

Techno Economic Feasibility Study

Project Financing

M/s SPS Steels Rolling Mills Ltd.

Unit 1



February 2022



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List of Abbreviations

- ADDA Asansol Durgapur Development Authority
- DP Drawing Power
- DVC Damodar Valley Corporation
- MPBF Maximum Permissible Banking Finance
- NCLT National Company Law Tribunal
- SIPL Shakambhari Ispat & Power Limited
- SMS Steel Melting Shop
- SPSSRML SPS Steels Rolling Mills Ltd.
- TEV Techno Economic Viability
- VMPL Vikash Metal and Power Limited



Important Notice

This Techno-Economic Viability (TEV) Study Report contains proprietary and confidential information regarding the economic and technical viability of the manufacturing unit of SPS Steels Rolling Mills Ltd., having its registered office at Registered Office - Office No - 701, 7th Floor, Diamond Prestige, 41 A - AJC Bose Road, Kolkata - 700017 for their second expansion plan of the unit 1 (Durgapur Unit) at the estimated project cost of Rs. 80 crores.

This TEV report has been prepared by Resurgent India Limited (Resurgent), on the basis of information provided by the management of the Company and independent study conducted by Resurgent.

Resurgent follows ethical practices in discharge of its professional services and amongst others, as part of such ethical practices, it follows general rules relating to honesty, competence and confidentiality, and attempts to provide the most current, complete, and accurate information as possible within the limitations of available finance, time constraint and other practical difficulties relating thereto and arising as a consequence thereof.

Technical and financial appraisal of the unit by the Resurgent in no way shall cast any responsibility on Resurgent as regards to compliance with various statutory rules, regulations and guidelines etc. by the company. Further, Resurgent is no way responsible for justifications of actions taken by the company in the past. Attempts have been made to examine technical feasibility and economic viability of the unit based on various proposals submitted by the Company and based on specifically outlined assumptions for future operations.

The technical specifications and financial projections presented in this TEV study have been prepared for the limited purpose of circulation to various lenders of the Company only and have been based on the information made available by the directors and key technical and financial persons of the Company. Under the circumstances, no assurance can be provided that the assumptions or data upon which these projections have been based are accurate or whether these business plan projections will accurately materialize. The projections, however have been made based on reasoned judgment of Resurgent and on various parameters like installed capacity assessment, marketing potential - order position, selling prices and raw material costs, level of operation etc. - both present, expected and reasonably united, performance of the Plant Machinery equipments and continuing adequateavailability of resources (like Power, Skilled Manpower etc.) at the proposed level of operations.



The information set forth in this document is intended solely for the use of all the lenders of the Company, to whom it would be delivered and recipients must undertake such investigations as they see fit before making any commitment or entering into a contract.

This report is furnished on a strictly confidential basis and is for the sole use of the Company and all the lenders of the Company only. Neither this report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above. By accepting a copy of this TEV report, the recipients accept the terms of this notice, which forms an integral part of this TEV study report.

RESURGENT INDIA LIMITED

(SEBI Regd. Category-1 Merchant Banker) 903-904, Tower- C, Unitech Business Zone, Nirvana Country, Sector – 50 Gurgaon (Haryana) Tel: +91 124 4754550 www.resurgentindia.com

Executive Summary

Unit Highlights:

A) General	
Name	SPS Steels Rolling Mills Ltd.
Registered	Registered Office - Office No - 701, 7th Floor, Diamond Prestige, 41 A -
Office Address	AJC Bose Road, Kolkata - 700017
	Unit – I (Existing Unit) - Dr. Zakir Hussain Avenue, G. T. Road, Durgapur-
	713206, West Bengal
Site Address	Unit – II (Recently acquired vide Open Auction of Assets of M/S Vikash
	Metal and Power Limited (VMPL) – a Company under Liquidation through
	High Court of Kolkata, Located at Vill - Poradiha, Police Station -
	Santuri, Near Asansol Town, Dist- Purulia (West Bengal) – 723145
Date of	26/12/1981
Incorporation	
CIN No.	L51909WB1981PLC034409
LEI No.	3358002I2NC16VIDUE53
Directors:-	

Name	e				(Aadhar)
Shri Deepak K	lumar	Managing	00646153	ABSPA2276K	5362 2205
Agarwal		Director			5136
Shri Ramabata	ır	Promoter	02930064	ABPPA0288E	4875 7651
Agarwal		Director			4162
Shri Sanjay Ku	umar	Professional	08402623	ARCPC3174E	2093 3894
Chowdhary		Director			6827
Shri Ashok Ku	ımar	Professional	09273096	AGBPS2063	3927 5301
Sharma		Director			0168
Shri Ajit Kum	ar Nath	Professional	08641824	ABEPN6583C	9979 7606
5		Director			9832
Smt. Privanka Goenka		Professional	08489182	AGBPB7422L	6133 5881
-		Director			3457
Constitution Public Limited					
	Integrated	d Mini Steel Plant	Manufacturi	ng Sponge Iron, M	I. S. Billets and
roducts	Rolled Products being TMT bars, Wire Rods, Structural Steel				
	Techno E	Economic Viabilit	y study of M	/s SPS Steels Rol	ling Mills Limi
604 1	for their second expansion for Unit – I, located at Durgapur (WB) after the				
cope of Study	acquisitio	on of the unit	by M/s Sl	hakambhari Ispat	& Power L
	("Shakan	nbhari" Group) or	n 11th April	1 2019 with appro	val of the Kolk

	bench of National Company Law Tribunal (NCLT) and obtaining the				
	Sanction for term loan of Rs. 60 crores on 21.01.2021 for their first				
	expansion plan involving Project Cost of Rs. 80 crores.				
	For the proposed Second Expansion plan, the estimated project cost is Rs.				
	80 crore	s, as detailed below:-			
	S. No.	Project Component	Amount (Rs. Cr)	% Share	
	1	SMS - 2x20 T IF and accessories	14.37	17.96%	
	2	Rolling Mill - 1250 TPD	44.90	56.13%	
	3	33 KV Electrical Lines	2.97	3.71%	
Project Cost	4	Civil/ Utility Work	2.68	3.35%	
	5	Miscellaneous Equipment	1.38	1.73%	
		Total	66.30	82.88%	
	5	Contingency	2.50	3.13%	
	6	IDC	6.85	8.56%	
	7	Pre-operatives	4.35	5.44%	
		Grand Total	80.00	100.00%	
	The second	and many of finance for this and	and averaging alon i		
	The proj	posed means of finance for this sec	ond expansion plan is	5:-	
Moons of	Sl. No.	Means of Finance	Amount (Rs. Cr)	% Share	
Financo	1	Promoter's Contribution/	30.00	37.50%	
rmance	2	Term Loan	50.00	62 5004	
	2	Total	80.00	100 00%	
		Total	00.00	100.00 /0	
Droject	Date of	Commercial Operation (COD) Proj	posed		
Froject	• Installation of two numbers of 20 MT Induction Furnace = 1^{st} July 2022				
Implementation	• Capacity Upgradation of Rolling Mills = 1 st January 2023				
Key Financial					
Indicators	• Av	verage DSCR = 2.97	\mathbf{DED} $\mathbf{D} = 0.45.44$		
(Company as a	• AV	/erage Cash Break-even Point (Cas	n BEP) = Ks. 945.44	crores	
Whole)	• KC	CE = 18.20%			
Key Financial					
Indicators	Average DSCR = 3.35 Average Cook Brook over Doint (Cook DED) Do 401.58 even				
(Unit 1 as a	• AV	verage Cash Break-even Point (Cash BEP) = Rs. 401.58 crores POCE = 18.70%			
Whole)	• KC	AE = 18.70%			
Key Financial					
Indicators	• Av	verage $DSCR = 6.08$			
(Expansion 2	• Average Cash Break-even Point (Cash BEP) = Rs. 218.74 crores			crores	
on Standalone					
	• R0	DCE = 13.67%			



B)	Key Observations
Company	SPS Steels Rolling Mills Ltd. has an integrated steel plant in Durgapur (West Bengal) with
overview	facilities to manufacture TMT bars, angles and channels of capacity 550 TPD under the brand
	name of ELEGANT®. Also, the company has the facilities for production of sponge iron
	and MS Billet of installed capacity of 200 TPD and 300 TPD respectively.
	Shakambhari Ispat & Power Limited (SIPL) has acquired and taken over the control of SPS
	Steels Rolling Mills Ltd. after receiving the approval from the Kolkata bench of National
	Company Law Tribunal (NCLT). The NCLT gave its final nod for acquisition on April 8.
	2019 and the acquisition process was completed on April 11, 2019.
	Post-acquisition the existing management has undertaken necessary measures for
	replacement of existing induction furnaces of capacity 15 MT each to Induction furnaces of
	Capacity 20 MT each and capacity upgradation of Rolling Mill to 650 TPD along with
	installation of 33 KV/11 KV Indoor Substation.
	With the estimated project cost of De 07 properties the company has obtained constion for term
	loan of Rs. 60 crores on 29.01 2021 and the balance amount of Rs. 37 crores is being funded
	from own sources of the promoters (unsecured loan/ quasi capital/ cash accruals/ old
	debtors). Till 10, 11, 2021, an expense of Rs, 33, 95 crores has been incurred for this expansion
	1 plan of the company which have been funded from the promoters' contribution in form on
	unsecured loan for Rs. 27.82 crores and from term loan of Rs. 6.13 crores.
	As per the current status of the project implementation (Expansion 1) the induction furnaces
	have been operational since August 2021. The COD has been proposed September 2022 for
	the Capacity Augmentation of the Rolling Mill.
Rationale for	Currently, the company proposes for installation of two additional induction furnaces of
TEV Study	Capacity of 20 MT each and capacity augmentation of the rolling mill to 1250 TPD.
	The benefits expected by the company from this proposed expansion plan can be
	summarized as:
	Summarized as
	2. Mitigation of the side of evolutility in Dillet using and its regulation
	2. Whitigation of the risk of volatility in Billet prices and its supply.
	3. To stop the job work from other unit
	The total project cost has been estimated as Rs. 80 crores and the same has been proposed to
	be funded from term loan of Rs. 50 crores and balance of Rs. 30 crores from Promoter's
	Contribution in form of Unsecured Loan / Internal Accruals (Cash Accruals).
	1111 10.11.2021, an expense of Rs. 7.78 crores have been incurred for this expansion 2 plan
	of the company which has been funded from the promoters contribution in form of unsecured
	loan.
	Based on the above funding arrangement requirement, Resurgent India Limited (Resurgent)
	has been engaged by SPSSRML as the consultant to undertake the technical

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	and economic viability of the proposed expansion plan.
	The TEV Study encompasses the assessment of the receivable of SPSSRML with implementation of the second expansion plan and thus repayment capability of SPSSRML for the existing loan profile as well as for the proposed term loan to be availed for this second expansion plan. The TEV study also evaluates the performance of this expansion plan on standalone basis for assessment of the repayment capability of the company for the proposed term loan as stated above.
	Further the Company has also acquired Assets of VMPL, a Company in Liquidation, through Official Liquidator, High Court of Calcutta, and in process to re – fabricate and Operationalize part of the Assets thus acquired, being 4 X 100 TPD Sponge Iron (DRI) Plant, 1 X 9 MVA Submerged Arc Furnace for production of Ferro Alloys and 10 MW Captive Power Plant. The remaining Assets being 4 X8 Tons of Induction Furnace (Billet Production) and 500 TPD Hot Rolling Mill will be developed at later stage on opportune time. A separate TEV Study has been conducted for the said project of Acquisition and Re – Fabrication of the Assets of AMPL and Report has been submitted. The acquisition of the Assets of VMPL is aimed to add Capacities for Production of Sponge Iron, Backed by Support of 10 MW CPP and Ferro Alloys for Cost Management and Better Margins. Resultantly the Company SPSSRML (Unit − I Poradiha Unit, taken together) will become Self – Reliant for supply of Sponge Iron, Billets for their end product TMT Bars and end to end Integrated for Production of "Tore from Ore"
	implementation of the first and second expansion plan (at Unit – I, Durgapur Unit) and Re – Fabrication of the Assets of Unit – II at Poradiha, as above, and repayment capability of SPSSRML i.e. the Company as a whole for the existing loan profile including the Loan sanctioned of Expansion – I at Unit – I as well as for the proposed term loans to be availed for this second expansion plan at unit – I i.e. Durgapur Unit and Re – fabrication of the Assets of VMPL, as above, at Unit – II at Poradiha.
Industry Overview	• India was the world's second-largest steel producer with production standing at 111.2 million tonnes (MT) in 2019. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour.
	• At 51.3%, China is the world's largest producer of steel. With a total contribution of 5.9%, India has overtaken Japan to become the second largest producer of steel.
	• Capacity for domestic crude steel production expanded from 109.85 Million Tonnes Per Annum (MTPA) in 2014-15 to 142.24 MTPA in 2018-19, a Compounded Annual Growth Rate (CAGR) of 6.8% during this five-year period.

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	• Crude steel production grew at 7.6% annually (CAGR) from 88.98 MTPA in 2014-15 to 110.92 MTPA in 2018-19.
	• India's finished steel consumption grew at a CAGR of 5.2 per cent during FY16-FY20 to reach 100 MT.
	• Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.
Marketing	The marketing feasibility of the company can be inferred from the following parameters:-
Strategy of	
'SPSSRML'	• Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.
	• Leveraging of the brand value of ELEGANT® along with the present distribution channels.
	• More than three decades of business experience of M/s SPS Steels Rolling Mills Limited along with their past business-related customer base.
	• Acquisition by "Shakambhari" Group, another established player in the steel rerolling segment has brought in the technical expertise along with market distribution strength to M/s SPS Steels Rolling Mills Limited.
	• Continued efforts of the present management of SPSSRML for business expansion in Northern India using different modes like direct marketing, dealers' network and brokers.
Technical Viability	With the analysis of the factor conditions of the unit based on the submitted documents, site visit and the discussions held with the promoters of the unit, it has been revealed that:-
	a. The unit being located in the Industrial Area in Durgapur, the availability of basic infrastructure, utilities and access to the site has been ascertained.
	b. The Expansion is taken up to meet the additional demand for the company products and full charge of the direct billets instead of reheating furnace.
	c. To make the Unit from self sustainable

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	d. Further, the unit is taking up measures to develop business relationship with industrial users and end users for strengthening the marketing activities.
	e. The unit has taken up appropriate steps for obtaining necessary statutory approvals and clearances.
	In consideration of the above factors, the unit is considered to be technically feasible with the availability of the requisite eco-system with renewal of the requisite licenses and certificates as required for manufacturing process.
Financial Viability	As per the financial analysis, it has been found that the required level of viability for repayment of all Terms Loans for Unit 1 as a whole in each year of door-to-door tenure and achievement of desired MPBF is possible when the following operating parameters have been achieved.
	• Sales price – the downward variation maximum 4.5% from the current market scenario as considered under normal working condition
	• Raw Material Price – the upward variation maximum by 2% from the current market scenario as considered under normal working condition
	• Capacity utilization – the decrease in capacity utilization of 10% for rolling section can provide adequate repayment capability due to direct billet selling in that scenario.
	• Inventory Level – the inventory position of the finished goods in consideration of the standard inventory holding period for the unit for achieving the required level of MPBF to avail the working capital loan
<u> </u>	 Interest Rate – an increase of 1% in rate of interest for the term loan proposed can provide adequate repayment capability.
Conclusion &	In consideration of the strategic location of the unit in the Industrial area of ADDA along with availability of the factor conditions and acc system for the unit and the marketing
ux .	with availability of the factor conditions and eco-system for the unit and the marketing

() r	esurgentindia	SPS STEELS ROLLING MILLS LTD
Observations	strategy of the unit, the tech level. Further, the financial 1 as a whole and an averag ratio of 1.67 when the critica fund infusion and inventory the term loan repayment (for as per the repayment schedu	nnical and marketing feasibility has been assessed at satisfactory viability has been assessed at an average DSCR of 3.35 for Unit e DSCR of 6.08 for expansion 2 on standalone and debt- equity al parameters (sales price, raw material price, capacity utilization, y level) have been maintained within acceptable range and when or the proposed debt of Rs. 50 Crs) has been done in 40 quarters ule mentioned in the report.
	In our opinion the unit is co subject to adherence of the report.	onsidered to be technically feasible and economically viable Critical Parameters / Critical Success Factors mentioned in the

For Resurgent India Ltd.

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(**Pradeep Shankar**) Authorized Signatory +91 9717661215 Email ID: **pradeep.shankar@resurgentindia.com** Date: 25th February 2022

Chapter 1: Scope of Work

1.1. Project Background

SPS Steels Rolling Mills Ltd. has an integrated steel plant in Durgapur (West Bengal) with facilities to manufacture TMT bars, angles and channels of capacity 550 TPD under the brand name of ELEGANT®. Also, the company has the facilities for production of sponge iron and MS Billet of installed capacity of 200 TPD and 300 TPD respectively.

Shakambhari Ispat & Power Limited (SIPL) has acquired and taken over the control of SPS Steels Rolling Mills Ltd. after receiving the approval from the Kolkata bench of National Company Law Tribunal (NCLT). The NCLT gave its final nod for acquisition on April 8, 2019 and the acquisition process was completed on April 11, 2019.

Post-acquisition the present management has undertaken necessary measures for replacement of existing induction furnaces of capacity 15 MT each to Induction furnaces of capacity 20 MT each and capacity upgradation of Rolling Mill to 650 TPD along with installation of 33 KV/ 11 KV Indoor Substation.

With the estimated project cost of Rs. 97 crores, the company has obtained the sanction for the term loan of Rs. 60 crores on 29.01.2021 and the balance amount of Rs. 37 Crores is being funded from own sources of the promoters (unsecured loan/ quasi capital/ cash accruals/ old debtors). Till 10.11.2021, an expense of Rs. 33.95 crores have been incurred for this expansion 1 plan of the company which has been funded from the promoters' contribution in form on unsecured loan for Rs. 27.82 crores and from term loan of Rs. 6.13 crores. It may be noted that till date term loan instalment of Rs. 6.13 Crores is disbursed.

As per the current status of the project implementation (Expansion 1) the induction furnaces have been operational since August 2021. The COD has been proposed September 2022 for the Capacity Augmentation of the Rolling Mill.

1.2. Reasons behind carrying out TEV study:

Currently, the company proposes for installation of two additional induction furnaces of capacity of 20 MT each and capacity augmentation of the rolling mill to 1250 TPD.

The benefits expected by the company from this proposed expansion plan can be summarized as under: -

- 1. Reduction in cost of production,
- 2. Reduction in lead time of procuring raw material,
- 3. Mitigation of the risk of volatility in Billet prices and its supply.

The total project cost has been estimated as Rs. 80 crores and the same has been proposed to be funded from term loan of Rs. 50 crores and balance of Rs. 30 crores



from Promoter's Contribution ((unsecured loan/ quasi capital/ cash accruals/ old debtors).

Till 10.11.2021, an expense of Rs. 7.78 crores have been incurred for this expansion 2 plan of the company which has been funded from the promoters' contribution in form on unsecured loan.

Based on the above funding arrangement requirement, Resurgent India Limited (Resurgent) has been engaged by SPSSRML as the consultant to undertake the technical and economic viability of the proposed expansion plan.

The TEV Study encompasses the assessment of the receivable of SPSSRML with implementation of the second expansion plan and thus repayment capability of SPSSRML for the existing loan profile as well as for the proposed term loan to be availed for this second expansion plan. The TEV study also evaluates the performance of this expansion plan on standalone basis for assessment of the repayment capability of the company for the proposed term loan as stated above.

Further the Company has also acquired Assets of VMPL, a Company in Liquidation, through Official Liquidator, High Court of Calcutta, and in process to re – fabricate and Operationalize part of the Assets thus acquired, being 4 X 100 TPD Sponge Iron (DRI) Plant, 1 X 9 MVA Submerged Arc Furnace for production of Ferro Alloys and 10 MW Captive Power Plant. The remaining Assets being 4 X8 Tons of Induction Furnace (Billet Production) and 500 TPD Hot Rolling Mill will be developed at later stage on opportune time. A separate TEV Study has been conducted for the said project of Acquisition and Re – Fabrication of the Assets of AMPL and Report has been submitted.

The acquisition of the Assets of VMPL is aimed to add Capacities for Production of Sponge Iron, Backed by Support of 10 MW CPP and Ferro Alloys for Cost Management and Better Margins. Resultantly the Company SPSSRML (Unit – I Durgapur Unit with Two expansions as above and newly acquired Unit – II, taken together) will become Self – Reliant for supply of Sponge Iron, Billets for their end product TMT Bars and end to end Integrated for Production of "Tore from Ore"

Thus, this TEV Study also encompasses Assessment of receivables of SPSSRML with implementation of the first and second expansion plan (at Unit – I, Durgapur Unit) and Re – Fabrication of the Assets of Unit – II at Poradiha, as above, and repayment capability of SPSSRML i.e. the Company as a whole for the existing loan profile including the Loan sanctioned of Expansion – I at Unit – I as well as for the proposed term loans to be availed for this second expansion plan at unit – I i.e. Durgapur Unit and Re – fabrication of the Assets of VMPL, as above, at Unit – II at Poradiha.

1.3. Objectives of the Study

To conduct the Techno Economic Viability (TEV) study for the proposed unit to appraise financing bankers about the following aspects of the manufacturing unit –

- The financial position and related information on borrowers i.e. 'SPSSRML',
- The present position of infrastructure available, study of specifications and quantum of utilities,
- Assessment of future cash flow position and profitability pre and post the implementation of the second expansion plan,
- Profile of manpower available and their skill sets,
- Study of technology used,
- Assessment of managerial capability,
- Market assessment and future market projections,
- The related technical / commercial and financial aspects of the proposal,
- SWOT analysis.

1.4. Methodology

In order to complete the assignment, Resurgent India Ltd. (Resurgent) had adopted the following methodologies:

- Resurgent India Ltd. team consisting of financial and technical experts visited the unit located at Dr. Zakir Hussain Avenue, Indo American More, Durgapur, West Bengal on 16.11.2021.
- Discussion was held with the CFO, Mr. Ajay Lahoti and the CEO, Mr. S.K. Sachan to understand the various aspects (technical and financial) of the production unit.
- During the course of our study, we had collected the requisite information on workings of the Company, infrastructure available, marketing strategies of the Company and infrastructure required.
- Scrutinized the documents submitted by the Company. However, we have relied upon the information shared by 'SPSSRML'. We have not carried any type of audit or independent verification of the said information shared by 'SPSSRML'.
- We have analyzed the financial projections prepared by the Company in consideration of the industry norms and prevailing banking parameters and accordingly, the capacity-upgradation model for the said unit has been developed by us.

1.5. Viability of Unit:

We have studied the technical, commercial and financial feasibility of the unit with following aspects:

1.4.1. Technical feasibility

• Assessment of the available land in use for the unit.



