importance. I am pleased to report meaningful progress on this front:

Bhivkund Coal Mine: We have achieved all developmental milestones required for operationalisation of this mine and executed the mining lease on 21-04-2026. This will provide meaningful captive coal access when operational.

As regards to Surjagad 6 iron ore mine, the exploration work is under progress. Progress on all these mines represents a foundational shift in our raw material strategy — from being entirely dependent on market procurement to building a captive supply base. This will structurally improve our cost position and provide greater predictability in margins.

We continue to invest in digitalization of our operations and processes — aimed at better controls, improved productivity, and enhanced real-time visibility across the value chain. This is not merely a technology initiative; it is a cultural shift that we believe will drive meaningful operational gains over the next two to three years.

Looking ahead, we remain cautiously optimistic. India's domestic steel demand continues to be underpinned by large-scale infrastructure spending, defence indigenization and industrial expansion. Sunflag with this focus on alloy steel and special steel, it will placed on benefit from the demand particularly in engineering and automotive and defence-related segment. Our priorities for FY27 are clear: sustaining revenue momentum, improving operating margins as raw material costs moderate, continuing our deleveraging journey, and advancing the mine development programme. We enter FY27 with strong asset base and a substantially un-leveraged balance sheet and motivated workforce committed to execution.

Before I conclude, on behalf of the management team, I want to express sincere gratitude to our Board of Directors for their oversight and guidance. I also want to acknowledge our employees — across the plant floor, the sales team, the finance function, and every support function — whose daily efforts make these results possible.

Most importantly, I thank you — our shareholders and stakeholders — for your trust, your patience, and your continued support. We remain committed to managing your capital with prudence and discipline, and to creating sustainable long-term value for all stakeholders of Sunflag. Thank you.

Ashutosh Mishra - Company Secretary: Thank you very much, Mahadevan ji. Now, I request Director Technical, Mr. Ramchandra Vasant Dalvi for the briefing.

Ramchandra Vasant Dalvi - (Director, Technical): I would like to confine myself only to certain questions which were asked. So, I will first mention Superalloys. Superalloys, we have been able to develop 67 applications as against a target of 70 applications in 3 years. I am happy to convey to you that there is not a single customer complaint so far on Superalloys, which means our quality is established and working well.

Now, as regards new projects are concerned, we have basically increase in production in mind. To that extent, we are putting LRF3, VD3 in the steel melting shop. We also have a reduction of cost in mind. So, we are going to put a coke oven plant of which you will know in near future. This project will take approximately one and a half to two years.

Further, there is an increase in export in the last year and basically, it was because of our effort, we were trying to develop this market for a long time. And ultimately, our efforts have grown through and there was two times increase in export last year as compared to the previous year. So, this was basically the information that I wanted to deliver to you on the basis of questions you asked. Thank you.

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

We take up item number 1 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 2026 together with the reports of Board of Directors and Auditors thereon. Your Board of Directors recommend the resolution related to item number 1 of the Notice for the approval of the members.

Now, we take up item number 2 of the Notice, which is an Ordinary Resolution regarding declaration of final dividend at the rate of 10% that is Rs 1/- per share on equity share of the face value of Rs 10/- each for the financial year ended 31st March 2026. Your Board of Directors recommend this resolution related to item number 2 of the Notice for approval of the members.

We take up item number 3 of the Notice, which is an Ordinary Resolution regarding reappointment of Mr. Ravi Bhushan Bharadwaj, who retires by rotation and being eligible offers himself for reappointment as a Rotational Director. Your Board of Directors recommend the resolution related to item number 3 of the Notice for approval of the members.

Now, we take up item number 4 of the Notice, which is a Special Resolution regarding appointment of Mr. Mukund Prabhakar Chaudhari as a Director category Non-Executive Independent of the Company and also as an Independent Director of the Company for a fixed first term of 40 months that is from 11th August, 2026 up to 10th December, 2029. Your Board of Directors recommend the resolution related to item number 4 of the Notice for approval of the members.

Now, we proceed to item number 5 of the notice, which is a Special Resolution regarding reappointment of Mr. Ramchandra Vasant Dalvi as a Director (Technical), category Non-Independent Executive, designated Key Managerial Personnel of the company liable to retire by rotation for a further period of three years effective 14th August, 2026. Your Board of Directors recommend the resolution related to item number 5 of the Notice for approval of the members.

Now, we proceed to item number 6 of the Notice, which is an Ordinary Resolution and relates to the

ratification by the members of remuneration of G. R. Paliwal and Company, 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 2026-27.

The Board of Directors of the Company appointed G R Paliwal and Company, Cost Accountants, Nagpur as the cost auditors of the Company for the Financial Year 2026-27 at a remuneration of Rs 2.40 lakh + applicable taxes and reimbursement of actual out-of-pocket expenses. Pursuant to the provisions of section 148 of the Companies Act, 2013 and rules there under, 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 6 of the Notice for 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: Well, please go ahead and put all these resolutions to the e-voting.

Ashutosh Mishra - Company Secretary: Please note that only those members of the Company who have not voted through remote e-voting facility and are attending this Annual General Meeting can cast their votes through 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 will be declared on receipt of the scrutinizers' report on voting and shall be placed on the Company's website as well as website of NSDL and 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 have been completed as per the agenda, now I request you to please declare this meeting as concluded.

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

Moderator: Thanks everyone for joining. We will have e-voting live for 15 mins.

Ashutosh Mishra - Company Secretary: Ok. Thank you very much.