- Assessment of suitability and availability of infrastructure available for the activity of 'SPSSRML'.
- Availability of skilled manpower
- Assessment of existing capacity

1.4.2. Market potential

- Present and future market scenario.
- Assessment of marketing infrastructure available
- The demand supply analysis
- Competition in field

1.4.3. Financial Viability

- Assessment of future cash flows and profitability of the unit.
- Financial viability of the unit based on the financial projections, profitability (income and costs), cash flow, Drawing Power (DP), Maximum Permissible Banking Finance (MPBF) etc.
- Conduct sensitivity analysis of the unit

1.4.4. Management Capabilities

• Assessment of management capabilities

1.4.5. SWOT Analysis

• SWOT analysis has been carried out to identify the key internal and external factors which are important for success of the unit.

Chapter 2: About the Company

2.1. About M/s SPS Steels Rolling Mills Ltd. (SPSSRML)

SPS Steels Rolling Mills Ltd. has an integrated steel plant in Durgapur (West Bengal) with facilities to manufacture TMT bars, angles and channels of capacity 550 TPD under the brand name of ELEGANT®. Also, the company has the facilities for production of sponge iron and MS Billet of installed capacity of 200 TPD and 300 TPD respectively.

Shakambhari Ispat & Power Limited (SIPL) has acquired and taken over the control of SPS Steels Rolling Mills Ltd. after receiving the approval from the Kolkata bench of National Company Law Tribunal (NCLT). The NCLT gave its final nod for acquisition on April 8, 2019 and the acquisition process was completed on April 11, 2019.

Post-acquisition the existing management has undertaken necessary measures for replacement of existing induction furnaces of capacity 15 MT each to Induction furnaces of capacity 20 MT each and capacity upgradation of Rolling Mill to 650 TPD along with installation of 33 KV/ 11 KV Indoor Substation (termed as Expansion 1 plan of the company).

Till 10.11.2021, an expense of Rs. 33.95 crores have been incurred for this expansion 1 plan of the company which has been funded from the promoters' contribution in form on unsecured loan.

As per the current status of the project implementation (Expansion 1) the induction furnaces have been operational since August 2021. The COD has been proposed September 2022 for the Capacity Augmentation of the Rolling Mill.

Based on the information available at MCA website (as on 16.11.2021), the basic details of SPSSRML are:-

CIN	L51909WB1981PLC034409
LEI No.	3358002I2NC16VIDUE53
Registration Date	26/12/1981
Name of the Company	SPS Steels Rolling Mills Limited
Category/ Sub-category of	Public
the Company	
Address of the Registered	Office No - 701, 7th Floor, Diamond Prestige, 41 A -
office and contact details	AJC Bose Road, Kolkata - 700017
Authorized Capital (Rs.)	50000000
Paid-up Capital (Rs.)	50000000

2.2. About M/s Shakambhari Ispat & Power Limited (SIPL)

SIPL was incorporated on 19th October, 2001 in the name of Ma Chhinnamastika Steel & Power Pvt. Ltd.. The name was changed to Ma Chhinnamastika Steel & Power Ltd. on 22nd October, 2002.

Subsequently after the change in the ownership and takeover of the Company by the Present management of "Shakambhari" Group, the name was changed to Shakambhari Ispat & Power Ltd. on 30th December, 2010. The present management is having vast experience in steel sector.

Shakambhari Group of Industries is one of the fastest growing integrated steel manufacturing group in Eastern India. The Flagship Company of the group is M/S Shakambhari Ispat and Power Limited (SIPL) and it has its manufacturing unit at Purulia in West Bengal. The group was established by Mr. Deepak Kumar Agarwal - the Key Promoter of the Group and Managing Director of the all its Manufacturing Companies. All the four manufacturing entities of the group the group, being M/S Shakambhari Ispat and Power Limited (SIPL), M/S Bravo Sponge Iron Private Limited (BSIPL), M/S SPS Steels Rolling Mills Limited (SPSSRML) and M/S Eloquent Steel Private Limited (ESPL) are associated with iron and steel industry, which is helpful for group synergy. Group is advancing ahead with innovative ventures in the wide array of business, in synergy with market dynamics, to reach new heights at each step it takes forward.

Group is a well-diversified and fast expanding industrial house in India. Group is one of the leading industrial houses with its participation in manufacturing activities of for their quality products viz. TMT Bars, Billets, Ingots, Sponge Iron, etc. with the vast experience gained in running successfully several core sector units. The integrated steel plant of SIPL is 24 MTPA capacity in Purulia with rotary kilns for production of Sponge Iron, Induction Furnaces for producing semi-finished steel after alloy additions, billet casters for casting liquid steel into billets, Sub- merged Arc Furnaces for Production of Ferro Alloys and Captive Power Plant to fulfil the requirement of power from internal source apart of Pellet Plant, Iron Ore Beneficiation Plant, Blast Furnace, Sinter Plant, Coal / Char Washery as a part of complete integration.

2.3. Directors of M/s SPS Steels Rolling Mill Limited

The Director Details of SPSSRML are:-

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Name	Designation	DIN	PAN	Start Date	End Date
Shri Deepak	Managing	00646153	ABSPA2276K	11.04.19	-
Kumar Agarwal	Director				
Shri Ramabatar	Promoter	02930064	ABPPA0288E	11.04.19	-
Agarwal	Director				
Shri Sanjay Kumar	Professional	08402623	ARCPC3174E	11.04.19	-
Chowdhary	Director				
Shri Ashok Kumar	Professional	09273096	AGBPS2063	13.08.21	-

Table 1: Director Details of SPSSRML



SPS STEELS ROLLING MILLS LTD

Name	Designation	DIN	PAN	Start Date	End Date
Sharma	Director				
Shri Ajit Kumar	Professional	08641824	ABEPN6583C	27.12.19	-
Nath	Director				
Smt. Priyanka	Professional	08489182	AGBPB7422L	20.06.19	-
Goenka	Director				
Shri Ashutosh	Company	NA	BFOPS9730K	20.06.19	-
Sharma	Secretary				
Shri Binod Kumar	CFO	NA	AGEPA5572F	20.06.19	-
Agarwal					

2.4. Directors of M/s Shakambhari Ispat & Power Ltd.

The Director Details of SIPL are:-

Tuble 2. Director Details of Sh E					
Name	Designation	DIN	PAN	Start Date	End Date
Shri Deepak Kumar	Managing	00646153	ABSPA2276K	26.10.2010	-
Agarwal	Director				
Shri Ramabatar	Promoter	02930064	ABPPA0288E	01.11.2010	-
Agarwal	Director				
Smt. Priyanka	Professional	08489182	AGBPB7422L	29.02.2020	-
Goenka	Director				
Shri Asit Baran	Professional	02559634	ACXPB1620L	30.09.2019	-
Bhattacharjee	Director				
Shri Ranjit Banerjee	Professional	06477038	AJGPB0635D	23.03.2015	-
	Director				
Shri Ajay Kumar	CFO & Comp.	00194458	ABBPL0651L	24.05.2019	-
Lahoti	Sec.				

Table 2: Director	Details	of SIPL
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(Source: SPSSRML)

- 1. Mr. Deepak Kumar Agarwal, (DOB 31.03.1970) aged about 52 years, son of Mr. Ramabatar Agarwal is a commerce graduate. He has about 26 years of experience in various industries including coal trading, manufacturing of Various Iron and Steel products like Sponge Iron, Billets, Gases, TMT etc and trading of iron and steel products and trading of petroleum products.
- 2. Mr. Ramabatar Agarwal, (DOB 14.01.1944) aged about 78 years, son of Late Shri Sheo Prasad Agarwal has passed up to intermediate level. However, he has about half a century of experience in managing various industries including coal and coke trading which has been the backbone of the family owned businesses commissioned since last 55 years.

2.5. Association of Existing Directors of SPSSRML with other companies a. Deepak Kumar Agarwal

CIN/FCRN	Company Name	Begin Date	End Date
U74140WB2012PTC174680	Aryavrat Niwas Consultants Private Limited	29/03/2019	-
U51909WB2012PTC174894	Swapno Marketing Private Limited	29/03/2019	-
U74999WB2012PTC174678	Aryavrat Plot Managers Private Limited	29/03/2019	-
U51909WB2012PTC174685	Krishna Sudama Marketing Private Limited	29/03/2019	-
U74900WB2014NPL202387	Damodar Valley Power Consumers' Association	04/07/2014	-
U27320WB2020PTC239666	Eloquent Steel Iron Private Limited	11/09/2020	-
U51909MH2020PTC347371	Real Sucess Trading Private Limited	07/10/2020	-
U51909WB2012PTC185734	Eloquent Steel Private Limited	03/01/2018	-
U93000WB2012NPL182558	Diamond Prestige Occupants Association	29/09/2018	-
U51909WB2012PTC172364	Attraction Tie-Up Private Limited	29/03/2019	-
U52190WB2011PTC164011	Action Tie Up Private Limited	29/03/2019	-
U52190WB2011PTC162491	Kavya Dealtrade Private Limited	29/03/2019	-
U51909WB2011PTC161400	Pure Vanijya Private Limited	29/03/2019	-
U74999WB2009PTC137708	BMS Sales Private Limited	29/03/2019	-
U74999WB2009PTC137327	DV Re-Rolling Mills Private Limited	30/07/2009	-
U27109WB2001PLC093869	Shakambhari Ispat & Power Limited	08/06/2018	-
U27106WB1997PTC082921	Bravo Sponge Iron Private Limited	05/06/2015	-

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CIN/FCRN	Company Name	Begin Date	End Date
U51503WB1967PTC027055	M H S Sahny Engineers Pvt Ltd	01/04/2011	-
U65910MH1990PTC054935	Procon Leasing And Properties Private Limited	30/09/2019	-

LLPIN/FLLPIN	LLP Name	Begin Date	End Date
AAB-0656	City Infrapark LLP	16/01/2018	-

b. Ramabatar Agarwal

CIN/FCRN	Company Name	Begin Date	End Date
U70102WB2013PLC192661	Aahna Housing Limited	08/09/2017	-
U74900WB2013PLC192082	Anirdesh Vanijya Limited	08/09/2017	-
U70102WB2013PLC192064	Tanzil Buildcon Limited	08/09/2017	-
U01403WB2015PLC204987	Veg Agro India Limited	20/07/2015	-
U70102WB2013PTC195226	Premdeep Vatika Private Limited	29/11/2013	-
U74900WB2013PLC192084	Anirdesh Vintrade Limited	08/09/2017	-
U70102WB2013PLC192074	Anirdesh Complex Limited	08/09/2017	-
U70102WB2013PLC192045	Aahna Properties Limited	08/09/2017	-
U51503WB1967PTC027055	M H S Sahny Engineers Pvt Ltd	04/01/2019	-
U52190WB2011PTC163987	Careful Distributors Private Limited	11/02/2020	-
U52190WB2011PTC164037	Arohi Dealmark Private Limited	11/02/2020	-
U52190WB2011PTC164041	Equate Tradelinks Private Limited	11/02/2020	-
U70102WB2009PTC132212	Sparking Star Infradev Private Limited	20/07/2015	-
U27109WB2001PLC093869	Shakambhari Ispat & Power Limited	28/06/2011	-

c. Sanjay Kumar Chowdhary

CIN/FCRN	Company Name	Begin Date	End Date
U65910MH1990PTC054935	Procon Leasing and Properties Private Limited	30/07/2020	-
L24291WB1983PLC035829	Citrine Consultants Ltd	29/06/2020	-
U51109WB2008PTC127668	Bahar Tie-Up Private Limited	05/09/2020	-
U74999WB2009PTC137708	BMS Sales Private Limited	29/03/2019	-
U52390WB2010PTC142717	Mastermind Vintrade Private Limited	05/09/2020	-
U51909WB2011PTC161400	Pure Vanijya Private Limited	29/03/2019	-
U52190WB2011PTC162491	Kavya Dealtrade Private Limited	29/03/2019	-
U52190WB2011PTC164011	Action Tie Up Private Limited	29/03/2019	-
U51909WB2012PTC172364	Attraction Tie-Up Private Limited	29/03/2019	-
U52190WB2012PTC173416	Shivratri Vyapaar Private Limited	18/05/2019	-
U51909WB2012PTC174685	Krishna Sudama Marketing Private Limited	29/03/2019	-
U51909WB2012PTC174894	Swapno Marketing Private Limited	29/03/2019	-
U74140WB2012PTC174680	Aryavrat Niwas Consultants Private Limited	29/03/2019	-
U74999WB2012PTC174678	Aryavrat Plot Managers Private Limited	29/03/2019	-
U51909MH2020PTC347371	Real Sucess Trading Private Limited	07/10/2020	-
U51909WB2020PTC241872	CRS Enterprises Private Limited	10/12/2020	-

d. Priyanka Goenka

CIN/FCRN	Company Name	Begin Date	End Date
L24291WB1983PLC035829	Citrine Consultants Ltd	15/07/2020	-
U27109WB2001PLC093869	Shakambhari Ispat & Power Limited	29/02/2020	-

There is no other company association for Mr. Ashok Kumar Sharma and Mr. Ajit Kumar Nath as per theinformation available at MCA website.

2.6. Association of Directors of SIPL with other companies

The common Directors between SPSSRML and SIPL are Mr. Deepak Kumar Agarwal Mr. Ramabatar Agarwal and Ms. Priyanka Goenka. The details of their association with other companies have been provided under section 2.6.

a. Asit Baran Bhattacharjee

CIN/FCRN	Company Name	Begin Date	End Date
U51909WB1961PLC025027	C & E Limited	28/09/2018	_

b. Ranjit Banerjee

CIN/FCRN	Company Name	Begin Date	End Date
L24291WB1983PLC035829	Citrine Consultants Ltd	15/07/2020	-

2.7. Key Management Personnel of SPSSRML

Table 3: Key Management Personnel of SPSSRML

Name of the Person	Designation	Qualification	Experience
Shri Sanjeev Kumar	ED- Corporate	B. Tech	26 years' exp. in
Sachan		(Mechanical)	setting up various
			steel Plants
Shri Sanjay Kumar	VP- Technical	Mechanical	24 years' exp. in
Singh		Engineer	various plants
Shri Sunil Kumar	Head Mechanical	Mechanical	20 years' exp. in
Yadav		Engineer	various plants
Mr. Mohammad	Head Civil	B.Sc., & Diploma in	25 years' exp. in
Rizwan		Civil Engineering	Plant and Project.
Shri Vikrant Ranjan	Head	B.Com.	20 years' exp. in
	Commercial		finance and accounts
Shri Ajay Kumar	Group CFO	FCA, ACS, ACMA	22 Years of
Lahoti			experience in the
			Finance

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2.8. Shareholding Pattern of SPSSRML

Table 4: Share Allotment Details of SPSSRML as on 31.03.2021

Name of the Company	SPS Steels Rolling Mills Limited
Date of Allotment	11.04.2019
Type of Share Allotted (Equity or Preference)	Equity
Nominal Amount per Share (Rs.)	10
Premium/ (Discount) amount per Share (Rs.)	NIL
Total no. of Allottees	17
Brief particulars in respect of terms and	One voting right per share
condition voting right	

C		Shareholding as on date				
S. No.	Shareholder	Number	Amount Rs. Crs	% holding		
Α	Promoter Group					
1	M/S Shakambhari Tie – Up P. L.	99,75,000	9.9750	19.95 %		
2	M/S Aryavrat Plot Managers P. L.	97,91,406	9.7914	19.58 %		
3	M/S Swapno Marketing P. L.	80,00,000	8.0000	16.00 %		
4	M/S BMS Sales Private Limited	72,91,342	7.2913	14.58 %		
5	M/S Krishna Sudama Mktg. P. L.	30,00,000	3.0000	6.00 %		
	Total Promoter Group Holding	3,80,57,748	38.0578	76.12 %		
В	Non-Promoter Group (Finar	ncial Creditors of er	stwhile Corpora	te Debtor)		
1	Indian Bank (e – Allahabad Bank)	26,79,691	2.6797	5.36 %		
2	Indian Overseas Bank	26,50,456	2.6505	5.30 %		
3	Punjab National Bank*	19,87,124	1.9871	3.97 %		
4	Central Bank of India*	19,50,202	1.9502	3.90 %		
5	UCO Bank	11,05,519	1.1055	2.21 %		
6	Union Bank of India	9,17,105	0.9171	1.83 %		
7	Edelweiss Asset Reconst. Company	5,52,198	0.5522	1.10 %		
8	Phoenix ARC	93,124	0.0931	0.19 %		
9	India Factoring & Finance Solution P L	6,833	0.0068	0.01 %		
	Total Non-Promoter Holding	1,19,42,252	1.1942	23.88 %		
1	Total Shareholding	5.00.00.000	5.0000	100.00 %		

Table 5: List of Shareholders of SPSSRML as on date



2.9. Group Companies Details

1. M/S Shakambhari Ispat and Power Limited (SIPL) -

M/S Shakambhari Ispat and Power Limited (SIPL) is the flagship Company of the group. The Company was incorporated on 19th October, 2001 in the name of M/S Ma Chhinnamastika Steel & Power Private Limited. The name was changed to Ma Chhinnamastika Steel & Power Limited on 22nd October, 2002. Subsequently after the change in the ownership and management of the company (acquisition by the present management led by Shri Deepak Kumar Agarwal, the name was changed to Shakambhari Ispat & Power Limited on 30th December, 2010. The present management is having vast experience of about three decades in steel sector. The company had an existing integrated steel plant situated at Village - Madandih, P.O. - Bartoria, P.S. - Neturia, District - Prurulia West Bengal. After taking over the Company in 2010, the present management had undertaken refurbishment overhauling and capacity expansion of their existing plant in 2011. Later on, further capacities were added in 2016, 2020 and 2021.

The installed capacities of different products of the Company after completion of all the above four expansions is furnished below

	Capacity					
Manufacturin g Facility	At the time of Take Over	Exp – I Completed in 2011	Exp – II Completed in January 2016	Exp – III Completed in January 2020	Exp - IV Completed in March 2021	Existing Capacity
Sponge Iron	300 TPD			800 TPD	600 TPD	1700 TPD
Induction Furnace with Billets Caster	3 X 8 Tons	1 X 8 Tons	2 X 25 Tons	2 X 25 Tons	2 X 25 Tons	7 X 25 Tons (1232 TPD) *
Rolling Mill			400 TPD	200 TPD		600 TPD
Structural Mill			400 TPD	200 TPD		600 TPD
Ferro Alloy Unit				2 X 9 MVA		2 X 9 MVA (96 TPD)
Captive Power Plant Other Details	12 MW			40 MW		52 MW (34 MW WHRB & 18 MW Coal Based)
COD Achieved	NA	25.06.2011	27.01.2016	14.01.2020	16.03.2021	
Cost Incurred	NA	Rs.17.52	Rs.163.00	Rs.873.91	Rs.127.12	

Table 6: Existing Installed Capacity Details of SIPL

SPS STEELS ROLLING MILLS LTD

	Capacity					
Manufacturin g Facility	At the time of Take Over	Exp – I Completed in 2011	Exp – II Completed in January 2016	Exp – III Completed in January 2020	Exp - IV Completed in March 2021	Existing Capacity
		Crores	Crores	Crores	Crores	
Loan Availed	NA	Rs.11.67	Rs.101.00	Rs.477.35	Rs.75.07	
(Bank)		Crores	Crores	Crores	Crores	
Promoters'	NA	Nil	Nil	Rs.47.00	Nil	
Debt				Crores		
Promoters'	NA	Rs.5.85	Rs.62.00	Rs.349.56	Rs.52.05	
Contribution		Crores	Crores	Crores	Crores	
D/E Ratio	NA	1.99	1.63	1.50	1.44	
	NA	Fully	Fully	Outstanding as	Outstanding as	
Status of Bank		Repaid	Repaid	on Date	on Date	
Loan				Rs.416.39	Rs.75.07	
				Crores	Crores	

* Final Capacity after replacement of old Induction Furnace by new Furnace in various occasions.

The Company has also planned another Capacity Expansion Project to match the capacities of end to end facilities starting from Sponge Iron, M S Billets and Rolled Products to take advantage of continuous supply of Raw Material / Intermediary Products for the unit to make it self-sufficient at each stage, Save Cost of Transportation, Reheating and Power cost by augmenting captive powergeneration. The project envisages installation of 2 X 25 Tons of Induction Furnacewith Billet Caster, 300 TDP Rolling Mill, 300 TDP Structural Mill, 2 X

9 MVA Ferro Alloy Plant, 31 MW Turbine in the CPP and other required Infrastructure by way of augmenting in house Power Sub Station etc. The Cost of Project is estimated to be Rs. 188.00 Crores, Term Loan under Consortium Rs. 125.00 Crores and Promoters' Contribution of Rs. 63.00 Crores, proposed to be funded in Debt / Equity Ratio of 1.98 :1.00. TEV Study of the project is conducted by M/S LSI Financial Services, empaneled with most of the PSU and Private Sector Lenders. As per the TEV Report, the project is considered as Technically feasible and Financially Viable.

UCO Bank being the existing Lead Bank for TL and WC Consortia, is in process to appraise the TL proposal and sanction their share of Rs. 25.00 Crores to part finance the project under Consortium Banking Arrangement. Other lenders aspiring to participate in the Term Loan are PNB, SBI, Union Bank, Indian Bank etc. resurgentindia

Project implementation has begun and till now about Rs. 50.00 Crores has been invested out of promoter's contribution.

UCO Bank being Lead Bank of WC consortium has approved assessment of enhanced WC requirement for 2021-22 from Rs. 590.00 Crores (FBWC – Rs. 400.00 Crores, LC – Rs. 160.00 Crores and BG – Rs. 30.00 Crores) to Rs. 800.00 Crores (FBWC – Rs. 525.00 Crores, LC – Rs. 225.00 Crores and BG – Rs. 50.00 Crores). The previously assessed WC requirement of Rs. 590.00 Crores has been fully sanctioned and released.

After completion of the project the net Capacity of Various Facilities available with the Company would be as under

Sl. No.	Facility	Present Capacity	Proposed Expansion	Total capacity after Expansion	Maximum Available Output Post Expansion
		4 X 100		4 X 100	
1.	Sponge Iron	2 X 350	Nil	2 X 350	1700 TPD
		1 X 600		1 X 600	
2.	Ferro Alloy Unit	2 X 9 MVA	2 X 9 MVA	4 X 9 MVA	192 TPD
3.	Induction Furnace	7 X 25 T	2 X 25 T	9 X 25 T	1584 TPD
4.	Rolling Mill	600 TPD	300 TPD	900 TPD	900 TPD
5.	Structural Mill	600 TPD	300 TPD	900 TPD	900 TPD
6.	CPP ##			65 MW	
	(Generating	52 MW	31 MW	(Derated by 18	65 MW
	Capacity)			MW)	
	Turka concratora	12 MW &	21 MW	92 MW	02 MIN
	Turbo generators	40 MW	51 IVI VV	85 IVI VV	83 IVI VV
		WHRB 174		174 TPH –	
	Boilers in TPH	(4*10+2*35+1*64)	NIL	WHRB	
		AFBC 136 (100 +36)		136 TPH -AFBC	

Table 7: Installed Capacity Details of SIPL after Expansion Plan

Note:

i Existing 12 MW Turbine being fed by WHRB boilers of 40 TPH & AFBC boilers of 36 TPH.

- **i** Proposed 31 MW turbine will be fed by the existing 134 TPH WHRB boilers (2 X 35 TPH +1X 64TPH).
- ii. The existing 40 MW turbine will be fed by 100 TPH CFBC boilers, with which it will be able to generate 22 MW power only. The capacity will be derated to 22 MW.



Table 8: Rating Details of SIPL								
Dates13.03.202013.05.202005.04.202130.09.2021								
Rating Agency	CARE	ACUITE	CRISIL	ACUITE				
Long Term Facilities	823.57	823.57	1010.00	823.57				
Short Term Facilities	140.00	140.00	190.00	140.00				
Total Facilities		963.57	1200.00	963.57				
Long Term Rating	"BB+"	"BBB- "	"BBB"	"BBB+"				
		Assigned	Assigned	Upgraded				
Short Term Rating	"A3- "	"A3"	"А3+" -	"A2"				
		Assigned	Assigned	Upgraded				
Out Look	Stable	Stable	Stable	Stable				
Improvement by three notches	5	•	•					

External Rating Migration of the Company is as under

The positive trend in financial performance continues and likely to stay vibrant in Medium / Long Term. Hence the Company is confident that their external rating will be "A" within April – May – 2022.

The Conduct of the account with all the lending institutions is Regular and Satisfactory. Interest and Instalments fallen due in respect of Term Loans, GECL, CECL and Cash Credit facilities is paid up to the month of October -2021.

Financial Performance -

Rs. in Crores

SN	Particulars	31.03.19	31.03.20	30.03.21
1	Adj. TNW – without USL as quasi equity	588.31	634.13	733.95
2	Adj. TNW – with USL as quasi equity	673.81	741.85	803.99
3	Total Fixed Assets	770.23	946.21	1030.26
4	Total Term Loans	378.64	448.18	475.96
5	Total WC (FB + STL)	212.39	283.18	380.86
6	Total WC - NFB	26.81	84.92	97.70
7	Total Indebtedness	617.84	816.28	954.52
8	FACR	2.03	2.11	2.16
9	Total Chargeable Assets	1148.43	1515.38	1699.41
10	ACR (Chargeable Assets / Total Indebtedness	1.86	1.86	1.78
11	Total Sales / Revenue	1204.42	1218.77	1823.03
12	Total PAT	39.38	27.29	49.77
13	Total Sales / Revenue up to 30.09.2021			1392.50

Table 9: Financial Performance of SIPL

2. <u>M/S Bravo Sponge Iron Private Limited (BSIPL) -</u>

The group later on also acquired another Company named BSIPL. This Company BSIPL **was** originally incorporated on 14.02.1997 by Bhalotia Group, Jamshedpur as a Private Limited Company. Originally, the unit started commercial operation in the year 2003 under the then management. However, they suffered continuous loss and failed to run the plant. In June 2015, the management of the company was taken over by the promoters of Shakambhari Group.

The company was initially having 2(two) nos. of DRI Plant having capacity of 195 TPD (1X100 TPD, 1X95 TPD) of manufacturing sponge iron at Mohuda, P S Para, P O Rukni, Near Rukni Railway Station, Purulia – 723145. The new management installed 1 (one) additional plant of 3^{rd} DRI Kiln of Capacity 100 TPD (30000 TPA) in June'2016 and the plant is successfully operating.

The present Capacity of the unit is as under

Table 10. Existing	Installed	Canacity	of RSIPI
I able 10. Existing	Instancu	Capacity	OI DSIFL

SN	Facilities	Capacity
1	Sponge Iron	120000 TPA
2	M S Billets	78600 TPA

The company is implementing another backward integration project by installing 2.0 MTPA Iron Ore Beneficiation cum 1.70 MTPA (2 X 0.85 MTPA) Pallet plant with Project cost of Rs. 514.12 Crores, Term Debt Requirement of Rs. 332.00 Crores and Promoters' Contribution of Rs. 182.12 Crores. The Financial Closure of the project was achieved with participation of PNB – Lead Bank (Rs. 132.00 Crores), Union Bank (Rs. 100.00 Crores) and SBI (Rs. 100.00 Crores). The project is in advance stage of completion. First Unit (0.85 MTPA) is all set to start Commercial Operation in late December 21/ early January 22, and Second Unit (0.85 MTPA) in the month of April – May 2022).

The existing Credit Requirement of the Company, other than the TL of Rs. 332.00 Crores sanctioned for the new Palletization Project, is met by Consortium of Lenders led by Indian Bank (e – Allahabad Bank)

The Conduct of the account with all the lending institutions is Regular and Satisfactory. Interest and Instalments fallen due in respect of Term Loans, GECL, CECL and Cash Credit facilities is paid up to the month of October -2021.

External Rating Migration -

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The financial performance of the company has been consistently improving on sustainable basis. Resultantly the external rating is maintained at "CRISIL BBB / A3+" consecutively for last three terms as under. The rating is under review and the company is confident to get rating of "BBB+ / A2" with in November – 21 and further to "A" within April – May 2022.

Rating Agency	M/S CRISIL Ratings Limited	M/S CRISIL Ratings Limited	
Date of Rating	07.07.2019	29.10.2020	
Long Term Facilities	Rs. 187.50 Crores	Rs. 477.50	
Of Which – Term Loans	Rs. 103.89 Crores	Rs. 85.50 Crores (Existing TLs)	
- Proposed Term Loan	Rs. 49.61 Crores	Rs. 332.00 Crores (New TL –	
		Pellet Plant)	
- Cash Credit Limit	Rs. 34.00 Crores	Rs. 60.00 Crores	
- Short Term Facilities	Rs. 27.50 Crores	Rs. 42.50 Crores	
- Of Which – LC	Rs. 20.00 Crores	Rs. 35.00 Crores	
- BG/ Revolving LC	Rs. 7.50 Crores	Rs. 7.50 Crores	
- Total Facilities Rated	Rs. 215.00 Crores	Rs. 520.00 Crores	
Long Term Rating	"CRISIL BBB" – CRISIL	"CRISIL BBB" – CRISIL Triple	
	Triple B	В	
Short Term Rating	"CRISIL A3+" – CRISIL A	"CRISIL A3+" – CRISIL A	
	Three Plus	Three Plus	
Out Look	Stable	Stable	
Status	Reaffirmed	Reaffirmed	

Table 11: Rating Details of BSIPL

Financial Performance -

Rs. in Crores

Table 12: Financial Performance of BSIPL

SN	Particulars	31.03.19	31.03.20	30.03.21
1	Adj. TNW – without USL as quasi equity	121.66	130.14	276.84
2	Adj. TNW – with USL as quasi equity	144.93	234.84	278.74
3	Total Fixed Assets	168.45	256.30	325.26
4	Total Term Loans	97.86	90.25	178.16
5	Total WC (FB + STL)	5.10	25.68	14.78
6	Total WC - NFB	4.80	19.71	6.70
7	Total Indebtedness	107.76	135.64	199.64
8	FACR	1.72	2.84	1.83
9	Total Chargeable Assets	232.38	381.52	420.48
10	ACR (Chargeable Assets / Total Indebtedness	2.16	2.81	2.11

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SN	Particulars	31.03.19	31.03.20	30.03.21
11	Total Sales / Revenue	363.81	363.13	416.53
12	Total PAT	6.80	8.48	13.06
13	Total Sales / Revenue up to 30.09.2021			235.22

3. <u>M/S Eloquent Steel Private Limited (ESPL) -</u>

The group has another company named as ESPL. This Company was incorporated on 12.09. 2012. with the objective of setting up a Submerged Arc Furnace for production of Ferro Alloys and Induction Furnace in the state of West Bengal. However, till 2017, there was no activity in the Company. Later on ESPL acquired the assets of M/S Hira Concast Limited consisting of land area measuring about 10.78 acres with erected Building, Shed and structure, Plant and Machinery of 1 X 5.5 MVA Ferro Alloy Plant and 1 X 7.5 MVA Ferro Alloy Plant, lying and situated in the factory premises of Hira Concast Limited (in liquidation) at Vill - Nacrajoria, BL & LRO – Salanpur, Dendua Gram Panchayat, Police Station – Salanpur, Dist.Burdwan, West Bengal.

ESPL also acquired assets of Impex Steel Ltd comprising of Land – 10.95 Acres, Buildings, Shed, Plant and Machinery for 2 X 7.5 MVA Ferro Alloy Plant and other related Fixed Assets, having common boundary wall with Hira Concast Limited.

Necessary refurbishment has been carried out and the unit ESPL is now operating successfully with following capacities

SN	Facilities	Capacity
1	Billets	46200 TPA
2	Ferro Products	43250 TPA

Table 13: Existing Installed Capacity of ESPL

The Credit Requirement of the Company is financed by a Consortium of Banks consisting of PNB and SBI.

With a view to improve economy of scales, production of Value-added product i.e. Structural Steel for better margins, to ensure un interrupted Power Supply and to bring out required modernization / renovation, the company has undertaken a Project for improvement of the existing infrastructure for ferro-alloy products and installation of 4th Induction Furnace along with Structural Mill for which the project cost has been estimated as Rs. 87.94 crores. To execute the subject expansion project, the company requested to avail Term Loan of Rs. 52.00 Crores under Consortium Banking led by PNB. The balance amount of Rs. 35.94 will be brought in as additional promoters' contribution.



The proposed expansion cum modernization Plan, therefore, envisages Refurbishment / Renovation Modernization / Replacement of existing Plants, Installation of additional Product Lines, Upgradation of existing Indoor Power Sub Station of 33 KVA of DVC to 132 KVA of DVC, other related Infrastructure and Contingencies.

After implementation of the proposed Plan of Refurbishment / Renovation Modernization / Replacement / Expansion the Capacities will improve as under

SN	Facilities	Existing	Additions	Resultant		
DIN	Facilities	Capacities	Proposed	Capacity		
1	Sub merged Arc	3 X 7.5 MVA		3 X 7.5 MVA		
	Furnace (SAF)	1 X 5.5 MVA		1 X 5.5 MVA		
2	Induction Furnace (IF)	4 X 7 Tons	1 X 7 Tons	5 X 7 Tons		
3	Ferro Manganese OR	32,301 TPA				
4	Silico Manganese OR	22,849 TPA				
5	Ferro Silicon					
6	M S Ingots / Billets	1,06,004 TPA				
6	Indoor Power Sub	33 KVA	Upgradation	132 KVA		
	Station od DVC					
7	Structural Mill	-	144000 MTPA	144000 MTPA		
8	Water Pipe line	-				

Table 14: Installed Capacity of ESPL after Expansion Plan

PNB has sanctioned Term Loan of Rs. 27.00 Crores and Karnataka Bank has sanctioned the balance amount of Rs. 25.00 Crores to finance the project under Consortium Banking Arrangement. WC limits of the Company are also assessed by PNB at enhanced lever from Rs. 61.00 Crores (FBWC – Rs. 36.00 Crores, LC – Rs. 10.00 Crores and BG – Rs. 15.00 Crores) to Rs. 150.00 Crores (FBWC – Rs. 80.00 Crores, LC – Rs. 40.00 Crores and BG – Rs. 30.00 Crores) and also approved enhancement in their Share from Rs. 25.00 Crores (FBWC – Rs. 15.00 Crores and LC – Rs. 10.00 Crores) to Rs. 76.60 Crores (FBWC – Rs. 41.60 Crores, LC – Rs. 20.00 Crores and BG – Rs. 15.00 Crores). Tie up of assessed balance WC requirement is in process with participation of existing WC Lender SBI (Existing Limit Rs. 36.00 Crores) (FBWC – Rs. 21.00 Crores and BG – Rs. 15.00 Crores and B

The Conduct of the account with all the lending institutions is Regular and Satisfactory. Interest and Instalments fallen due in respect of Term Loans, GECL, CECL and Cash Credit facilities is paid up to the month of October -2021.



External Rating Migration -

The financial performance of the Company shows consistent and sustainable improvement over last three year. Resultantly the external rating of the Company shows upward migration as under:-

Particulars	Earlier Rating*	Present Rating			
Date of Rating	17.03.2020	10.05.2021			
Rating Agency	M/S Infomerics Valuation and	M/S CRISIL Ratings			
	Rating Pvt. Ltd.	Limited			
Long Term Facilities	Rs. 65.00 Crores	Rs. 65.00			
Rating	"IVR BBB- "(Credit Enhancement) /	"CRISI BBB" / Assigned			
	Assigned				
Short Term Facilities	Rs. 25.00 Crores	Rs. 25.00 Crores			
Rating	"IVR A3"/ Credit Enhancement) /	"CRISIL A3+" / Assigned			
	Assigned				
Total Facilities Rated	Total Facilities Rated Rs. 90.00 Crores				
Out Look	Stable Stable				
Note – Rating dated 17.03.2020 by Infomerics was supported by Unconditional and					
Irrevocable Shortfall Undertaking from SIPL. Whereas the Rating dated 10.05.2021 by					

Table 15: External Rating Details of ESPL

CRISIL is independent Rating without any Credit Enhancement.

The upward trend in financial performance continues and is expected to stay in Medium / Long Term. Hence the Company is confident to get external rating of "BBB+ / A3+" with in November – 2021 and further to "A / A2" with in April – May – 2022.

Financial Performance -

Financial Performance of Group Companies other than ESPL -

Rs. in Crores

Table 16: Financial Performance of Group Companies other than ESPL

SN	Particulars	31.03.19	31.03.20	30.03.21
1	Adj. TNW – without USL as quasi equity	46.11	48.14	62.27
2	Adj. TNW – with USL as quasi equity	69.46	88.99	112.03
3	Total Fixed Assets	65.52	92.01	102.60
4	Total Term Loans	9.68	28.13	36.42
5	Total WC (FB + STL)	3.10	34.92	27.58
6	Total WC - NFB	3.75	3.55	6.78
7	Total Indebtedness	16.53	66.60	70.78
8	FACR	6.77	3.27	2.82
9	Total Chargeable Assets	88.89	152.87	196.23



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SN	Particulars	31.03.19	31.03.20	30.03.21
10	ACR (Chargeable Assets / Total Indebtedness	5.38	2.30	2.77
11	Total Sales / Revenue	72.34	323.35	453.23
12	Total PAT	1.11	2.03	9.13
13	Total Sales / Revenue up to 30.09.2021			342.62

Consolidated Group Financials -

Amount in Rs. Crores

SN	Particulars	31.03.19	31.03.20	30.03.21
1	Adj. TNW – without USL as quasi equity	223.78	946.32	1234.91
2	Adj. TNW – with USL as quasi equity	436.16	1249.59	1420.31
3	Total Fixed Assets	1075.25	1487.49	1659.34
4	Total Term Loans	486.18	733.03	858.38
5	Total WC (FB + STL)	709.10	403.87	506.09
6	Total WC - NFB	35.36	108.18	111.18
7	Total Indebtedness	1230.64	1245.08	1475.65
8	FACR	2.21	2.03	1.93
9	Total Chargeable Assets	1853.22	2425.88	2775.80
10	ACR (Chargeable Assets / Total Indebtedness	1.51	1.95	1.88
11	Total Sales / Revenue	2047.99	2590.62	3595396
12	Total PAT	42.09	46.98	109.50
13	Total Sales / Revenue up to 30.09.2021			2479.02


2.10. Present Banking Arrangement of SPSSRML (as on 31.10.2021)

Table 18: Present Banking Arrangement of SPSSRML

(Rs. Crores)

																(··· · · ·	
S. No.	Name of the Bank		Term Loan				Working Capital				CECF		GECL		Grand Total		
		I	O/s	II	O/s	Total Term Loan	Total Term Loan O/s	Fund Based	O/s	Non- Fund Based	O/s	Limit	O/s	Limit	O/s	Limit	O/s
	Punjab National																
1	Bank	153.22	153.22	30.00	5.28	183.22	158.50	90.00	57.97	20.00	-	7.00	3.12	45.16	45.16	345.38	264.75
2	Indian Bank	-	-	30.00	0.89	30.00	0.89	30.00	6.19	10.00	-	-		-		70.00	7.08
	Total	153.22	153.22	60.00	6.17	213.22	159.39	120.00	64.16	30.00	-	7.00	3.12	45.16	45.16	415.38	271.83

Assessed FBWC - Rs. 130.00 Crs and NFB BG - Rs. 30.00 Crs.

Canara Bank has also sanctioned FBWC – Rs. 20.00 Crs and NFB BG – Rs. 5.00 Crs. Inclusion of Canara Bank in the Consortium and consequential Revision in allocation of WC Limits in in process. The revised allocation will be as under:-

Londors	Exis	ting Allocation		Revision of allocation in process					
Lenders	FBWC	NFB BG	Total WC	FBWC	NFB BG	Total WC			
PNB – Lead Bank	90.00	20.00	110.00	90.00	20.00	110.00			
Indian Bank	30.00	10.00	40.00	20.00	5.00	25.00			
Canara Bank	Nil	Nil	Nil	20.00	5.00	25.00			
Total	120.00	30.00	150.00	130.00	30.00	160.00			
Total Assessed	130.00	30.00	160.00	130.00	30.00	160.00			
Gap / Untied	10.00	Nil	10.00	Nil	Nil	Nil			

Table 19: Banking Facility Allocation Revision for SPSSRML



2.11. Present Banking Arrangement of Shakambhari Group (as on 31.10.2021)

Table 20: Present Banking Arrangement of Shakambhari Ispat and Power Limited (SIPL)

										(Rs.	Crores)				
S. No.	Name of the Bank			1	Ferm Loan				Workin	g Capital		CE	CL	Grane	d Total
		I	O/s	П	O/s	Total Term Loan	Total Term Loan O/s	Fund Based	O/s	Non Fund Based	O/s	Limit	O/s	Limit	O/s
1	UCO Bank	86.49	86.49	-		86.49	86.49	114.00	92.05	70.00	76.00	13.00	6.73	283.49	261.27
2	BOB (e-Dena Bank)	42.68	42.68	-		42.68	42.68	42.00	34.33	18.00	24.50	-		102.68	101.51
3	Union Bank(incl. e Corp Bank)	54.71	54.71	75.29	75.29	130.00	130.00	51.00	50.00	43.00	43.00	-		224.00	223.00
4	Punjab National Bank	41.83	41.83	-		41.83	41.83	84.00	74.69	24.00	26.66	4.83	2.14	154.66	145.32
5	PNB(e OBC)	65.28	65.28	-		65.28	65.28	-	-			2.30	1.57	67.58	66.85
6	Indian Bank(e Allahabad Bank)	64.84	64.84	-		64.84	64.84	20.00	7.90	20.00	31.53	-		104.84	104.27
7	State Bank of India	42.99	42.99	-		42.99	42.99	-	-	-	-	-		42.99	42.99
8	South Indian Bank	-	-	-		-	-	20.00	19.90	5.00	2.00			25.00	21.90
9	BOB (e-Vijaya Bank)	21.28	21.28	-		21.28	21.28	-	-	-	-			21.28	21.28
10	Canara Bank	-	-	-		-	-	36.00	4.12	10.00	10.00			46.00	14.12
11	Bandhan Bank	-	-	-	-	-	-	33.00	31.99					33.00	
	Total	420.10	420.10	75.29	75.29	495.39	495.39	400.00	314.98	190.00	213.69	20.13	10.44	1,105.52	1,002.51



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Table 21: Present Banking Arrangement of Bravo Sponge Iron Private Limited (BSIPL)

										(RS. C	rores)						
S. No.	Name of the Bank		Term Loan W			Work	ing Capital			CECL	GECL		Grand Total				
		I & II	O/s	ш	O/s	Total Term Loan	Total Term Loan O/s	Fund Based	O/s	Non Fund Based	O/s	Limit	O/s	Limit	O/s	Limit	O/s
1	UCO Bank	20.46	20.46	-		20.46	20.46	12.00	6.56	7.00	-	0.70	0.36	5.65	5.65	45.81	33.03
2	Union Bank of India (e Corporation Bank)	30.55	30.55	100.00	91.67	130.55	122.22	-	-	-	-	-	-	6.55	6.55	137.10	128.77
3	Punjab National Bank	-	-	132.00	122.02	132.00	122.02	7.00	4.90	10.00	-	0.70	0.31	1.36	1.36	151.06	128.59
4	State Bank of India	-	-	100.00	90.45	100.00	90.45	16.00	16.00	4.00	-	-	-	-	-	120.00	106.45
5	Indian Bank(e Allahabad Bank)	39.59	39.59	-	-	39.59	39.59	25.00	19.48	21.50	7.00	3.00	2.41	11.22	-	100.31	68.48
	Total	90.60	90.60	332.00	304.14	422.60	394.74	60.00	46.94	42.50	7.00	4.40	3.08	24.78	13.56	554.28	465.32

 Table 22: Present Banking Arrangement of Eloquent Steel Private Limited (ESPL)

(Rs. Crores)

S. No.	Name of the Bank		Te	rm Loan			Working C	apital		CE	CF	GECL		Grand Total	
		I	O/s	Total Term Loan	Total Term Loan O/s	Fund Based	O/s	Non Fund Based	O/s	Limit	O/s	Limit	O/s	Limit	O/s
1	Punjab National Bank	16.82	16.82	16.82	16.82	15.00	2.21	10.00	8.00	1.50	0.67	6.47	6.47	49.79	34.17
2	State Bank of India	9.25	9.25	9.25	9.25	21.00	9.83	15.00	13.52	2.10	0.74	6.10	6.10	53.45	39.44
	Total	26.07	26.07	26.07	26.07	36.00	12.04	25.00	21.52	3.60	1.41	12.57	12.57	103.24	73.61

Chapter 3: Technical Feasibility

3.1. Introduction

Shakambhari Group is one of the fastest growing integrated steel manufacturing Group in Eastern India having four manufacturing Companies namely M/S Shakambhari Ispat and Power Limited (SIPL), M/S Bravo Sponge Iron Private Limited (BSIPL), M/S SPS Steels Rolling Mills Limited (SPSSRML) and M/S Eloquent Steel Private Limited (ESPL). The group has its manufacturing units at Purulia District, Durgapur Town, and Asansol (Burdwan District) in the state of West Bengal. The Group is one of the leading Industrial Steel Manufacturing Houses engaged in manufacturing of Pig Iron, Sponge Iron, Billets, Rolled Products i.e. TMT Bars, Wire Rods, Structural Steel and also Ferro Alloys and well known for their quality products under the Brand name of "Thermocon" and "Elegant" with wide spread Acceptability and Recognition. The products of these brands are in good demand and are sold at premium as compared to other similar products.

Shakambhari Ispat & Power Limited (SIPL) has acquired and taken over the control of SPS Steels Rolling Mills Ltd. after receiving the approval from the Kolkata bench of National Company Law Tribunal (NCLT). The NCLT gave its final nod for acquisition on April 8, 2019 and the acquisition process was completed on April 11, 2019.

SPS Steels Rolling Mills Ltd. has an integrated steel plant in Durgapur (West Bengal) with facilities to manufacture TMT bars, angles and channels under the brand name of ELEGANT®. Also, the company has the facilities for production of sponge iron and MS Billet. Recently the Company has acquired Assets including Industrial Project Land admeasuring 37.65 Acres, Buildings / Structure for Manufacturing Facilities of 4 X 100 TPD DRI (Sponge Iron) Plant, 1 X 9 MVA Ferro Alloy Plant, 4 X 8 Tons of Induction Furnace for manufacturing M S Billets, 500 TPD Rolling Mill and 10 MW Captive Power Plant of M/S Vikash Metal and Power Limited – a Company under liquidation through open auction conducted by the Official Liquidator, High Court of Kolkata standing as H- 1, bidder for a Total Consideration of Rs. 45.00 Crores. The Company is in process to Refurbish and Operationalize 4 X 100 TPD DRI (Sponge Iron) Plant, 1 X 9 MVA Ferro Alloy Plant, and 10 MW Captive Power Plant for which separate Project Report is Prepared. The remaining Facilities / Assets of VMPL i.e. 4 X 8 Tons of Induction Furnace for manufacturing M S Billets and 500 TPD Rolling Mill will be operationalize later on at opportune time.



3.2. Detailed Project Assessment by Resurgent India Limited

3.2.1. Land and Land Location

The Company's existing unit is located at Dr. Zakir Hussain Avenue, G. T. Road, Durgapur-713206, West Bengal.

The Company is in possession of 16.96 acres situated at Dr. Zakir Hussain Avenue, Indo American More, Durgapur, West Bengal. The proposed expansion will be undertaken on same land. The Land is on leasehold from Asansol Durgapur Development Authority (ADDA).

In support of the claim for land ownership, the company has submitted the following lease deed documents:-

- 1. Lease deed executed on 16th February 1999 for 4 acres in the name of M/s Elegant Commerce Ltd.
- 2. Lease deed executed on 29th December 1999 for 4 acres in the name of M/s Vinayak Steels Pvt. Ltd.
- 3. Supplementary lease deed executed on 11th April 2003 for change of name of M/s Vinayak Steels Pvt. Ltd. to M/s SPS Sponge Iron Ltd. in the above lease deed
- 4. Lease deed executed on 11th November 2003 for 3.48 acres in the name of M/s SPS Sponge Iron Ltd.
- Lease deed executed on 4th May 2010 for 5.483 acres in the name of M/s SPS Steels Rolling Mills Ltd.

As informed by SPSSRML, M/s SPS Sponge Iron Ltd. has been amalgamated with SPSSRML in 2008. Further, the company has submitted the copies of invoices for property tax payment to indicate the land in the name of the M/s SPS Steels Rolling Mills Ltd.



The location of plant is as depicted in chart below:





The location of the Company as traced from Google map



Strictly Private & Confidential



The Arial View of the Plant from the Google Map



Latitude - 23°52' N; Longitude - 87°31' E

Strictly Private & Confidential



3.2.2. Connectivity Details

- **Road** The existing plant is located at a distance of 50 mts from the stretch of NS 2in Durgapur at Indo American More. The site is connected through pucca State Road from the State Highway. Other Road connections are as follows:
 - The site is located within 170 Km of Kolkata and within Durgapur.
 - The site is located in the vicinity of West Bengal's Largest Industrial Hub with largestconcentration of Iron and Steel Plants and near to (within 330 KMs radius) Iron Ore area of Barbil in Odisha.
 - The site is also located within 340 Kms from Haldia Port, 450 Km from Dhamra Port (Odisha) and 950 Km from Gangavaram Port (Andhra Pradesh)
- **b. Rail connectivity -** The project site is at a distance of 2 kms from Durgapur Railway Station under Eastern Railways. There are many other sidings in nearby area like Andal, Waria, Tapasi etc.
- c. **Railway siding -** At present a railway siding is available at Andal, Waria, Tapasi, Durgapur etc. which are connected by a metaled road located within distance of 30 Km. The siding is being used by the existing plant. This will enable the Company to reduce cost on transportation and will also reduce time in receiving and dispatching of materials and finished products.
- **d.** Airport The nearest Airport is Andal which is around 20 Km from the plant site. However, Kolkata Airport (International Airport) is situated about 180 km from the plant.

3.2.3. Proximity to Social Structure

The plant site is located at within Durgapur Town where all necessary civic facilities and amenities like educational facilities, hospitals, markets and other social amenities are available and accessible.

Availability of Skilled labour does not pose any problem as the plant is within close proximity of the industrial town of Durgapur and Asansol which are considered as the steel belt of eastern India.

3.2.4. Existing Building/ Civil work

Based on the valuation report submitted by M/s B.K. Debnath & Associates LLP as per their site visits during the period 27.04.2019-28.04.2019, the existing civil structure details of the unit are:-



Sl. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
1	Administrative Building 1	1999	RCC frame structure	2	20'	5426
2	ESP Control Room	1999	RCC frame structure	1	11'6"	2088
3	Generator room	1999	RCC frame structure	1	10'	1410
4	Electrical store, panel room, coal testing room, laboratory	1999	RCC frame structure	2	20'	4220
5	Store	1999	RCC frame structure	1	13'	2271
6	H.T Breaker room, lab & raw material store	1999	RCC frame structure	2	20'	2820
7	Raw material store	1999	RCC frame structure	1	10'	1615
8	Fire brick store & landish and tundish store	1999	RCC frame structure	1	18'	702
9	Occupational health centre no. 2, store office and O/H water tank	1999	RCC frame structure	5	50'	4215
10	Personal office, Elec./ Mech Office & Recreation room	1999	RCC frame structure	2	22'	4570
11	Scrap store	1999	RCC frame structure	1	11'	500
12	Security room, time office, canteen	1999	RCC frame structure	1	10'	1162
13	Security office	1999	RCC frame structure	1	10'	412
14	Lunch room	1999	Brick built/ RC Column structure with ASB shed	1	9'6"	302
15	Administrative building 2 with	1999	RCC frame structure	2	22'	4846

Table 23: List of Existing Building/ Civil work of SPSSRML

Strictly Private & Confidential

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SI. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
	weigh bridge					
16	Toilet block, civil store, occupational health centre, Visitors room	1999	RCC frame structure	1	10'	847
17	President room, G.M office, Panel room	1999	RCC frame structure	1	10'6"	1898
18	Extension panel room, store room	1999	RCC frame structure	1	10'	452
19	Panel room -3 , QC Lab, General store & spare store	1999	RCC frame structure	1	10'	1652
20	H.T. rooms, Transformer etc.	1999	RCC frame structure	1	10'	1467
21	Labour toilet block	1999	Brick built/ RC Column structure with ASB shed	1	9'6"	217
22	Ambulance room	1999	RCC frame structure	1	9'6"	118
23	D.V.C sub station building	1999	RCC frame structure	1	10'	490
24	D.V.C sub station building	1999	RCC frame structure	1	10'	900
25	H.T Room	1999	RCC frame structure	1	10'	478
26	Lab office, CNC Lathe machine room	1999	RCC frame structure	1	10'	1466
27	DC control room	1999	RCC frame structure	1	14'	1214
28	General Store	1999	Brick built/ RC Column structure with ASB shed	1	8'6"	1485
29	Product house	1999	RC column/ RS joist structure with CI shed	2	partly 14' & partly 25'	1818
Strictly	Private & Confidential	TEV SP	S STEELS ROLLIN	G MILLS I	<i>LTD</i> . 47	



Sl. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
30	Dust collector	1999	RCC foundation with RS joist structure	1	14'	753
31	Lubricant store, F.O. storage tank, pump room	1999	Brick built/ RC Column structure with ASB shed	1	15'	659
32	Coal ground hopper	1999	RC column/ RS joist structure with CI shed	1	8' depth & 9' height	1374
33	Coal storage shed	1999	RS joist structure with CI shed	1	22'	7287
34	Coal storage shed	1999	RS joist structure with CI shed	1	22'	7287
35	Pump room	1999	Brick built structure with ASB shed	1	9'6"	136
36	Pump room	1999	Brick built structure with ASB shed	1	9'6"	136
37	Cooling water pond	1999	RCC wall	1	8' (depth)	1689
38	Pump room	1999	RCC frame structure	1	9'	125
39	General store building	1999	Brick built RC column structure with ASB shed	1	15'	1640
40	Steel melting shop and con-cast shed	1999	Double section RS joint structure with ASB shed	1	60'	39000
41	Maintenance shop	1999	RS joist structure with ASB shed	1	12'	598
42	Finished goods store	1999	RS joist structure with ASB shed	1	20' (mean)	11867

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SI. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
43	Garage	1999	Brick built structure with ASB shed	1	9'	459
44	F.O. Tanks	1999	Tubular truss structure with CI shed	1	8'	487
45	Finished goods storage	1999	Double section RS joint structure with ASB shed	1	30' (mean)	26864
46	Finished goods storage area, cooling area, raw material etc.	1999	Double section RS joint structure with ASB shed	1	30' (mean)	120584
47	Ejector shed & panel room	1999	RS joist structure with CI shed	1	10'6"	2115
48	Rolling mill 2	1999	Double section RS joint structure with ASB shed	1	45'	115568
49	Power distribution board room	1999	Brick built RC column structure with ASB shed	1	12'	1494
50	Intermediate mill meter room	1999	Brick built RC column structure with ASB shed	1	10'	758
51	Cooling room	1999	RS joist structure with ASB shed	1	10'	1586
52	Finished goods storage area	2005	Double section RS joint structure with ASB shed	1	25'	28877
53	Cycle stand	1999	MS angle structure with ASB shed	1	9'	542



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SI. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
54	Billet division shed	1999	Double section RS joint structure with ASB shed	1	45'	11880
55	Labour quarter no. 1	1999	Brick built structure with ASB shed	1	9'	2701
56	Coal crushing unit	1999	RC column/ RS joist structure with CI shed	1	50'	525
57	Iron hopper	1999	RC column/ RS joist structure with CI shed	1	8' depth & 9' height	1374
58	Pump house with scrap material store	1999	RCC frame structure	2	20'	2080
59	DC panel room	1999	Brick built structure with ASB shed	1	10'6"	702
60	Main meter room	1999	RCC frame structure	1	12'	252
61	Labour quarter no. 2	1999	RCC frame structure	2	20'	1798
62	Power distribution room	1999	RC Column structure with ASB shed	1	17'	936
63	DC drive room	1999	RC Column structure with ASB shed	1	12'	968
64	Mechanical office	1999	Brick built structure with ASB shed	1	9'	114
65	Compressor	1999	RC Column structure with ASB shed	1	9'	213
66	Loading unloading shed	1999	Double section RS joint structure with ASB shed	1	28'	16275



Sl. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
67	Pump room with O/H	1999	RCC frame structure	2	55'	476
68	Rolling mill 1	1999	Double section RS joint structure with ASB shed	1	50'	72912

Table 24: Non-functional buildings/ CWIP of SPSSRML

Sl. No.	Building Description	Construction Year	Type of Construction	No. of Floors	Elevation (ft)	Covered Area (Sq Ft)
1	Factory shed	2007	Double section RS joist structure with ASB Shed	1	35'	89181
2	Toilet block	2007	RCC Frame Structure	1	9'6"	396
3	DG Room	2007	RCC Frame Structure	1	11'	510
4	Pump room	2007	RCC Frame Structure	1	13'	480
5	Water reservoir	2007	RCC wall	1	10' (depth)	1155
6	Garage	2007	Brick built structure with CI shed	1	10'	310
7	Control room	2007	RCC Frame Structure	1	15'	1050
	Total					93082

3.2.5. Existing Plant & Machinery

Based on the valuation report submitted by M/s B.K. Debnath & Associates LLP as per their site visits during the period 27.04.2019-28.04.2019, the existing Plant & Machinery details of the unit are:-

Sl. No.	Asset Description	Qty (no./ set)	Year of Purchase/ Installation	Estimated Historic Price (Rs. Cr)	Estimated useful remaining life (in years) of the assets as on 30.04.2020
1	Direct reduced iron (DRI) or sponge iron unit consists of raw material handling system, stock house, raw material feeding system, kiln and cooler system, cooler discharge to product house, flue gas including ESP and Pollution handling system,	1 lot	2001	22.51	6

Table 25: List of Existing Plant & Machinery of SPSSRML



SPS STEELS ROLLING MILLS LTD.

Sl. No.	Asset Description	Qty (no./ set)	Year of Purchase/ Installation	Estimated Historic Price (Rs. Cr)	Estimated useful remaining life (in years) of the assets as on 30.04.2020
	pump house and utility system, Control room & VFD control panels etc. (2 sets of 50 TPD and 1 set of 100 TPD)				
2	Steel Melting Shop (SMS) consists of Induction Furnace along with mounting and accessories (1994), Caster equipment, utility equipment, electrical equipment, operational equipment etc. (Induction furnace of 15 MT - 2 sets & accessories)	1 lot	1994 & 2002- 2003	18.90	5
3	Rolling Mill Unit - I consists of reheating furnace (12 TPH - 2 nos) & accessories, roughing stands & accessories, intermediate stand & accessories, Finishing Mill, TMT Quenching unit, Cooling Bed, Coil handling system, Share Machine, utilities, electrical items (excluding Grid), operational equipment, continuous mill stand etc.	1 lot	1998	16.96	4
4	Rolling Mill Unit - II consists of reheating furnace (18 TPH - 2 nos) & accessories, roughing stands & accessories, intermediate stand & accessories, Finishing Mill, TMT Quenching unit, Auxiliary Machinery, Bar handling equipment, automatic Cooling Bed, Share machine, utilities, electrical items, operational equipment etc.	1 lot	2007	24.12	12



SPS STEELS ROLLING MILLS LTD.

Sl. No.	Asset Description	Qty (no./ set)	Year of Purchase/ Installation	Estimated Historic Price (Rs. Cr)	Estimated useful remaining life (in years) of the assets as on 30.04.2020
5	Section Rolling Mill (mill not yetfully installed & operational) located at 4-5 km away from G.T Road (Indo American More), Durgapur, Dist. West Burdwan, West Bengal, Pin - 713206, consists of Reheating Furnace with Pusher arrangement, both Oil Fired & gas fuel burners, Discharge Table Rougher, Rougher Continuous, Polish stand, Share Machines, Cooling Bed, Operational Support equipment, Strengthening Machine, EOT Cranes, Electrical Panels, Transformer, Pumps etc.	1 lot	NA	24.23	4
	Total			106.72	

3.2.6. Civil Work and Plant & Machinery Under Implementation at the unit under First Expansion Plan

As per the first expansion plan after acquisition of M/s SPS Steels Rolling Mills Ltd., the following civil work and plant & machinery are under implementation at the site where the Induction furnaces have been made operational August 2021 and COD for Capacity augmentation of Rolling Mill will be achieved by September 2022:-

Table	26:	List	of P	roposed	Plant	& I	Machinery	/ for	Exp	pansion	of	SPSSE	RML

S. No.	Project Component	
1	SMS - 3x20 T IF	
2	Rolling Mill - Upgradation to 650 TPD	
3	33 KV/ 11 KV Indoor Substation	
4	Civil/ Utility Work	



3.2.7. Proposed Civil Work and Plant & Machinery for Second Expansion Plan

S. No.	Project Component	Amount (Rs. Cr)
1	SMS - 2x20 T IF and accessories	14.37
2	Rolling Mill - 1250 TPD	44.90
3	33 KV Electrical Lines	2.97
4	Civil/ Utility Work	2.68
5	Miscellaneous Equipment	1.38
	Total	66.30
5	Contingency	2.50
6	IDC	8.25
7	Pre-operatives	2.95
	Grand Total	80.00

Table 27: Proposed Civil and P&L Costing for Second Expansion Plan

Table 28: Detailed Cost Break-up for SMS, 33 KV Electrical Lines, Civil Work, Misc. Equipment & Contingency

Sl. No.	Item Descriptions	Amount (Rs. Lakhs)	Total Amount (Rs. Lakhs)
A	Induction Furnace		
	Induction Furnace 20T (2 Numbers)	465	
	9500 KVA / 33 KV / Furnace Transformer	100	595
	Copper Bus Bar along with ducting	30	
В	Electrical Based on 33 KV Line		
	HT cables from Circuit breaker to Transformers (~30m)	10	
	LT cables for auxiliary load	30	00
	Main Distribution Board and MCC/VFD panel	45	99
	Cable tray, GI earthing, Battery charger Kit etc	14	
С	Open Loop Cooling Water System		
	Cooling Towers	18	100



Sl. No.	Item Descriptions	Amount (Rs. Lakhs)	Total Amount (Rs. Lakhs)
	Pumps sets with motors	18	
	Piping system considering 100m distance	44	
	DM Plant	6	
	Water Softening Plant	14	
D	Caster (One new and one existing as it is)		
	Caster 4/7 - Strand	300	400
	Electrical and cooling system of caster	100	100
Е	EOT crane		
	EOT cranes for Ladle – 2 Numbers	0	0
	EOT crane for charging -2 Numbers	0	
F	Primary Air Pollution system	70	70
G	Shed Work		
	Strengthening of shed	0	100
	Furnace bay shed extension and new billet bay	100	100
н	Civil work		
	Shed Column piles @0.70 x 72nrs	24	
	Shed Column pile cap @ 12cum x 27nrs	26	760
	Induction Furnace 2X20T @550cum each	120	208
	Water Complex for Induction furnace	40	

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Sl. No.	Item Descriptions	Amount (Rs. Lakhs)	Total Amount (Rs. Lakhs)
	ECR Room@300 cum	24	
	Dismantling work	10	
	Civil for FTP @100cum	8	
	Misc. @200 cum	16	
Ι	Sponge Feeding system		
	Steel work and conveyor components	160	
	EOT cranes 15 T(Grab) - 1 no. for DRI storage shed	0	242
	Civil -Sponge Feeding System @400cum	32	
	Civil - DRI Storage shed with retaining wall & flooring@580cum	50	
J	Miscellaneous		
	MS ladle 4 Numbers @9Mt	26	
	Ladle lifting bail 2 Numbers @3.5 MT	2.4	
	Slide Gate System (2 HPP & 7 Slide gate)	14	68.4
	Temperature measuring system	6	
	Others	20	
К	Electrical Based on 33 KV Line, budget with 33KV		
	33KV Circuit breaker panel board	90	
	3000 KVA / 33 KV / 415V Auxiliary Transformer	18	198
	PF correction System	90	
L	Contingency	250	250
	Total budget estimated	2390	(say 24Cr)

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TEV SPS STEELS ROLLING MILLS LTD.



Tabla	20.	Cast	Due als sur	fam	D a 112 m a	N / C:11	Camaaita	. T T.,	and dation
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Resurgent Observation:-

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The company has shared the copy of the quotation dated 25th August 2021 received from P. P. Rolling Mills Mfg Co. Pvt. Ltd/. (in Technical Collaboration with KOBELCO) for 0.2 MTA TMT Bar Mill. The commercial offer is for Rs. 2749 lakhs for TMT Bar Mill and for Rs. 2806 lakhs for accessories.

No CE(Civil)/ Architect Certificate has been submitted in support of the Civil Cost estimation. However, based on the experience of the promoters of the company in the same business line, the management estimation for capital expenditure amount has been considered under this TEV study.

Lenders as per their requirement may ask for the submission of the Architect Estimation and Purchase Orders of all the major machineries before any commitment to the company.

3.2.8. Installed Capacity and Capacity utilization

Based on the nature of the operation in the industry of the unit, the working days per month have been considered for sponge iron unit, billet manufacturing section (induction furnace) and Rolling unit as per the below:-



Table 30:	Operation	of the	Unit
-----------	-----------	--------	------

Working Days		
Sponge Iron	Days	300
Induction Furnace (Billets/	Deere	333
Ingots)	Days	
Rolling Mill	Days	300

Also, the company has the facilities for production of sponge iron and MS Billet of installed capacity of 200 TPD and 300 TPD respectively.

With this second expansion plan, there will be installed capacity enhancement for billet production and Rolling unit.

S. No.	Plant	No. of Days of Operation	Existing Production Per day (MT)	Post First Expansion (Under Implementation) Production Per day (MT)	Post Second Expansion (Proposed Plan) Production Per day (MT)
1	Sponge Iron	300	200	200	200
2	Billets	333	300	594	994
3	Rolling Mills (TMT)	300	550	650	1250

Table 31: Impact of Expansion Plan on Production Capacity of SPSSRML

The data on Installed Capacity and Production in respect of the proposed Expansion Project, (Expansion - II) and net Capacity of Unit - I at Durgapur after the Expansion - II are furnished below:-

Table 32: Details of Expansion Plan 2 of SPSSRML

S		Proposed Ex	xpansion - II	Net After Expansion - II			
No.	Facility	Machine Capacity	Maximum Output	Machine Capacity	Maximum Output		
1	Sponge Iron	Nil	Nil	1 X100 TPD	200 TPD		
				2 X 50 TPD	60000 TPA		
2	Induction Furnace	2 X 20Tons	400 TPD	5 X 20 Tons	1000 TPD		
	with Billet Caster		133200 TPA		333000 TPA		
3	Rolling Mill	600 TPD	180000 TPA	1250 TPD	375000 TPA		
4	Structural Mill*	Nil	Nil	200 TPD	60000 TPA		

*The Structural Mill produces Long Products namely Angles, channel, I-beam, H-beam, Round, Flat, U-beam etc. which are used in erection work. This unit is given on Lease to third



party, since takeover of the Company, as the Structural Steel is Non - Core Product for Shakambhari Group

It may be noted that the existing capacities of the unit for different production sections have been referred from the information provided by the company.

Proposed Net Capacity of Billets almost matches with that of Re-Rolling Mill. Presently Sponge Iron will have to be procured for Billet Unit. However, consequent upon operationalization of the Assets of VMPL – a Company under liquidation from Official Liquidator, High Court of Kolkata, as proposed being 4 X 100 TPD DRI Plant for Manufacturing Sponge Iron at Unit - II, the Company will become Self - Reliant with regard to requirement of Sponge Iron for Production M S Billets and thus will be end to end (Ore to Tore) Integrated Mill.

The company envisages for completion of the installation of the two induction furnaces of capacity 20 MT each by 1st July 2022 and also the capacity augmentation of Rolling mills to 1250 MT will be completed by 1st January 2023 (termed as Expansion 2 plan of the company).

As per the information received from the company till 31.10.2021, the turnover of Rs. 612.00 crores has been realized even after witnessing the impact of second wave of COVID 19. The capacity utilization has been considered at a conservative approach for financial viability evaluation in view of the present operation in the unit.

The capacity utilization has been considered at the level of 90% for Sponge Iron (DRI Section) and Induction Furnace (SMS section) in 2021-22. The net sales for 2021-22 has been considered as Rs. 853.48 crores in the backdrop of the revenue achieved by the company till July 2021 (as above). In the next year the revenue has been project at Rs. 1276.23 crores at a conservative approach when the capacity for Rolling Mill will be upgraded to 1250 TPD.



The Details of Capacities acquired, being added through First Expansion and Second Expansion at Unit - I (Durgapur Unit) and Operationalization of Assets of VMPL at Unit - II (Poradiha Unit) and Cost Incurred / Envisaged, Loan Availed / Proposed to be Availed, and Completion Schedule of the expansion Projects and other vital details are furnished below:-

		•	Capacity i	n TPA / Amount in R	s. Crores	
Manufacturing Facility	At the time of Take Over	Expansion I Under Implementation	Expansion – II Proposed at Unit - I	Net Capacities at Unit - I	Capacities proposed to be Operationalized at Unit - II	Total Capacities – Company as a whole
Sponge Iron	60,000	Nil	Nil	60,000	1,20,000	1,80,000
Induction Furnace						
with Billets	99,900	99,900	133200	3,33,000	-	3,33,000
Caster						
Rolling Mill	1,65,000	30,000	1,80,000	3,75,000	-	3,75,000
Structural Mill*	60000	Nil	Nil	60000	Nil	60000
Ferro Alloy Unit	-	-	-	-	15,845	15,845
Captive Power	_		_	_	10 MW	10 MW
Plant	-	-	-	-	10 101 00	
Other Details						
	Taken over	Billet – COA	Billet – Jul'		Jan' 2023	
	through	achieved in	2022			
COD Achieved	NCLT on	Aug' 2021	Rolling Mill –			
	08/04/2019	Rolling Mill –	Jan' 2023			
		Sep' 2022				
Cost Incurred	267.00	97.00	80.00		182.89	
Loan Availed	165.00	60.00	50.00		115.00	



(Bank)					
Promoters'	102.00	37.00	30.00	67.89	
Contribution					
D/E Ratio	1.62	1.62	1.67	1.69	
Status of Dank	147.18	6.17	Yet to be	Yet to be sanctioned	
Jean		Under	sanctioned		
Loan		implementation			

With implementation of the modernization and expansion plan, the capacity utilization has been gradually increased for Rolling Mill as cited in the below table:-

Installed Capacity												
Financial Year		Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32
Sponge Iron	TPD	200	200	200	200	200	200	200	200	200	200	200
Induction Furnace (Billets/ Ingots)	TPD	594	994	994	994	994	994	994	994	994	994	994
Re-Rolling Mill	TPD	550	650	1250	1250	1250	1250	1250	1250	1250	1250	1250
Working Days												
Sponge Iron	Days	300	300	300	300	300	300	300	300	300	300	300
Induction Furnace (Billets/ Ingots)	Days	333	333	333	333	333	333	333	333	333	333	333
Re-Rolling Mill	Days	300	300	300	300	300	300	300	300	300	300	300
Installed Capacity												
Sponge Iron	TPA	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Induction Furnace (Billets/ Ingots)	TPA	1,65,333	2,98,000	3,31,333	3,31,333	3,31,333	3,31,333	3,31,333	3,31,333	3,31,333	3,31,333	3,31,333
Re-Rolling Mill	TPA	1,65,000	1,82,500	3,75,000	3,75,000	3,75,000	3,75,000	3,75,000	3,75,000	3,75,000	3,75,000	3,75,000
Capacity Utilization												

Table 34: Capacity Utilization – Unit 1 Standalone



Installed Capacity												
Financial Year		Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32
Sponge Iron	(%)	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90%
Induction Furnace (Billets/ Ingots)	(%)	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90%
Re-Rolling Mill	(%)		85.0%	87.5%	89.5%	91.0%	92.5%	93.5%	94.5%	95.0%	95.0%	95.0%
Production												
Sponge Iron	TPA	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Induction Furnace (Billets/ Ingots)	TPA	1,48,800	2,68,200	2,98,200	2,98,200	2,98,200	2,98,200	2,98,200	2,98,200	2,98,200	2,98,200	2,98,200
Re-Rolling Mill	TPA	1,48,500	1,55,125	3,28,125	3,35,625	3,41,250	3,46,875	3,50,625	3,54,375	3,56,250	3,56,250	3,56,250

Note: In 2021-22, three induction furnaces (under first expansion plan) have been made operational in August 2021 and thus the revenue projections have been considered for 7 months of operations only from enhanced capacity of induction furnaces.



3.2.9. Availability of Infrastructure and Utility

a. Power

Earlier, the company had been availing the power supply from West Bengal State Electricity Distribution Company Limited (WBSEDCL). The company has taken up measures for obtaining the electricity connection from Damodar Valley Corporation(DVC) and the same has been implemented in August 2021.

Based on the electric bills submitted by the company for August 2021 to October 2021, it has been revealed that the contract demand in the name of M/s SPS Steels Rolling Mills Ltd. is 5000 KVA and the supply voltage is 33KV.

The average power tariff per unit from DVC is Rs. 5.06 per unit.

Note: For obtaining Power Supply from DVC, the Company has furnished Bank Guarantee of Rs. 15.92 Crores to DVC and will submit Bank Guarantee of Rs. 11.08 Crores later on at the time of Operationalization of the Two Induction Furnaces during Next Year. The Company has been sanctioned BG limit of Rs. 30.00 Crores for this purpose from the Lenders.

b. Water

Requirement of water for plant operation and for other uses

Sponge Iron Plant: Water is sprayed on the Rotary Cooler to reduce the temperature of the iron mix from 1000° C to 100° C.

SMS:

- Alternating current solenoid coils surrounding the crucible in the induction furnace are water-cooled.
- The copper mold is water-cooled (for the steel to solidify) and it oscillates vertically to prevent the metal sticking to the mold walls.
- Closely spaced water-cooled rollers supporting the strand; to increase the rate of solidification, the strand is also sprayed with large amounts of water as it passes thru the spray-chamber.

Boilers: DM water is fed to the boilers for converting into steam and also in the watercooled condenser. Power generation involves recycling of water and only minimum makeup water is required to cover evaporation loss.

Other Uses

Gardening and Plantation, water sprinkler, Preparation of HCL (15% solution) in Effluent Treatment Plant, fire-fighting, cleaning, sanitation etc.

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Sources of Water:

The present requirement of water of around 0.2 MGD per day is being met by the water supply from Asansol Durgapur Development Authority (ADDA) and additional requirement of water for the proposed expansion project is around 500 cum per day which would be sourced from ADDA at charge.

At present the water charge is around Rs.2.00 Lacs per month and will increase to Rs.3.75 Lacs after expansion and modernization.

3.2.10. Manpower

The details of manpower deployed for operation of the unit are:-

Table 35.	Mannower	Detaile	of SPSSRMI
Table 55:	Mandower	Details	OI SPSSKML

Personnel	Number
Plant Head	1
Supervisor	15
Middle level employee	85
Clerical level employee	30
Workers	232
Total	363

The company has not submitted the designation wise salary break-up for the manpower deployed as above and hence the manpower cost has been considered in reference of the expense in past operations.

3.2.11. Raw Material Sourcing

The Company requires procuring raw material for the sponge unit and SMS unit. The raw material for the TMT or Rolling Mill is Billet which will be available internally as captive consumption from SMS Unit. The raw materials which are required in the DRI unit and SMS unit is furnished below:-

Table 50. Kaw Material for SI SSKML
Computation of Raw Material
Sponge Iron : Raw Material
Requirement
- Iron Ore
- Coal
- Dolomite
Induction Furnace and Billet:
Raw Material Requirement
- Sponge Iron
- Pig Iron
- MS Scrap
- Pet Coke
- Ferro Manganese

Table 36: Raw Material for SPSSRML



Computation of Raw Material
- Ferro Silicon
- Aluminum Shots

Ferro Manganese, Ferro Silicon and Aluminium Shot are used for changing the chemical composition of the Billets

The details of suppliers as per the information provided by the Company are tabulated below:-

Table 37: List of Raw Materials and its Supplie

Raw Materials & Its Suppliers
Non-Coking Coal RB2
Rawmet Resources Pvt Ltd
Ripley And Co. Stevendoring
Taurian Comtrade Private Limited
Steam Coal (Non-Coking)
Kunal Enterprises
Saraogi Udyog Pvt. Ltd.
Saroj Commodities (P) Ltd
Singh Enterprise
Calibrated Lump Iron Ore 5-18 Mid Grd
Narayani Enterprises
Dolomite (Size 0 -4 MM)
Ma Bhuwneswari Traders
S.S. Enterprise
Pig Iron
Atibir Industries Co. Ltd.
Jai Balaji Industries Ltd
Kanchan Sales
KIC Metaliks Ltd.
Neo Metaliks Limited
M.S. Scrap (Heavy)
A.I.Potia & Co.
Ajmera Steel Pvt.Ltd.
Arte And Maheshwari Forge Pvt Ltd
Chinar Steel Segment Centre
Crown Steels
Kamaldeep Ispat Private Limited-Uni
Maharaja Ispat (P) Ltd.
Pioneer Steels
Variety Trades Complex
Coke Fines
Maharaja
Scrap Black Melting



Raw Materials & Its Suppliers
Arte And Maheshwari Forge Pvt Ltd
Kamaldeep Ispat Private Limited-Uni
Maharaja Ispat (P) Ltd.
Dolomite (Size 10-40 MM)
S.S. Enterprise
Iron Ore Sponge Fines 1-5MM-External
Ankur Vincom Private Limited
Equal Commosale Private Limited
Ispat Damodar Pvt Limited
Jai Balaji Industries Limited
Rashmi Ispat Limited
Rungta Mines Limited
Savitri Sponge Iron Pvt. Ltd.
Iron Ore Sponge Lumps 5/18-External
Ankur Vincom Private Limited
Bravo Sponge Iron Pvt. Ltd.
Equal Commosale Private Limited
Ispat Damodar Pvt Limited
Jai Balaji Industries Limited
Rashmi Ispat Limited
Rungta Mines Limited
Savitri Sponge Iron Pvt. Ltd.
Pellet Sponge Lumps 5/18-External
Bravo Sponge Iron Pvt. Ltd.
Billets-External
Bravo Sponge Iron Pvt. Ltd.
City Alloys Pvt Ltd (Cr.)
Eloquent Steel Private Limited
Maharaja Ispat (P) Ltd.
Shakambhari Ispat & Power Ltd.
Shree Ramdoot Rollers Pvt Ltd
Silico Manganese (60/15) Prime-External
Eloquent Steel Private Limited
Shakambhari Ispat & Power Ltd.
Silico Manganese (55/12) Prime-External
Eloquent Steel Private Limited
Silico Manganese (50-55) Prime-External
Shakambhari Ispat & Power Ltd.
Silico Manganese (0-10)LG-External
Eloquent Steel Private Limited
Ferro Manganese (0-10)MM MRP-External
Eloquent Steel Private Limited
Iron Ore Pellet 5-18 MM
Orissa Metaliks Pvt Ltd



Raw Materials & Its Suppliers
Super Smelters Limited
Ferro Silicon
Divyam Commercial Pvt. Ltd.
Shakambhari Ispat & Power Ltd.
SKP Merchants LLP

3.2.12. Production Process

The unit wise manufacturing process flow has been described as below:-

a. Manufacturing process for Sponge Iron

Sponge iron is iron ore reduced directly in solid state using coal gas, natural gas or coal as reducing agent and is also known as Directly Reduced Iron (DRI). The production process of sponge iron using SL/RN process (Stelco-Lurgi/ Republic

The production process of sponge iron using SL/RN process (Stelco-Lurgi/ Republic Steel-National Lead) involves four steps namely: -

- i. Raw Material Handling Section
- ii. Stock House
- iii. Reduction Kiln
- iv. Product Separation Section

Raw Material Handling Section - There is a closed storage area for coal. Open storage facility is preferred for iron ore and limestone. The raw material handling section consists of crushers and screens through which the sized material required for process is prepared. Jaw crushers are used for iron ore crushing to the desired size. Roll crushers are used for crushing coal. The primary crusher therein reduces the size from 200 mm to 50 mm, while the secondary feeder reduces the size further to less than 20 mm. which is the desired size for the DRI plant. The feeding for the crusher is done through conveyers and vibrating feeders

Stock House - The stock house consists of the raw material storage bins, which store material up to 24 hours of plant requirement. There are four bins, one each for iron ore, feed coal, limestone and injection coal. Day Bunkers are used for storage of prepared raw materials, ready to be fed to the next stage. The raw materials are fed into a rotary kiln through the volumetric/weigh feeders at a predetermined rate.

Reduction Kiln - The processing of the materials consists mainly of kiln and cooler system. The iron ore is pre-heated and reduced in a rotary kiln and then passed to the rotarycooler where it gets cooled. The cooled material then passes to the belt conveyor where the cooler discharge is fed to the product house conveyor. The material is led to the product separation circuit. An intermediate bin is provided to take care of any eventualitiesoccurring due to break down of the product separation section.

Product Separation Section - In the product separation section, the sponge iron and the char (unburned coal) are separated. The cooler discharge material is screened to different sizes, and fed into the magnetic separator. The sponge iron is magnetic and so it gets





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attracted towards the magnet present in the magnetic separators and is discharged into separate bins. The dust in the hot gases settles, and gets cleaned.

Detailed Production Process: Rotary Kiln

Sponge iron reduction process is carried out in a refractory lined rotary kiln. Rotary kiln is generally of 3-4 m in diameter and 42 m long and is inclined at an angle of about 1.432°. It is internally lined with refractory of 200 mm thick. It is rotated by an AC variable speed motor at a steeples variable speed ranging from 0.2 to 1.0 rpm. Due to inclination and rotary motion of the kiln the material moves from the feed 'end of the kiln to the discharge end in approximately 5.5 hrs.

Raw materials namely iron ore, feed coal and lime stone are fed into the rotary kiln through feed tube in a pre-determined ratio by electronic weighing equipment. Fine coal is blown from the discharge end of the kiln to maintain the required temperature and carbon concentration in the bed. The kiln is divided into pre- heating zone and reduction zone. The pre-heating zone normally covers 30% of the total length of the kiln.

In the pre-heating zone, the raw materials get dried at a temperature of 200° C. Further at a temperature of 800° C. the iron ore gets roasted. Volatile matter in the coal gets released and limestone gets calcinated and active. Iron ore in the form of hematite gets converted to magnetite.

In the reduction zone magnetite is reduced to wustite and then to metallic iron, the reaction will be as indicated below -

- 1. Fe2O3 + CO => Fe3O4 + CO2
- 2. Fe3O4 + CO = >FeO + CO2
- 3. FeO + CO => Fe + CO2

The sum total of the above reaction will be endothermic and hence requires additional heat which is obtained by burning coal in the gas phase. Coal contains Sulphur that gets released in the form of Iron Sulphide. Iron Sulphide has deleterious effect in the steel making and in order to remove it lime stone is added so as to avoid the Sulphur to be picked up by sponge iron. The reaction will be as indicated below

- 1. FeO + H2S = >FeS + H2O
- 2. FeS + CaO + CO => Fe + CaS + CO2

All the above reactions take place in the presence of CO. The generation of CO requires higher temperature, high concentration of reactants and low pressure. In the gas phase the following reaction takes place-

- 1. CH4 + O2 => CO2 + H2O
- 2. CO + O2 => CO2
- 3. C + O2 => CO2





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The above reactions will be exothermic and require oxygen which will be supplied from air tubes placed along the length of the kiln. The hot material after reduction will be transferred to the rotary cooler via transfer chute.

Rotary Cooler

A rotary cooler is a horizontal revolving cylinder of appropriate size. The DRI is cooled indirectly by water spray on the cooler upper surface. The rotary cooler is 2.3 m in diameter and 22 m long made up of Mild Steel shell. It is also inclined at about 1.432° and rotates at variable speed from 0.2- 1.2 rpm. It is driven by an AC variable speed motor.

The cooler kiln is operated on positive pressure as any leakage in the system will cause reoxidation that can affect quality of the product. The material from the cooler is discharged to conveyors and transferred to product separation system.

Finished Product Section

The material after the discharge from the cooler is sent to the product separation system consisting of double deck screen where the material is screened to 0-3 mm and 3-20 mm size fractions. The oversize i.e. +20 mm obtained is small quantity so it is taken on the floor or diverted to the sponge iron bin. The 0-3 mm size fraction called the fines are fed to a drum type magnetic separator where the magnetic sponge iron fines and the non- magnetic Dolo-char are separated and fed to the respective bins through the chutes and conveyor. The coarser fraction is similarly separated by another magnetic separator and fed to respective bins. This magnetic fraction is called the sponge iron lump and the non- magnetic fraction as char which is the unburned coal. This char can be recycled dependingon the quality obtained after processing.

Waste Gas System

The kiln waste gases at about 850-900°C pass through a dust settling chamber where heavier dust particles settle down due to sudden decrease in velocity of gases. These particles are continuously removed by the wet scrapper system. The flue gases then pass through an after burning chamber where un-burnt combustibles are burnt by blowing excess air. The flue gases after the after- burning chamber pass through an elbow duct to waste heat boiler where sensible heat of the gases is extracted. The hot gases are quenched and scrubbed to clean all the dust in them. And then they are let off to the atmosphere through the stack.

b. Steel Melting Shop

Steel can be manufactured by using Electric Arc Furnace (EAF) or Induction Furnace (IF)

EAF is more economic when furnace size is 30 MT and above. When the furnace size is less than 30 MT, Induction Furnace technology is generally adopted.



Process Description

The Steel Melting Process can be subdivided into the following stages -

- a. Raw material handling
- b. Induction Furnace
- c. Ladle Furnace
- d. Continuous Casting Mill

Raw Material Handling - The scrap and DRI are brought into the steel plant premises by Tipper / Dumpers / Trucks and unloaded either in the open scrap yard where they are intermittently stored or directly fed into the scrap bay. The scrap bay stores the scrap and DRI in bins. In the scrap bay the trucks are unloaded by EOT cranes and the tippers unload the scrap / DRI into the bins directly. EOT cranes load the scrap from Bins into the Melting Bay with the help of scrap buckets for charging the Induction Furnace.

Induction Furnace - The induction furnace is prepared by lining its inside with refractory bricks. The raw materials (sponge iron, scrap) are weighed in the right proportion and charged into the furnace by using an electro- magnet attached to an EOT crane. The charge mix is melted in the Induction furnace.

- The Induction Furnaces are Melting Units that melt the metal by heat caused due to the electrical current flowing in the induction coil and in the molten bath. Molten metal itself raises the temperature to required 1600°C to 1650°C. Slag formed is taken out in the process.
- The first charge of 1 MT consists of scrap and cast iron pieces only.
- DRI are fed in two or three installments. Frequent de-slagging is done to take the slag out.
- A mechanical poker is provided to compact the scrap during feeding and to avoid the formation of a bridge
- The tapping temperature is maintained to approx. 1620°C.
- One heat in one Induction Furnace is estimated to take about 110 minutes time on an average. The melting bay has to therefore handle about 13 heats per day per furnace.

A sample of the molten mixture (called "melt") is sent to the laboratory for analysis. Based on the analysis report, ferro alloys and other materials are added in appropriate quantities and the carbon content is increased or decreased as needed. This process is repeated till the desired composition is achieved. The temperature of the molten metal is checked by Immersion Pyrometer, and it is transferred to ladles for pouring into billets or desired shapes by Continuous Casting Process. As the level inside the furnace falls, additional mix is poured from top and the cycle repeated without break (to avoid metal solidification, after which the refractory brick lining will have to be replaced and there will be great heat loss).



Slag Handling - The slag generated during melting is to the extent of 11%. De-slagging is done by tilting the IF forward during the process while the power is reduced to a minimum for 1-2 minutes. During the process de- slagging by forward tilting is done 5 - 6 times every heat. The slag falls into in a slag box parked below the Induction Furnace. The slag pot capacity is 3 MT to take care of the slag of each heat. The slag pot is lifted by the EOT crane and either be emptied in a dumper or at the end of the bay. From there the slag is taken to the slag dumping area.

Ladle Furnace - The liquid metal from the induction furnace is taken to the dephosphorization station. The de-phosphorization is done at ladle by adding ladle additions. The liquid steel in the ladle is deoxidized by ferro alloys and sent to LF station for desulphurization and trimming of composition. Actual free board in ladle is 600 mm. Free board in ladle is raised to 1000 mm by putting a 400 mm ring over the ladle. Over this a dome shaped structure is put which is lined with refractory mass and has a hole in the centre through which ceramic coated lance can be lowered into the ladle. There are additional two holes on the dome for flux addition and for removal of flue gases. There is a provision of a platform near the ladle so that Oxygen lance can be changed when required and also slag can be raked from the ladle after de-phosphorization. Lining of the ladle is of high Al2O3 bricks, while the furnace is crammed with Silicon quartz 99% purity as a monolith lining.

c. Continuous Casting Machine

In Continuous Casting Machine (CCM), the molten and refined steel is solidified into billet, bloom, or slab, which would be fed to the Rolling Mill. A CCM gives higher yield, quality and productivity as compared to stationary moulds and ingots.

To start the casting operation, a dummy bar is inserted into the moulds outlet at the bottom to seal it. Pulling the dummy bar downward results in the withdrawal of the cast strand (flow of molten metal), which is collected in the ladle.

Molten metal is tapped into the ladle from furnaces. After undergoing any ladle treatments (such as alloying and degassing), and checking the temperature, the ladle is transported to the top of the casting machine. Usually, the ladle sits in a slot on a rotating turret at the casting machine; one ladle is 'on cast' (feeding the casting machine) while the other is kept ready and moved to the casting position after the first ladle is filled and moved.

From the ladle, the melt is poured into moulds via the tundish, taking great care to prevent contact with the air. The tundish is the last metallurgical vessel through which molten metal flows before solidifying in the continuous casting mould. When molten metal moves through the tundish, it interacts with refractories, slag, and the atmosphere. The tundish allows a reservoir of metal to feed the casting machine while ladles are switched, thus acting as a buffer of hot metal, as well as smoothing out flow, regulating metal feed to the moulds and cleaning the metal.



Metal is drained from the tundish through another shroud into the top of an open-base water-cooled copper mould which oscillates vertically (or in a near vertical curved path) to prevent the metal sticking to the mould walls. A lubricant (powder or liquid) is also added to the metal in the mould to prevent sticking and to trap any remaining slag particles (including oxide particles or scale) and bring them to the top as a floating layer of slag.

A thin shell of metal solidifies near the mould walls, while the major portion, now called a strand, remains molten and exits the base of the mould into a spray-chamber. The strand coming out of mould is immediately supported by closely-spaced, water-cooled rollers; these support the walls of the strand against the ferro-static pressure of the still- solidifying liquid within the strand. To increase the rate of solidification, the strand is also passed through a spray-chamber and sprayed with large amounts of water. Final solidification of the strand (including core) takes place after the strand leaves the spray- chamber.

After exiting the spray-chamber, the strand passes through straightening rolls and withdrawal rolls. There may be a hot rolling stand after withdrawal to pre-shape the final strand while the metal is still hot. Finally, the strand is cut into predetermined lengths by mechanical means, marked for identification and either taken to a stockpile or the next forming process.




3.3. Statutory Approvals and Clearances

Table 39: Status of Statutory Approvals & Clearances of SPSSRML

S. No.	Particulars	Authority	Present Status	
1.	Incorporation Certificate	ROC – West Bengal	upon change of name has been submitted which indicates the change of name of the company from M/s Elegant Commerce Limited to M/s SPS Steels Rolling Mills Ltd. on 6 th February 2002.	
2.	GST Registration	WestBengalVATdepartmentandCSTDepartment	GST No. 19AAHCS8719G1ZW	
3.	PAN	Department of Income Tax	PAN No. AAHCS8719G	



S. No.	Particulars	Authority	Present Status
4.	Fire Certificate	West Bengal Fire Services	Copies of Fire certificates dated 18.02.2021 with validity upto 31.01.2024 for storing of Petroleum and Petroleum Derivatives, Lubricating Oils and Coal.
5.	Consent to Operate/ Establish under water & air act from pollution point of view (NOC)	West Bengal Pollution Control Board	The copy of the CTO certificate for manufacturing of Sponge Iron, Steel Billet/ Ingot with the validity upto 30.09.2023 has been submitted. Also, submitted the copy of the CTO certificate with validity upto 28.02.2023 for the manufacturing of TMT bars. Consent to Establish and Consent to Operate, matching with the proposed Net Capacities of Sponge Iron, M S Billets and Rolling Mill with details be furnished to exhibit that all valid clearances are in place for the existing facilities and the two expansions.
6.	Building Layout Plan	Company has the existing Municipality. With the new layout plan, the approval.	layout plan approved from Durgapur e Company has submitted the application for
7.	Factory Licence	Directorate of Factories	The company has submitted the copy of the Factory License in the name of SPS Steels Rolling Mills Limited with validity up to 31.12.2021

3.4. Site Visit Observations

Resurgent India Ltd. team consisting of financial and technical experts visited the unit located at Dr. Zakir Hussain Avenue, Indo American More, Durgapur, West Bengal. During the visit, smooth operation of the plant was observed. The photographs of the machineries have been placed at Annexure 1.

3.5. Conclusion

With the analysis of the factor conditions of the unit based on the submitted documents, site visit and the discussions held with the promoters of the unit, it has been revealed that:-

- a. The unit has completed the formalities for land transfer and registration for obtaining the legal rights of the project land.
- b. The unit being located in the Industrial Area in Durgapur, the availability of basic infrastructure, utilities and access to the site has been ascertained.
- c. The unit is having an integrated manufacturing facility for manufacturing of sponge iron, billets and finally TMT Bars/ Structural Steel. Thus, the sponge iron and billets are consumed internally for production of TMT bars which ensures the seamless availability of raw material. Additionally, the unit has established relationship with various suppliers based out of West Bengal, Bihar and Odisha for supply of raw materials for Sponge iron manufacturing.
- d. The Company is in process to Refurbish and Operationalize 4 X 100 TPD DRI (Sponge Iron) Plant, 1 X 9 MVA Ferro Alloy Plant, and 10 MW Captive Power Plant out of the assets of VMPL recently acquired in auction from Official Liquidator, High Court of Kolkata, for which separate Project Report is Prepared. The remaining Facilities / Assets of VMPL i.e. 4 X 8 Tons of Induction Furnace for manufacturing M S Billets and 500 TPD Rolling Mill will be operationalized later on at opportune time. Consequent upon completion of Expansion – I, II at Unit – I (Durgapur Unit) and Operationalization of the assets of VMPL, the Company will become Self – Reliant for supply of Sponge Iron, Billets for their end product TMT Bars and thus will become end to end Integrated for Production of "Tore from Ore"
- e. Operationalization of Ferro Plant at unit II and backed by the CPP of 10 MW (WHRB) will provide more margins
- f. Supply of Iron Ore Pellets by the group Company BSIPL on Operationalization of its 1.85 MTPA Pellet Plant with in Jan / May 2022 will provide Competitive edged to the Company and add to its margins.
- g. Further, the unit is taking up measures to develop business relationship with industrial users and end users for strengthening the marketing activities.
- h. The unit has taken up appropriate steps for obtaining necessary statutory approvals and clearances.

In consideration of the above factors, the unit is considered to be **technically feasible with the availability of the requisite eco-system with renewal of the requisite licenses and certificates** as required for manufacturing process.

Chapter 4: Marketing Feasibility

4.1. Introduction – Indian Iron & Steel Industry

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As of June 2021, India was the world's second-largest producer of crude steel with production of 9.4 MT. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is modern with state-of-the-art steel mills. It has always strived for continuous modernization of older plants and up-gradation to higher energy efficiency levels.

Indian steel industry is classified into three categories - major producers, main producers and secondary producers.



In FY21, the production of crude steel and finished steel stood a 102.49 MT and 94.66 MT, respectively. According to CARE Ratings, crude steel production is expected to reach 112-114 MT (million tonne), an increase of 8-9% YoY in FY22. The consumption of finished steel stood at 93.43 MT in FY21.

In May 2021, finished steel production stood at 7.8 MT. In June 2021, SAIL's crude steel production stood at 1.30 MT and saleable steel production was 1.27 MT.



Exports and imports of finished steel stood at 3.5 MT and 1.16 MT, respectively, in FY22 (until June 2021). In April 2021, India's export rose by 121.6% YoY, compared with 2020. In FY20, India exported 8.24 MT of finished steel.



In India, steel is primarily consumed in growth driving sectors such as Housing & Construction (43%), Infrastructure development (25%), Engineering & Packaging (22%), Automotive (9%) and Defence (1%). During the FY20, the total steel consumption in the country was 100.2 Million Tonne.Overall steel demand has grown at a healthy CAGR of 5.3 % over the past 07 years. However, India's annual per capita steel consumption is 74.1 kg and is one-third the global average (224.5kg)2. India's rural per capita consumption at 19 kg per annum is much below the national level. There is large scope to improve the steel usage in various sectors.

Building & construction sector forms 43% of India's steel usage followed by infrastructure (25%), automobile (9%), engineering & packaging (22%) and Defence (<1%) sectors.

SPS STEELS ROLLING MILLS LTD.



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World's Crude Steel production stood at 1864.0 MT during January-December 2020, down by 0.9% over the same period of last year, based on provisional data released by the World Steel Association. During this period, Chinese Crude Steel production reached 1053 MT, a growth of 5.2% over the same period of last year. India was the 2nd largest Crude Steel producer and recorded a decline of 10.6% in production during this period as compared to the same period of last year. The decline in Production in India is primarily attributed to Countrywide outbreak of COVID – 19 Pandemics and Lockdown declared during March – April 2020.



(Source: IBEF Research and Annual Report 2020-21, Ministry of Steel, GoI)

4.2. Trends and Developments in Indian Steel Sector

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During the period of January to December, 2020, India remained the 2nd largest producer of Crude Steel in the world

- The Crude Steel production expanded from 95.477 Million Tonne (MT) in 2016 to 99.57 MT (provisional) in 2020. However, the Crude Steel production showed a decline of 10.6% over the Corresponding Period Last Year (CPLY).
- Capacity for domestic crude steel expanded from 128.277 Million Tonne Per Annum (MTPA) in 2016 to 142.724 MTPA in 2020.
- During January December 2020, the following was the industry scenario:
 - Crude Steel production stood at 99.570 MT. SAIL, RINL, TSL Group, AM/NS (erstwhile Essar Steel), JSW Steel Ltd. and JSPL together produced 64.068 MT with a share of 64% in total production which was down by 6.7% over the CPLY. The rest amounting to 35.502 MT came from the other producers. With 81% share in total Crude Steel production, the Private Sector produced 80.622 MT Crude Steel which was down by 10.8% over the CPLY.
 - b. Pig Iron production was at 4.502 MT, down by 24.7% over the CPLY. With a share of 28% in total Pig Iron production, SAIL, RINL, TSL Group, AM/NS, JSWL and JSPL together produced 1.249 MT which was down by 13% over the CPLY. The rest came from the other producers with a decline of 28.5% over the CPLY. The Private Sector produced 3.929 MT which was down by 26.3% over the CPLY.
 - c. Facts for total finished steel (non-alloy + alloy/stainless):
 - i. Production of total Finished Steel stood at 91.435 MT showing a decline of 12.1% over the year.
 - ii. Export of total Finished Steel stood at 10.15 MT showing an annual growth of 23.7%.
 - iii. Import of total Finished Steel was at 4.463 MT, down by 40.0% over the CPLY.
 - iv. India was a net exporter of total Finished Steel (in volume).
 - v. Consumption of total Finished Steel was 88.535 MT showing a decline of 13.7% over the CPLY.

Data on production, consumption, import and export of total finished steel (alloy + nonalloy) and production of crude steel from 2014-15 to April – December, 2019 (provisional) are shown in the table below:

Table 40: Production of Finished Steel (alloy/ stain)	less + non-alloy) and crude steel
	(in Million Tonnes)

				(III MIIII	on ronnes)
Item	2015-16	2016-17	2017-18	2018-19	2019-20
Finished Steel					
Consumption	83.642	88.679	96.737	102.622	88.535
Imports	8.430	7.828	7.295	7.440	4.463
Export	5.902	10.871	6.692	8.205	10.150
Crude Steel					
Production	95.477	101.455	109.250	111.344	99.570



(Source: Annual Report 2020-21, Ministry of Steel, GOI)

4.3. Demand and Supply Scenario of Steel Sectors

- a. **Robust Demand** India's finished steel consumption is anticipated to increase from 90.68 MT in 2017-18 to 230 MT by 2030-31.
- b. **Increase in Investment** The industry is witnessing consolidation of players which has led to investments by entities from other sectors. The ongoing consolidation also presents an opportunity for the global players to enter the Indian Market.
- c. **Policy Support** National Steel Policy (2017) implemented to encourage the industry to reach the global market benchmarks. Ministry through policy measures will ensure availability of raw materials like Iron ore, Coking coal and non-coking coal, Natural gas etc. at competitive rates.
- d. **Competitive Advantage** Easy availability of low-cost manpower and presence of abundant iron ore reserves position India at competitive level in global set up.

(Source: IBEF Research)

4.4. Make in India: Boost domestic manufacturing through the Domestically Manufactured Iron & Steel Products Policy (DMI& SP)

Ministry of Steel has recently amended the Domestically Manufactured Iron & Steel Products Policy (DMI& SP) in order to increase domestic sourcing of iron & steel products by Central Government agencies.

The increased domestic value addition is expected to contribute to the vibrant steel sector and the associated industries by generating employment and domestic market for their products.

Through this DMI & SP policy, Steel imports worth more than Rs. 20,000 cr. have so far been avoided.

(Source: Annual Report 2020-21, Ministry of Steel, GOI)

4.5. National Steel Policy (NSP) 2017

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NSP 2017 aims to increase focus on expansion of MSME sector, improve raw material security, enhance R&D activities, reduce import dependency and cost of production, and thus develop a technologically advanced and globally competitive steel industry that promotes economic growth eyeing self-sufficiency in production, developing globally economical steel manufacturing capabilities by facilitating investments and cost-efficient productions with adequate availability of raw materials.

The following targets have been set in the NSP-2017.

Table 41: Expected Impact/ Outcome of NSP-2017

Sl. No.	Parameter	Projections (2030-31)
1	Total crude steel capacity (in MTPA)	300
2	Total crude steel demand/ production (in MTPA)	255
3	Total finished steel demand/ production (in MTPA)	230
4	Sponge Iron demand/ production (in MTPA)	80
5	Pig Iron demand/ production (in MTPA)	17
6	Per Capita Finished Steel Consumption (in Kgs)	158

(Source: Annual Report 2020-21, Ministry of Steel, GOI)



4.6. Capacity Creation

As demand increases, ensuring a self-sufficient steel ecosystem will necessitate further steel capacity addition and value addition in the country. The Ministry has initiated work on two key initiatives to enable this:

• Policy for development of Steel Clusters:

In an endeavor to meet the steel demand of 160 MTPA by 2024-25 which will be arising out of India's vision of \$5 Trillion economy, Ministry of Steel has formulated a Framework Policy for development of Steel Clusters in the country.

The aim of the policy is to create a model eco-system for development of secondary steel and steel ancillary units to promote self-sufficiency, drive cost competitiveness and generate employment opportunities.

A steel cluster will be a defined region with co-located units across the value chain - with ancillary and secondary steel units around the steel producers, located either near the source of raw material (Integrated Steel Plant) or near the demand centre. It will also help in creation of aneco- system with robust logistics infrastructure, physical infrastructure and common facilities.

Benefits of the steel cluster will accrue to multiple stakeholders. While it will help the units improve their cost competitiveness and quality of production, it will also help State Government shift their reliance from mining to manufacturing, along with increase in investment, tax revenue and employment opportunities in the state.

The Ministry of Steel has initiated creation of the Eastern steel hub in line with the Hon'ble Prime Minister's larger Mission Purvodaya targeted at accelerated growth of the Eastern region. The eastern states of India (Odisha, Jharkhand, West Bengal, Chhattisgarh, and North Andhra Pradesh) are home to ~80% of the Indian iron reserves. Additionally, they have access to important logistic infrastructure such as ports (Paradip, Haldia, Dhamra, Gopalpur, and Vizag), inland waterways and slurry pipelines. Therefore, for the envisaged expansion of Indian steel sector, the Eastern hub will serve as the engine driving the growth of the Indian steel sector. At the same time, this will help drive investments, employment and improve the standard of living for the people in these regions. Steel will thus be a major driver for the development of these regions.

This hub will drive best in class capacity creation, augment value addition and boost competitiveness through the setting up of Greenfield steel plants, clusters, capital goods and requisite logistics infrastructure. It will act as a pilot location for strategic initiatives being undertaken by the Ministry of Steel.

• Policy for promotion of Greenfield investments in the steel sector:

The steel industry in India is well established and has recorded a steady growth over the past 5 years. The demand for finished steel has consistently grown at 5.6% over the past 5 years reaching 99 MTPA in 2018-19. In accordance with this, crude steel capacity in the country has also increased to 142 MTPA.



However, going forward, the domestic steel consumption would need to increase significantly to ~160 MTPA by 2024-25 in line with India's vision to become a \$5 Trillion economy. Current planned capacity expansions of existing players is expected to add approximately 28- 30 MTPA by 2024-25. To meet the increased demand, an additional capacity of 25-30 MTPA would be required. In order to achieve such a substantial expansion in steel capacity, it would be imperative to enable set up of Greenfield steel plants with investments to the tune of ~ Rs. 1-1.4 Lakh Crore.

Over the past few years, most of the capacity expansion in the country has been through the brownfield route. Greenfield investments have been impacted by high project risk for the investors, leading to slow offtake. Therefore, the Ministry of Steel is working on a policy framework for promoting Greenfield steel plants (envisioned as part of the National Steel Policy 2017) in the country. Through this policy framework, the Ministry is aiming to facilitate four key elements for interested players to set up Greenfield capacity – availability of encumbrance free land, long term availability of iron ore at competitive price, statutory clearances and logistics infrastructure. These will help reduce project risk and increase investor confidence enabling more investment in the sector in States.

• Steel Scrap Recycling Policy

Ministry of Steel formulated a Steel Scrap Recycling Policy. The Policy has been notified in Gazette of India vide No. 354 dated 07th November, 2019. The policy provides a framework to facilitate and promote establishment of metal scrapping centres in India for scientific processing & recycling of ferrous scrap generated from various sources and a variety of products. The Policy framework provides standard guidelines for collection, dismantling and shredding activities in an organized, safe and environmentally sound manner. The Policy prescribes the guidelines for setting up and responsibilities of dismantling centre and scrap processing centre, roles of aggregators and responsibilities of the Government, manufacturer and owner.

(Source: Annual Report 2019-20 and 2020-21, Ministry of Steel, GOI)

4.7. Investments

Steel industry and its associated mining and metallurgy sectors have seen major investments and developments in the recent past.

According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000 and March 2021, Indian metallurgical industries attracted FDI inflows of US\$ 14.74 billion.

According to Mr. Seshagiri Rao, Joint Managing Director of JSW Steel Ltd., in FY22, demand for steel is expected to increase by 17% to 110 million tonnes, driven by rising construction activities.

Some of the major investments in the Indian steel industry are as follows:

• In August 2021, Shyam Steel Industries approved an investment worth US\$ 95 million for brownfield expansion.



- In June 2021, AM/NS India, a joint venture between ArcelorMittal and Nippon Steel, announced plans to increase its capacity to 30 MT with an investment of Rs. 85,000 Crores (US\$ 11.40 billion).
- Between April 2000 and March 2021, Indian metallurgical industries attracted FDIs of US\$ 14.74 billion.
- In the next three years from June 2021, JSW Steel is planning to invest Rs. 47,457 Crores (US\$ 6.36 billion) to increase Vijayanagar's steel plant capacity by 5 MTPA and establish a mining infrastructure in Odisha.
- In June 2021, Mr. T.V. Narendran, the newly elected CII president and MD of Tata Steel, in an interview with The Telegraph, stated that steel companies have firmed their plans to invest ~Rs. 60,000 Crores (US\$ 8.09 billion) over the next three years—this is would be the biggest private sector investment plan announced in recent times.
- In June 2021, Shyam Metaliks and Energy Ltd. (SMEL) announced that the company is planning to double its production capacity at an estimated investment of ~Rs. 2,894 Crores (US\$ 389.72 million) through brownfield expansion at two of its units in the next 3-4 years.
- In April 2021, in a virtual roundtable conference organized by the Indian Chamber of Commerce, Mr. Shin Bongkil, the South Korean Ambassador to India, announced that POSCO, the South Korean steel giant, is planning to set up an integrated steel plant in Odisha at an investment of US\$ 12 billion, which would make it the country's biggest FDI project.
- In May 2021, JSW Steel signed a Memorandum of Understanding (MOU) to conduct a feasibility study with its strategic alliance partner JFE Steel Corporation to establish a Grain- oriented Electrical Steel Sheet Manufacturing and Sales JV Company in India.
- In May 2021, JSW Steel announced the steel-making expansion at its Vijayanagar plant by 5 MT every year to 17 MT every year by the financial year ending March 2024.
- In March 2021, JSW Steel completed its takeover of debt-ridden Bhushan Power and Steel Ltd., boosting to the former's overall output to 21.5 MTPA JSW Steel's has 18 MTPA of capacity, which will hit more than 26 MTPA with the addition of BPSL and a doubling of capacity at JSW Steel's Dolvi steel mill to 10 MTPA.
- In March 2021, Arcelor Mittal Steel signed Rs 50,000 crore deal with Odisha government to setup a steel plant in the state.
- In February 2021, Tata Steel BSL collaborated with Far Eye, a software logistics firm to improve its digital transformation process.
- In a move towards becoming self-reliant, Indian steel companies have started boosting steel production capacity. To this end, SAIL announced doubling of its at 5 of its steel plants capacity in September 2020.
- For FY20, JSW Steel set a target of supplying around 1.5 lakh tonnes of TMT Rebars to metro rail projects across the country.
- JSW Steel has planned a US\$ 4.14 billion capital expenditure programme to increase its overall steel output capacity from 18 million tonnes to 23 million tonnes by 2020.
- Ministry of Steel plans to invest US\$ 70 million in the eastern region of the country through accelerated development of the sector.
- The production capacity of SAIL is expected to increase from 13 MTPA to 50 MTPA in 2025 with total investment of US\$ 24.88 billion.

• Tata Steel has decided to increase the capacity of its Kalinganagar integrated steel plant from 3 million tonnes to 8 million tonnes at an investment of US\$ 3.64 billion.

4.3. Government Policies/ Initiatives on Steel Industry

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Some of the other recent Government initiatives in this sector are as follows:

- In July 2021, the Union Cabinet approved the production-linked incentive (PLI) scheme for specialty steel. The scheme is expected to attract investment worth ~Rs. 400 billion (US\$ 5.37 billion) and expand specialty steel capacity by 25 million tonnes (MT), to 42 MT in FY27, from 18 MT in FY21.
- In June 2021, Minister of Steel & Petroleum & Natural Gas Mr. Dharmendra Pradhan addressed the webinar on 'Making Eastern India a manufacturing hub with respect to metallurgical industries', organized by the Indian Institute of Metals. In 2020, 'Mission Purvodaya' was launched to accelerate development of the eastern states of India (Odisha, Jharkhand, Chhattisgarh, West Bengal and the northern part of Andhra Pradesh) through establishment of an integrated steel hub in Kolkata, West Bengal. Eastern India has the potential to add >75% of the country's incremental steel capacity. It is expected that of the 300 MT capacity by 2030-31, >200 MT can come from this region alone.
- In June 2021, JSW Steel, CSIR-National Chemical Lab (NCL), Scottish Development International (SDI) and India H2 Alliance (IH2A) joined forces to commercialize hydrogen in steel and cement sectors.
- Under the Union Budget 2020-21, the government allocated Rs. 39.25 crore (US\$ 5.4 million) to the Ministry of Steel. The budget's focus is on creating infrastructure and manufacturing to propel the economy. In addition, enhanced outlays for key sectors such as Defence services, railways, and roads, transport and highways would provide impetus to steel consumption.
- In January 2021, the Ministry of Steel, Government of India, signed a Memorandum of Cooperation (MoC) with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India–Japan Steel Dialogue.
- In December 2020, the Minister for Petroleum & Natural Gas and Steel, Mr. Dharmendra Pradhan, has appealed to the scientific community to Innovate for India (I4I) and create competitive advantages to make India 'Aatma Nirbhar'.
- In September 2020, the Ministry of Steel prepared a draft framework policy for development of steel clusters in the country.
- On October 1, 2020, Directorate General of Foreign Trade (DGFT) announced that steel manufacturers in the country can avail duty drawback benefits on steel supplied through their service centres, distributors, dealers and stock yards.
- Government introduced Steel Scrap Recycling Policy to reduce import.
- An export duty of 30% has been levied on iron ore^ (lumps and fines) to ensure supply to domestic steel industry.
- Government of India's focus on infrastructure and restarting road projects is aiding the demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel.



- The Union Cabinet, Government of India approved the National Steel Policy (NSP) 2017, as it intend to create a globally competitive steel industry in India. NSP 2017 envisage 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030-31.
- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs. 200 Crores (US\$ 30 million).
- The Government of India raised import duty on most steel items twice, each time by 2.5% and imposed measures including anti-dumping and safeguard duties on iron and steel items.

(Source: IBEF Research)

4.4. Challenges of Indian Steel Industry

The growth trajectory of the steel industry has its own set of challenges.

a. Shortfall of Capital

Steel is a capital-intensive sector. Naturally, the cost of financing any expansion or new steel capacity is usually through borrowed capital and in India the cost of finance is extremely high compared to the cost of finance in developed countries such as China, Japan and Korea. This adds about USD 30–35 USD to the final cost of steel.

(USD/tonne)				
Logistics and infrastructure	25-30			
Power	8-12			
Import duty on coal	5–7			
Clean Energy Cess	2-4			
Taxes and duties on iron ore	8-12			
Finance	30-35			
Total cost disadvantage	80-100			

Source: NITI Aayog

Thus, the most evident and definite challenge for the steel industry in India is Capital. Developing countries like India have a higher difficulty amassing huge capital investments for large-scale industries like steel. Even the major public sector integrated steel plants are aided by foreign investments. Thus, the production cost increases and so do other expenses. The world's financial imbalance due to covid-19 has tightened the situation for investors with the fear of risks. Such circumstances agitate investors to demand high returns in a short period. But the Indian steel industry requires long-term investments to develop efficiently. It all leads to higher domestic steel prices which in turn leads to a decrease in domestic demand.

b. Logistics

For most Indian steel makers, managing logistics requirements is arduous, challenging and costly. The primary raw material for steel making is iron ore, besides coal or coking coal. Both are bulk minerals, and steel is also a bulk commodity. So, whether it is physical transportation



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of raw materials for steel-making to the steel mills or physical transportation of finished steel to demand centres, transportation of bulk materials is always arduous.

Moreover, most Indian steel plants are located inland, unlike in China, Japan or Korea, where they are located close to the sea. This increases the challenge of managing logistics requirements for most steel plants in India.

Railways are naturally the preferred mode of transportation for steel makers. More than 80% of the total logistics requirements of the steel industry are met through the railway network, as the sea route can be partially leveraged for only three steel plants. Moreover, transportation through roadways for bulk materials is economically unviable.

The railways face huge infrastructure constraints, which makes managing logistics challenging for Indian steel makers. Moreover, for a long time now, the overwhelming dependence of the Indian Railways on revenue from freight traffic, especially from bulk commodities, is well documented. In other words, the freight cost of moving materials through the railways, both raw materials and finished steel, is artificially much higher as passenger traffic is subsidised from freight earnings by the Indian Railways.

NITI Aayog estimates a relative cost disadvantage for Indian steelmakers at USD 20–25 per tonne of finished steel. The study estimates that the freight cost from Jamshedpur to Mumbai canbe as high as USD 50/tonne in comparison with USD 34/tonne from Rotterdam to Mumbai

For every 1 tonne of steel produced, roughly 3 tonnes of raw material needs to be transported. So, as India doubles its steel production in the next 10 years, the logistics requirement of the domestic steel industry will become unmanageable unless steps are taken to increase and improve the physical infrastructure, especially by the Indian Railways, and on an urgent basis. Shortage of railway rakes has already started plaguing the steel industry.

c. Tax, Duties and Cess

While the government has recently lowered corporate tax rates to 25%, there are certain noncreditable taxes, duties and cesses, specifically paid by the steel sector, which reduce the competitiveness of Indian steel products in the global market.

NITI Aayog estimates that Indian steel makers pay an additional amount, varying between USD 15 and 23 by way of taxes, duties and cesses compared to their global peers.

d. Productivity Ratio

In the financial year 2021, India's crude steel production and finished steel production stood at 102.49 MT and 94.66 MT, respectively. Also, India has overtaken Japan in 2019 and became the second-largest steel producer in the world. These feats look astonishing and marvellous but in reality, they are different. India has one of the lowest per capita labour productivity of around 90-100 tonnes. To make it simpler, if a country produces 1.2 million tonnes of steel with 300 employees while India produces the same output with over 5000 employees. This itself shows the potential room for development in India.



e. **Technological Advancement:** Steel Industry in the 21st century heavily depends on technology. The technologically advanced machinery, tools, and equipment give a significant boost to steel production and steel procurement. However, many companies find it difficult to access and install these machinery, tools, and equipment due to various factors like capital, land, expertise, manpower, and more. Thus, utilizing cost-intensive methods that spike the domestic steel prices in India.

f. Raw Materials

Although India has abundant reserves of iron ore and coal, it has negligible reserves of coking coal. The National Steel Policy envisages that India will reach 300 million tonnes of steel- making capacity, and 68% of that will be through the blast furnace route, which requires cokingcoal. This translates to about 200 million tonnes of steel being produced using coking coal, which means an annual consumption of about 180 million tonnes of coking coal.

India largely fulfils its coking coal requirements through imports from Australia. But due to vagaries of weather, there has been huge fluctuations in coking coal supply as well as coking coal prices.

g. Environment and Energy Consumption

The steel industry is energy-intensive and is the second biggest consumer of energy globally. This leads to a higher carbon footprint and also affects the immediate environment. Using energy-efficient methods to produce steel will not only reduce production costs but also improve competitiveness. This can be achieved through highly developed energy management systems and usage of the latest technologies in steel production.

Slurry and other solid wastes and emissions like GHGs are byproducts of the steel manufacturing process and result in environmental pollution. Water management is a crucial step and challenge in steel manufacturing, especially in areas where availability of pure water is decreasing. Thus, reusage becomes important, necessitating desalination and cooling of water to avoid damaging vital equipment like rolling mills. Desalination requires large amounts of energy (for crystallization), which produces a low-quality salt that has no commercial use and is costly to dispose of.

Going forward, if the Indian steel industry is to fulfil its growth aspirations, it will have to continuously upgrade to energy efficient technologies and invest in processes that help reduce the carbon footprint. This means that many inefficient and small steel producers will find it unviable to produce steel while complying with increasingly strict environment norms.

4.5. Secondary Steel Sector in India

Indian steel industries are classified into three categories such as major producers, main producers and secondary producers. The secondary steel sector primarily consists of the downstream re-rolling mills, small steel plants, sponge iron plants etc.

Secondary steel sector has gained major boost through national policies like NSP 2017 and the Policy on preference to DMI&SP. Apart from that, the recent amendment in the GFR 2017 to include Life

Cycle Cost Analysis while formulating DPR of the construction and infrastructure projects and the Quality Control Orders promulgated by the Government, have also encouraged the sector to produce quality steel products in order to counter the cheap imports from the neighbouring countries.

4.6. Indian Steel Re-rolling business

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The steel re-rolling mill (SRRM) sector in India is one of the most important segments of the steel industry and is a key link in the supply chain of iron and steel production in the country. The sector covers long products mills with re-heating furnace and rolling mills and a few units have completed backward integration by installing induction furnaces to melt scrap and DRI cast by ingot or continuous casting.

Steel rolling sector is self-sufficient in producing various common as well as most typical steel sections in their mills. Tor steel, flats, squares, special window sections, thin sized strips, and thin gaze strips, hexagons, wire rods, angles, channels, H-Beams, I-Beams, tele-channels etc are some of the products of Steel Re Rolling Mills (SRRMs) sector. The share of secondary steel production is expected to grow in the near future, because the sector has some competitive edge due to flexibility in production for meeting low tonnage requirements in various grades, shapes and sizes to serve niche markets.

The industry has catered thousand and thousand tonnes of its products to core projects, dams, State Electricity Boards and other infrastructure projects in the country. The steel re-rolling industry caters to the needs of the domestic sector up to the tune of 68 per cent of the total requirement. 80 percent of the total exports of rounds and bars have been recorded from the secondary steel producers. Steel production is an energy intensive process and there are more than 2000 small and medium sized (SME) steel re-rolling mills in India, wherein 75 per cent of units are small scale. In a state of India, Kerala about 95 percent of the steel producing units are in small scale sector. The SME steel rerolling mill sector constitutes an unavoidable link in the overall supply chain of steel in the country. The direct energy use in this sector includes heating fuels (furnace oil, natural gas and coal), and electrical energy. The direct energy cost in the SME mills is estimated at 25-30 percent of overall production cost the process involved in the Steel Re-rolling Mills industry. Due to involvement of heating of fuels in this segment, the industries attribute significantly for ail/ water pollution. Thus, the necessary approval for consent to establish under Air (Prevention & Control of Pollution) Act, 1974(Water Act) is required for such type of industries.

4.7. Road Ahead – Indian Steel Industry

The National Steel Policy, 2017 envisage 300 million tonnes of production capacity by 2030-31. The per capita consumption of steel has increased from 57.6 kgs to 74.1 kgs during the last five years. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.



As per Indian Steel Association (ISA), steel demand will grow by 7.2% in 2019-20 and 2020-21.

Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

(Source: IBEF November 2021)

4.8. Impact of COVID 19 on Indian Steel Industry

Following the COVID pandemic and the lockdown across the country to curtail the spread of COVID-19 (1st wave of COVID 19), Indian finished steel consumption reduced by 22% in March 2020 and by 91% in April 2020 compared to the corresponding period in the last year.

Indian crude steel production reduced by 20% in March 2020 and by 69% in April 2020 compared to the corresponding period in FY20. All major ISPs had to reduce their production substantially with JSW, TSL, AMNS and SAIL reducing their production by around 50%. SAIL alone had inventory accumulation of 3 lakhs tonnes. The secondary steel players also faced issues regarding labour and working capital.

During the period imports reduced by 35% while Exports went down by 17%. Supply chains and availability of service providers and labour were also impacted. The finished steel consumption has also recovered and come back to normalcy after October 2020. Export of finished steel which had increased during lockdown period in view of lack of domestic demand, it has started declining from September 2020 with the increasing domestic demand following gradual unlocking of the economy.

Following the phased unlocking of the economy, the Steel sector has witnessed a "V" shaped recovery which has attained normalcy to a large extent in December 2020.





Impact of Second Wave of COVID-19





Source: WSA, Ministry of Health & Family Welfare, ICRA research





Trend in quarterly steel demand growth in FY2021

Source: JPC, ICRA research

- Top 5 states accounted for 57% of the reported active cases.
- Rural demand led the FY2021 recovery.
- Domestic steel consumption contracted by only 6% in Fy2021 after cratering in Q1 FY2021.

Diversion of Oxygen to hospitals: unlikely to impact Steel Production

Sourcing mix of liquid medical oxygen requirement (10,140 MT/day)



Source: PIB, ICRA research

Supply of LMO compared to consumption of gaseous oxygen by steel plants



Source: Ministry of Steel, PIB, ICRA research



Trend in ramp-up of liquid medical oxygen by steel plants

Source: Ministry of Steel, PIB, ICRA research

- Domestic steel plants meeting ~45% of the country's medical oxygen requirement.
- LMO currently supplied is ~15% of the gaseous oxygen requirement by mills in the steel making process.
- Mills scaling up LMO production by producing less of nitrogen and argon.





Key Drivers behind the domestic demand recovery Domestic steel production and consumption trends

Source: JPC, ICRA research



Capacity utilisation of top 6 vs other steel producers

Source: JPC, ICRA research

The Demand Drivers are:-



Construction output growth



Capital goods output growth



Source: CSO, ICRA research

GFCF growth



Automobiles sector growth



Source: SIAM, ICRA research



India's Finished Steel Import/ Export Trends



India's Steel Imports in mt India's Steel Exports in mt

Source: JPC, ICRA research

Region-wise Share of India's Finished Steel Imports in FY2021



Source: JPC, ICRA research

Region-wise Share of India's Steel Exports in FY2021 (includes semis)



Financial Performance of Indian Steel Industry

With large capacity additions announced by the steel makers, Indian Steel Industry is on the track to achieve targeted capacity of 180 MT by 2025.





Trend in steel industry installed capacity

Capacity additions planned over the next 4-5 years



Source: ICRA research

Source: JPC, ICRA research



Outlook for FY2022

In Q1 FY2022, the top 4 steel producers reported an all-time high OPBITDA of US\$ 324/ MT, significantly higher than the lower threshold of US\$ 150/ MT for revision to Positive outlook change also supported by expectations of a 12-13% YoY growth in FY2022 steel demand.



Domestic steel demand to grow in double digits in FY2022:-

- With steel prices reaching stratospheric levels, earnings surge expected to continue in FY2022.
- A steady rise in sales volume, along with an improvement in the operating margins is expected to support strong free cash flow generation for most of the domestic steelmakers in FY2022 as well.
- Given two back-to-back years of strong performance, the credit metrics of the domestic steel industry is expected to witness a significant improvement, with total debt/ OPBITDA reducing from 4.2 times in FY2020 to an estimated 1.0 time in FY2022.



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Trend in net finished steel exports (exports less imports) 10.0 7.7 6.0 5.0 2.1 1.6 1.0 in mt 0.0 -1.5 -5.0 -3.7 -10.0 7.6 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022p



Expectations of Steel price and cost in FY2022



Trend in seaborne premium hard coking coal costs (FoB Australia) 250 215 202 200 164 JS\$/MT 150 117 100 50 0 FY2019 FY2020 FY2021 FY2022P



(Source: ICRA Research Report, September 2021)

4.9. Marketing Strategy of SPSSRML

The company specializes in manufacturing of QST bars under the brand name ELEGANT® based on the integrated production facilities.

"ELEGANT®" QST Bars is produced by the use of Thermex Technology, developed by M/s Hennigsdorfer Stahl Engineering GmbH. It is the world's most renowned technology for producing QST bars. The bars manufactured by the Thermex method are produced from steel billets, which in turn are produced by refining metals sourced from steel. This process of refining makes the bars far superior in quality, with better tensile strength and corrosion resistance as compared to bars that have been directly produced from steel.

The technical specifications of the final product are:-

r ar anneter s	ISI Benchmark		Elegant Steel QST Bar	
Grade	Fe 500	Fe 500D	Fe 500	Fe 500D
Carbon	0.30	0.25	0.18	0.15
Sulphur	0.055	0.040	0.050	0.035
Phosphorus	0.055	0.040	0.050	0.035
S + P	0.105	0.075	0.100	0.070

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TEV SPS STEELS ROLLING MILLS LTD.



Parameters	ISI Benchmark	Elegant Steel QST Bar	
CE	0.42%	0.32%	

Table 43: Mechanical Properties of OST Bars

Parameters	ISI Ben	chmark	Elegant Steel QST Bar	
Grade	Fe 500	Fe 500D	Fe 500	Fe 500D
Yield Stress (n/ mm ²)	500	500	540	550
Tensile Strength Min (n/545		565	640	650
mm^2)				
Elongation % (Min)	12	16	18	20
TS/ YS Ratio	1.08	1.10	1.18	1.14

Table 44: Mandrel Size Specified for Bend/ Rebend of OST Bar

Parameters	ISI Benchmark		Elegant Steel QST Bar	
Bend (up to & incl. 20 mm)	4 φ	3 ¢	3 ¢	2 ¢
Bend (over 20 mm)	5φ	4 φ	4 φ	3 ¢
Rebend (up to & incl. 10 mm)	5φ	4 φ	4 φ	3 ¢
Rebend (over 10 mm)	7φ	б ф	б ф	5φ

C:===	Nominal	ISI Benchmark		Elegant Steel QST Bar		
(Dia in mm)	Spec in Kg/ mt	Tolerance Limit in Kg/ mt	Indv. Sample % Var	Weight Tolerance in Kg/ mt	Range in Kg/ Feet	Indv. Sample % Var
6	0.222	0.206 - 0.237	± 7	0.210 - 0.220	0.064 - 0.067	-5/ -1
8	0.395	0.367 - 0.423	± 7	0.367 - 0.383	0.112 - 0.117	-7/ -3
10	0.617	0.574 - 0.660	± 7	0.574 - 0.598	0.175 - 0.182	-7/ -3
12	0.888	0.844 - 0.932	± 5	0.844 - 0.870	0.257 - 0.265	-5/ -2
16	1.580	1.501 - 1.659	± 5	1.501 - 1.548	0.457 - 0.471	-5/ -2
20	2.470	2.396 - 2.544	± 3	2.396 - 2.445	0.730 - 0.745	-3/ -1
25	3.850	3.735 - 3.965	± 3	3.735 - 3.811	1.138 - 1.161	-3/ -1
28	4.830	4.685 - 4.974	± 3	4.685 - 4.781	1.428 - 1.458	-3/ -1
32	6.310	6.121 - 6.499	± 3	6.121 - 6.246	1.866 - 1.904	-3/ -1

The company lacks Pan India presence as its manufacturing unit is located in West Bengal only and sells product in and around of this region. It currently enjoys a strong network of 1000 dealers in the states of West Bengal and Assam. Some of the major customers of the company with those business transactions has been done in 2020-21 and 2021-22 (till October 2021) are:-

Table 45: List of Major Customers (2020-21)				
Customers' Name	Sales Amount (Rs.)			
Sree Narayan Builders	1,19,32,53,246			
Datta Iron & Steel Pvt. Ltd.	1,15,00,65,213			
Saha Enterprise	78,36,99,827			

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Customers' Name	Sales Amount (Rs.)
Baba Lokenath Traders	74,54,52,724
NLA Infrastructure Pvt Ltd	30,91,66,498
Bharati Enterprise	20,86,28,952
Srmb Srijan Pvt.Ltd.	12,84,71,766
P. M. Hardware	12,47,50,618
Ma Tara Builders	8,74,39,223
Pahari Enterprise	7,96,91,169

Table 46: List of Major Customers (2021-22 till October 2021)

Customers' Name	Sales Amount (Rs.)
Sree Narayan Builders	72,28,84,446
Datta Iron & Steel Pvt. Ltd.	71,43,80,835
Baba Lokenath Traders	51,90,23,947
Saha Enterprise	43,96,04,822
NLA Infrastructure Pvt Ltd	19,55,69,842
P. K. Trading Co	13,15,67,458
Bharati Enterprise	10,63,69,732
Shyam Steel Industries Ltd.	10,37,76,685
P. M. Hardware	6,59,72,969
Amit Metaliks Limited.	6,35,04,227

Now, the current management intends to expand the business immediately in several states including North East, Jharkhand, Bihar, Odisha, Uttar Pradesh and further taking it to the Pan India market. The company will employ broadly three channels for marketing of its final products:-

- a. Direct marketing
- b. Dealer network
- c. Brokers

The company is currently in discussion with the potential customers and signing of agreements with dealers for the purpose. The Company has provided copies of few engagement letters / agreements with the Dealers.

4.10. Conclusion

The marketing feasibility of the company can be inferred from the following parameters:-

- Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.
- Leveraging of the brand value of ELEGANT® along with the present distribution channels.
- More than three decades of business experience of M/s SPS Steels Rolling Mills Limited along with their past business-related customer base (Pre acquisition by Shakambhari Group).



- Acquisition of SPSSRML by M/s Shakambhari Group, another established player in the steel rerolling segment has brought in the technical expertise along with market distribution strength to M/s SPS Steels Rolling Mills Limited.
- Continued efforts of the present management of SPSSRML for business expansion in Northern and North Western India using different modes like direct marketing, dealers' network and brokers.

Chapter 5: Financial Feasibility

5.1. Approach for Assessment of Financial Viability:

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Viability is not an absolute assessment, rather it is expressed as being at a certain point of time or in short to medium term under reasonably known conditions. An organization is viable under normal service conditions where the organization will produce sufficient inflow of resources to at least balance all operating costs, strategic outflows and forecasted risks to achieve the organizational goals.

The financial benchmark is set as at least balancing revenues with operating and capital costs and risks.

In the current due diligence process for 'SPSSRML', the following factors have been taken into consideration for evaluating the financial viability of the unit, at least for the period of the outstanding term loan repayment

- Past Financial Analysis
- Financial projections
- Maximum Permissible Bank Finance (MPBF) Calculation
- Sensitivity Analysis

The prime rationale behind the proposed second expansion plan is production capacity enhancement for billet by means of installation of two induction furnaces of 20 MT each and capacity upgradation of Rolling mills to 1250 TPD.

The financial projections have been prepared in consideration of the past performance standards of the company, post-acquisition situation and the experience of the current promoters of the company in running similar kind of units in the same region.

A sensitivity analytical framework with several values of the critical parameters has been adopted to understand the financial position of the unit at downward revision in the values of these critical parameters.

5.2. Estimated Project Cost for Proposed Second Expansion Plan

The total project cost has been estimated as Rs. 80 crores as under:-

S. No.	Project Component	Amount (Rs. Cr)	% Share
1	SMS - 2x20 T IF and accessories	14.37	17.96%
2	Rolling Mill - 1250 TPD	44.90	56.13%
3	33 KV Electrical Lines	2.97	3.71%

Table 47: Estimated Total Project Cost

S. No.	Project Component	Amount (Rs. Cr)	% Share
4	Civil/ Utility Work	2.68	3.35%
5	Miscellaneous Equipment	1.38	1.73%
	Total	66.30	82.88%
5	Contingency	2.50	3.13%
6	IDC	6.85	8.56%
7	Pre-operatives	4.35	5.44%
	Grand Total	80.00	100.00%

The detailed cost break-up for SMS, Rolling Mill, 33 KV Electrical Lines, Civil Work, Misc. Equipment etc. has been mentioned under section 3.2.7 of this report.

Till 10.11.2021 an expense of Rs. 7.78 crores have been incurred for the said expansion 2 plan and the same has been funded from the promoters' contribution in form of unsecured loan. The company has submitted the CA Certificate dated 15.11.2021 duly signed by CA Gaurav Agarwal (UDIN No. 21307455AAAAFY7363) on behalf of Uttam Agarwal and Associates for certifying the expense incurred for the project and based on the CA Certificate the expense details are as follows:-

- SMS 2x20 MT IF and Accessories: Rs. 3.69 Cr
- Rolling Mill: Rs. 0.90 Cr
- 33 KV Electrical Line: Rs. 2.34 Cr
- Pre-operative: Rs. 0.85 Cr

Total Expense incurred till 10.11.2021 = Rs. 7.78 Cr

5.3. Means of Finance for Proposed Second Expansion Plan

The proposed means of finance is as follows:-

Table 48:1

5.4. Financial Assumptions

a. Operation of the Unit

Based on the nature of the operation in the industry of the unit, the working days per month have been considered for sponge iron unit, billet manufacturing section (induction furnace) and Rolling unit as per the below:-.



Working Days		
Sponge Iron	Days	300
Induction Furnace (Billets/ Ingots)	Days	333
Rolling Mill	Days	300

 Table 49: Operation of the Unit

Section 3.2.8 of this report includes the installed capacity details of the unit along with the capacity utilization for Sponge Iron manufacturing, billet manufacturing and Rolling Mill over the projected years of operation.

b. Inventory Holding Period

 Raw Material Required by the Company for Production of Sponge Iron is Iron Ore / Iron Ore Pellets, Coal Coke, Dolochar etc. While Iron Ore is domestically sourced from the vendors located in West Bengal, Odisha and other nearby states, Coal, Coke and Dolochar is Imported as well as domestically sourced from Vendors/ auction from ECL. Sponge Iron Produced in the unit is captively used for production of Billets. As the present Capacity to produce Sponge Iron is not matching with that required for production of Billets, the balance requirement is sourced from Vendors / group Companies namely SIPL, and BSIPL. Billets produced in the unit are also domestically used and alike Sponge Iron the balance requirement of Billets is sourced from Vendors / group Companies namely SIPL, and BSIPL.

Consequent upon completion of the Expansion Project I and II under implementation, the Company will become Self – Reliant for requirement of Billets to feed the Rolling Mill. Further, consequent upon operationalization of the Assets of VMPL acquired by the Company in auction conducted by the Official Liquidator, High Court of Kolkata, being 4 X 100 TPD i.e. 120000 TPA DRI Plant to manufacture Sponge Iron, Separate TEV Report is being submitted for the subject Project (Unit – II), the Company will become Self Reliant for its Sponge Iron requirement as well.

Further, 1.70 MTPA Pellet Plant under implementation by one of the group Company M/S Bravo Sponge Iron Private Limited (BSIPL) would be operationalized during January -2022 (One Unit -0.85 MTPA) and April / May 2022 (Second Unit -0.85 MTPA). Accordingly, the Company would use Pellets in place of Iron Ore Lumps which would provide competitive edge to it.

Considering all the above factors and as per the nature of processing for production of intermediates and finished goods along with volume of production, the raw material holding period has been considered as 2 months. Major suppliers of Coal and Iron ore for the company are Odisha Mining Corporation and Mahanadi Coalfields Ltd.

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respectively. The time taken by such government agencies for supply of raw material through tender/ auction processes has been taken into consideration.

- Due to the nature of the processing through rolling process, low inventory holding of 5-8 days for Work-In-Progress (WIP) has been considered.
- iii. On account of the business tie-ups of 'SPSSRML' with dealers and brokers, finished goods holding period has been increased from 0.75 months to 1.25 months gradually from FY2022 to FY2028.
- iv. The inventory holding period for consumables has been considered as 30 days as the consumables are procured from the vendors located in west Bengal, Odisha and other nearby states.

c. Debtor Cycle

The company proposes for expansion of the business immediately in several states including North East, Jharkhand, Bihar, Odisha, Uttar Pradesh and further taking it to the Pan India market. Thus, debtor cycle has been considered as 60 days in a conservative approach of evaluation.

d. Other Current Liabilities

The other current liabilities primarily include the advances from customers and statutory liabilities. This parameter has been maintained at the similar proportion of sales as that has been kept during the past operations with the consideration of the continuance of business with such past customers.

e. Creditor Cycle

The creditor cycle has been assumed as 60 days on an average basis in view of the fund flow management in the unit and business relationship with the suppliers.

f. Other Current Assets

The other current assets primarily include the advances for suppliers and balances with govt. authorities. In consideration of major suppliers for the company being the suppliers for various minerals, this parameter has been maintained at almost the similar proportion of raw material consumption as that has been kept during the past operations.

g. Net Sales/ Revenue

With the capacity utilization and inventory holding period as per the above-mentioned assumptions, the Sales quantity has been evaluated on yearly basis.
The price of finished goods for FY2021-22 has been considered as per below:-

Selling Rate		
Sponge Iron	Rs/MT	32,000
Induction Furnace (Billets/ Ingots)	Rs/MT	48,000
Rolling Mill	Rs/MT	57,500

Table 50: Unit Rates for Sale

(Note: Sponge iron and billets are produced for internal consumption only)

The company has submitted copies of sale invoices issued in October 2021 for TMT in support of the prices considered for financial analysis which indicates the rates per MT as Rs. 55,500 - Rs. 64,831.

No y-o-y growth in sales price has been considered considering the price volatility of the products of this nature.

h. Rental Income

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The company has executed Leave and License Agreement on 28th October, 2021 with M/s New Modern Technomech Private Limited for operation of the Structural Rolling Mills of SPSSRML of installed capacity of 60,000 TPA at the license fee of Rs. 22.50 Lacs Per Month Plus Rs. 200.00 per MT of goods produced every month. This unit will be operated by M/s New Modern Technomech Private Limited for manufacturing of various steel & iron products like angle, channel, I-beam, H-beam, Round, Flat, U-beam etc. This arrangement has been considered under the rental income for SPSSRML.

i. Cost of Raw Material

The raw material purchase quantity has been calculated based on conversion factors and Raw material inventory position.

The details of the conversion factors considered are:-

Tuble 51. Conversion factors for affere	int raw infatorials
Raw Material	Conversion
Sponge Iron	
- Iron Ore	1.52
- Coal	1.05
- Dolomite	0.05
Induction Furnace (Billets/ Ingots)	
- Sponge Iron	0.763
- Pig Iron	0.224
- MS Scrap	0.104

Table 51: Conversion factors for different raw materials



Raw Material	Conversion
- Pet Coke	0.003
- Ferro Manganese	0.007
- Ferro Silicon	0.0016
- Aluminium Shots	0.0005
Rolling Mill	
Billet/Ingots	1.05

The base price of raw material considered for 2021-22 have been given as per the below:-Table 52: Raw Material Prices

ruble 52. Ruw Waterfall Thees									
Computation of Raw Material									
Sponge Iron Rate	Unit	Mar-22							
- Iron Ore	Rs/MT	10,500							
- Coal	Rs/MT	11,225							
- Dolomite	Rs/MT	2,600							
Induction Furnace (RM Rates)									
- Sponge Iron	Rs/MT	32,000							
- Pig Iron	Rs/MT	40,000							
- MS Scrap	Rs/MT	36,000							
- Pet Coke	Rs/MT	27,000							
- Ferro Manganese	Rs/MT	1,05,000							
- Ferro Silicon	Rs/MT	1,10,000							
- Aluminium Shots	Rs/MT	1,60,000							
Rolling Mill									
Billet/Ingots (Billet Rate)	Rs/MT	48,000							

The company has submitted the copies of the purchase invoices dated in October 2021 for the raw materials like billets, iron ore, coal, pellet etc. As per the invoices the rates for these raw materials are:-

- Iron ore pellet Rs. 9,700 per MT •
- Coal Rs. 11,225 per MT •
- Billet Rs. 48,000 to Rs. 48,400 per MT •

The base price has been verified against the pricing information available on 09.11.2021 at www.steelmint.com for iron ore, coal, dolomite, sponge iron, pig iron, MS Scrap, pet coke, ferro manganese, ferro silicon, billets as mentioned below:-

Table 53: Justification for Raw Material Price consideration								
Sponge Iron RM Rate	Unit	Financial Model	Invoice	Secondary Research				
- Iron Ore	Rs/MT	10,500	9,700					
- Coal	Rs/MT	11,225	11,225					

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- Dolomite	Rs/MT	2,600		
Induction Furnace (RM Rates)				
- Sponge Iron	Rs/MT	32,000		31000
- Pig Iron	Rs/MT	40,000		40000
- MS Scrap	Rs/MT	36,000		32000 - 51000
- Pet Coke	Rs/MT	27,000		27000
- Ferro Manganese	Rs/MT	1,05,000		90000 - 117000 (depends on carbon content)
- Ferro Silicon	Rs/MT	1,10,000		90000 - 150000
- Aluminium Shots	Rs/MT	1,60,000		140000 - 210000
Re-Rolling Mill				
Billet/Ingots (Billet Rate)	Rs/MT	48,000	48,000	

j. Consumable Cost

- The consumables for production of sponge iron are grease, lubricant and castable.
- The consumables for production of billets are burnt lime, fluorspar, coke breeze, graphite power, petroleum coke, Aluminium wire, oxygen lance, insulation compound, rap-seed oil, electrode and moulds

The consumption expense for consumable has been computed in the similar ratio of the cost of consumption to sales in past operation period.

k. Cost of Utility

The expense for power and fuel has been computed in consideration of the industry standards for power consumption of Rs. 3600 per MT of production of billets and Rs. 600 per MT of production of TMT bars/ other re-rolled products.

I. Direct Manpower Cost

The expense for direct manpower has been computed in the similar ratio of the direct manpower cost to sales in past operation period.

m. Other Manufacturing Cost

The other manufacturing cost primarily includes the cost for water charges and this expense has been computed in the similar ratio of the other manufacturing cost to sales in past operation period. However, no purchase of traded goods has been considered in the projections which was incurred during the past operations from FY2016 to FY2018.

n. Administrative expenses

The administrative expense has been computed in the similar ratio of the administrative cost to sales in past operation periods excluding the one-time exceptional expenses under these heads for FY2022 and FY2023.



From FY2024 onwards, the economies of scale impact has been considered for the expense in view of the capacity upgradation for Induction furnace and Re-rolling Mill. Thus the administrative expense has been considered as 1.08 times of the expense for the previous year till FY2025 and 1.05 of the previous expense from FY2026 onwards.

o. Selling expense

The selling expense has been computed in the similar ratio of the selling expense to sales in past operation periods excluding the one-time exceptional expenses under these heads for FY2022.

From FY2023 onwards, the economies of scale impact has been considered for the expense in view of the capacity upgradation for Induction furnace and Re-rolling Mill. Thus the selling expense has been considered as 9% of sales in FY2023 to 6.5% of sales in FY2032.

p. Depreciation

The depreciation of fixed assets has been computed as per depreciation rates considered under the past financials of the company.

q. Income Tax

The income tax has been computed @29.32%.

r. Historical Performance of 'SPSSRML'

				(in Rs. Cr)				
Profit & Loss Statement	2015-16*	2016-17*	2017-18*	2018-19*	2019-20**	2020-21**		
Gross Operating Revenue	557.96	546.68	534.40	481.43	812.96	1,064.56		
Less GST/ Excise duty as applicable during the period	45.48	49.32	15.55	74.00	127.58	167.82		
Net Operating Revenue from manufacturing by owner	512.48	497.36	518.85	407.43	685.38	896.74		
Rental Income for Light Structure rolling unit						-		
Net Operating Revenue						896.74		
Other income	1.06	5.92	0.47	0.50	0.78	1.58		
Total Revenue	513.54	503.28	519.32	407.93	686.16	898.32		
Total Expenditure								
Raw Material	365.95	336.46	328.52	276.60	438.95	522.68		
Purchase of traded goods					20.69	115.54		
Consumables	22.33	25.89	26.51	22.26	33.16	14.62		
Power & Fuel	70.09	64.10	62.79	58.25	64.57	55.10		
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Table 54: Historical P&L Performance of SPSSRML



Profit & Loss Statement	2015-16*	2016-17*	2017-18*	2018-19*	2019-20**	2020-21**					
Direct Labour	8.31	10.03	11.50	12.43	14.58	13.84					
Other Manufacturing Exp	93.51	75.17	11.64	0.24	0.30	0.31					
Sub Total	560.19	511.65	440.96	369.78	572.25	722.09					
Add: Op of WIP	20.62	5.81	13.67	1.22	1.44	-					
Less: Closing of WIP	7.55	14.25	1.22	1.44	-	-					
Cost of Production	573.26	503.21	453.41	369.56	573.69	722.09					
Add: Op of FG	27.33	10.30	14.16	6.36	6.62	10.62					
Less: Closing of FG	10.30	14.16	6.36	6.62	10.62	25.62					
Sub Total	590.29	499.35	461.21	369.30	569.69	707.09					
Administrative Expenses	24.99	17.16	22.43	16.15	8.51	6.77					
Selling Expenses & Employee Benefit Expense	5.67	15.39	11.97	21.63	60.71	83.56					
Allowance for doubtful debts	-	-	28.88	1.34	-	20.49					
Total Cost of Sales	620.95 531.90 524.49 408		408.42	638.91	817.91						
EBDITA	(107.41)	(28.62)	(5.17)	(0.49)	47.25	80.41					
Depreciation	7.67	5.19	4.86	4.63	17.08	19.60					
PBIT	(115.08)	(33.81)	(10.03)	(5.12)	30.17	60.81					
Finance Cost:											
Term Loan - Existing Loans	0.06	0.11	0.06	0.06	20.99	24.01					
Term Loan - 60 cr Loan											
Term Loan - Proposed New Loan											
Interest on Working Capital Loan	1.73										
Other charges	0.25	0.13	0.19								
PBT before exceptional items	(117.12)	(34.05)	(10.28)	(5.18)	9.18	36.80					
Exceptional Item/ Loss on sale of asset	-	-	(21.68)	-	(166.33)	-					
РВТ	(117.12)	(34.05)	(31.96)	(5.18)	175.51	36.80					
Prov for Tax/ Current Tax/ Deferred Tax	-	-	-	-	-	-					
РАТ	(117.12)	(34.05)	(31.96)	(5.18)	175.51	36.80					
*Under Previous Management P **Under Present Management –	rA1 (117.12) (34.05) (31.96) (5.18) 175.51 36.80 *Under Previous Management Pre – CIRP **Under Present Management – Post - CIRP										

Table 55: Historical B&S Performance of SPSSRML

				(in Rs. Cr)			
Balance Sheet	2015-16*	2016-17*	2017-18*	2018-19*	2019-20**	2020-21**	
Equity and Liabilities							
Equity							
Equity Share Capital	42.41	42.41	42.41	42.41	50.00	50.00	
Reserve & Surplus/ Share Premium/ General Reserve etc.	(498.74)	(533.42)	(567.94)	(574.72)	83.91	120.90	

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Balance Sheet	2015-16*	2016-17*	2017-18*	2018-19*	2019-20**	2020-21**
Capital reserve					-	-
Total Equity	(456.33)	(491.01)	(525.53)	(532.31)	133.91	170.90
Non-Current Liabilities						
Bank Borrowing	-	-	-	-		
Bank Borrowings - in the name of Shakambhari Ispat on behalf of SPS Steels					158.47	-
Bank Borrowings - PNB (acquisition cost funding)						140.02
COVID 19 Term Loan						1.15
Unsecured loan from corporate					50.00	53.70
Long term provisions	2.49	3.29	3.66	4.11	2.09	2.08
Total Non-current Liabilities	2.49	3.29	3.66	4.11	210.56	196.95
		0.3441	0.3081			
Current Liabilities						
Current Portion of Bank Borrowings - PNB (acquisition cost funding)					8.00	26.68
Borrowings - WC	415.02	411.03	374.01	374.01	52.49	50.00
Trade Payable	292.45	302.24	262.52	264.01	52.11	89.40
Current maturities of bank loan	292.64	316.64	285.43	114.51	-	-
Other financial liabilities	227.82	154.53	92.50	256.09	-	-
Other current liabilities	48.25	43.19	25.47	25.44	9.06	7.60
Short term provisions	0.38	0.51	0.68	0.79	0.21	0.13
Current Liabilities	1,276.56	1,228.14	1,040.61	1,034.85	121.87	173.81
Total Liabilities	822.72	740.42	518.74	506.65	466.34	541.66
Assets						
Non Current Assets						
Property, plant & machinery	100.28	95.15	41.09	36.52	191.99	172.86
CWIP - 1st Expansion	34.50	34.50	34.50	34.50	0.95	27.48
CWIP - 2nd Expansion						
Intangible Asset	-	-	0.10	0.03	0.03	0.02
Financial Asset						
Investments	0.09	0.10	0.07	0.04	-	-
Other financial assets	16.99	18.28	17.84	17.92	16.14	20.01
Other non-current assets	0.01	0.01	0.01	0.01		8.62
Total Non-current assets	151.87	148.04	93.61	89.02	209.11	228.99

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Balance Sheet	2015-16*	2016-17*	2017-18*	2018-19*	2019-20**	2020-21**				
Current Assets										
Inventories	135.68	109.55	48.30	31.01	48.39	65.33				
Financial Assets										
Trade receivables	415.02	373.60	270.86	281.47	134.75	197.22				
Cash and cash equivalent	9.17	6.30	12.52	5.81	0.68	0.41				
Loans	4.03	-	-	-	-	-				
Other financial assets	0.38	0.38	0.38	0.38	1.10	2.53				
Current tax assets	0.68	0.70	0.75	0.78	1.26	1.97				
Other current assets	105.89	101.85	92.32	98.18	71.05	45.21				
Total Current Assets	670.85	592.38	425.13	417.63	257.23	312.67				
Total Assets	822.72	740.42	518.74	506.65	466.34	541.66				
*Under Previous Management Pre – CIRP **Under Present Management – Post - CIRP										



5.5. Financial Projections (Company as a Whole)

Table 56: Projections for Profit & Loss Statement – Company as a Whole

										(Rs	s. In Lakhs)
Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Net Revenue	1,154.40	1,470.50	2,221.21	2,366.61	2,419.12	2,478.43	2,500.96	2,522.34	2,542.65	2,543.77	2,543.77
Less: Internal Consumption		64.96	287.84	307.04	326.24	345.44	345.60	345.60	345.60	345.60	345.60
Rental Income	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total Revenue	1,157.40	1,408.54	1,936.37	2,062.57	2,095.88	2,135.99	2,158.36	2,179.74	2,200.05	2,201.17	2,201.17
Expenses:-											
Raw Material	663.49	1,077.51	1,666.94	1,731.08	1,776.17	1,821.25	1,840.15	1,859.05	1,868.50	1,868.50	1,868.50
Less: Raw Cost saving by Internal Consumption	-	64.96	287.84	307.04	326.24	345.44	345.60	345.60	345.60	345.60	345.60
Purchase of traded goods	205.00										
Consumables	18.82	23.61	33.37	35.60	36.19	36.91	37.27	37.62	37.95	37.97	37.97
Power & Fuel	82.91	126.04	154.01	154.91	155.75	156.58	156.81	157.03	157.14	157.14	157.14
Direct Labour	16.56	21.14	30.05	32.20	32.97	33.88	34.40	34.92	35.43	35.68	35.92
Other Manufacturing Exp	0.40	0.94	2.07	2.57	2.65	2.73	3.08	3.13	3.19	3.50	3.56
Manufacturing Expense	987.17	1,184.29	1,598.60	1,649.33	1,677.49	1,705.91	1,726.11	1,746.16	1,756.62	1,757.20	1,757.50
Add: Opening Stock of WIP	-	13.71	24.38	32.11	32.98	33.60	34.22	34.64	35.05	35.26	35.26
Less: Closing Stock of WIP	13.71	24.38	32.11	32.98	33.60	34.22	34.64	35.05	35.26	35.26	35.26
Total Cost of Production	973.46	1,173.62	1,590.87	1,648.46	1,676.87	1,705.29	1,725.70	1,745.74	1,756.41	1,757.20	1,757.50

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Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Add: Opening Stock of FG	25.62	60.84	94.06	135.75	153.83	163.45	173.32	182.25	184.31	185.40	185.42
Less: Closing Stock of FG	60.84	94.06	135.75	153.83	163.45	173.32	182.25	184.31	185.40	185.42	185.42
Total Cost of Goods Sold	938.24	1,140.40	1,549.18	1,630.38	1,667.25	1,695.42	1,716.77	1,743.68	1,755.32	1,757.17	1,757.50
Administrative Expenses	8.72	12.22	19.67	20.83	21.69	22.60	23.55	24.53	25.57	26.64	27.77
Selling Expenses & Employee Benefit Expense	107.66	129.05	178.86	190.09	178.96	181.10	176.88	167.40	162.78	156.77	150.70
Total expenses	1,054.62	1,281.67	1,747.71	1,841.29	1,867.90	1,899.12	1,917.19	1,935.62	1,943.67	1,940.58	1,935.97
EBITDA	102.78	126.88	188.66	221.27	227.97	236.87	241.17	244.13	256.38	260.59	265.20
Depreciation	19.87	35.96	38.80	38.73	38.73	38.73	38.72	38.72	38.72	38.72	38.72
PBIT	82.91	90.91	149.86	182.55	189.24	198.15	202.45	205.41	217.66	221.87	226.48
Finance Expense	31.95	37.85	46.63	41.37	34.87	30.95	28.42	25.69	22.83	20.40	18.73
Exceptional Items	-	(8.73)	-	-	-	-	-	-	-	-	-
РВТ	50.97	44.33	103.23	141.18	154.37	167.19	174.03	179.72	194.84	201.47	207.75
Tax	14.94	13.44	29.31	40.20	44.02	47.65	49.61	51.21	55.57	57.45	59.21
РАТ	36.02	30.89	73.92	100.97	110.35	119.54	124.43	128.51	139.27	144.02	148.54





Table 57: Projections for Balance Sheet – Company as a Whole

										(1	.s. III Lakiis)
Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Equity and Liabilities											
Equity											
Equity Share Capital	61.61	72.88	72.88	72.88	72.88	72.88	72.88	72.88	72.88	72.88	72.88
Quasi Equity	-	-	-	-	-	-	-	-	-	-	-
Equity Infusion 1st Expansion	-	-	-	-	-	-	-	-	-	-	-
Equity Infusion 2nd Expansion	-	-	-	-	-	-	-	-	-	-	-
Share Premium - Unit 2	20.41	58.78	58.78	58.78	58.78	58.78	58.78	58.78	58.78	58.78	58.78
Business Re- orgnisation Reserve	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76
Reserve & Surplus/ Share Premium/ General Reserve etc.	(380.10)	(319.37)	(229.63)	(112.84)	13.33	148.69	282.01	410.52	549.79	693.81	842.35
Total Equity	182.68	293.05	382.79	499.58	625.76	761.11	894.43	1,022.94	1,162.21	1,306.23	1,454.77
Non- Current Liabilities											

(Rs. In Lakhs)

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Bank Borrowing										



Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Bank Borrowings - PNB (acquisition cost funding)	119.22	81.22	34.72	-	-	-	-	-	-	-	-
Bank Borrowings - 60 cr for 1st expansion	35.00	52.00	44.00	36.00	28.00	20.00	12.00	4.00	-	-	-
Bank Borrowings - 50 cr for 2nd expansion	15.00	47.63	46.38	41.94	35.69	28.56	18.13	13.19	7.06	1.31	-
COVID 19 Loan - 7 cr	(0.00)	(0.00)	-	-	-	-	-	-	-	-	-
GECL Loan - 45.16 cr	33.88	22.60	11.32	-	-	-	-	-	-	-	-
Term Loan - Unit 2	20.00	115.00	105.00	94.00	81.00	67.00	52.00	36.00	18.00	-	-
Unsecured loan from corporate	53.70	53.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70
Long term provisions	2.37	2.84	3.70	3.93	3.99	4.08	4.12	4.17	4.21	4.21	4.11
Total Non- current Liabilities	279.17	374.98	348.82	279.57	252.38	223.34	189.95	161.05	132.97	109.22	107.81
Current											
Liabilities											

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Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current Portion of Bank Borrowings - PNB (acquisition cost funding)	28.00	38.00	46.50	34.72	-	-	-	-	-	-	-
Current Portion of Bank Borrowings - 60 cr for expansion	-	8.00	8.00	8.00	8.00	8.00	8.00	8.00	4.00	-	-
Bank Borrowings - 50 cr for 2nd expansion	-	2.38	3.63	5.69	8.31	9.75	11.88	7.06	1.31	-	-
Current Portion of COVID Loan - 7 cr	0.39	-	-	-	-	-	-	-	-	-	-
Current Portion of GECL Loan - 45.16 cr	11.28	11.28	11.28	11.32	-	-	-	-	-	-	-
Current Portion of Unit 2 Loan	-	-	10.00	11.00	13.00	14.00	15.00	16.00	18.00	18.00	-
Borrowings - WC	130.00	187.00	195.00	200.00	203.00	206.00	206.00	206.00	206.00	206.00	206.00
Trade Payable	139.63	228.98	298.62	297.37	303.58	310.11	313.63	317.47	319.07	318.75	264.58
Other current	9.79	11.92	16.36	17.41	17.76	18.18	18.41	18.61	18.81	18.86	18.89
current Strictly Private & Confidential TEV SPS STEELS ROLLING MILLS LTD. 120											



Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
liabilities											
Short term provisions	0.16	0.19	0.24	0.26	0.26	0.27	0.27	0.27	0.28	0.28	0.30
Current Liabilities	319.24	487.74	589.63	585.77	553.92	566.30	573.19	573.42	567.47	561.89	489.76
Total Liabilities	781.10	1,155.77	1,321.23	1,364.92	1,432.06	1,550.76	1,657.56	1,757.42	1,862.65	1,977.34	2,052.34
Assets											
Non Current Assets											
Property, plant & machinery	100.05	376.56	353.60	330.68	307.77	284.87	255.04	216.32	177.60	138.88	100.16
CWIP - 1st Expansion	32.85	-	-	-	-	-	-	-	-	-	-
CWIP - 2nd Expansion	23.93	-	-	-	-	-	-	-	-	-	-
CWIP - Unit 2	32.39	-	-	-	-	-	-	-	-	-	-
Financial Asset											
Investmen ts	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01
Total Non- current assets	209.23	396.57	373.61	350.69	327.78	304.88	275.05	236.33	197.61	158.89	120.17

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Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current Assets											
Inventories	186.70	358.01	470.06	501.35	520.56	540.03	552.55	558.21	561.10	561.13	561.13
Financial Assets											
Trade receivables	185.73	283.78	370.74	394.37	400.87	408.76	413.16	417.36	421.36	421.58	360.12
Cash and cash equivalent	146.69	59.16	42.60	48.77	67.61	116.35	180.57	203.78	235.35	283.01	352.68
Other financial assets	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53
Other current assets	50.20	55.70	61.70	67.21	72.71	78.21	83.71	89.21	94.71	100.21	105.71
Total Current Assets	571.86	759.19	947.63	1,014.22	1,064.27	1,145.88	1,232.52	1,271.09	1,315.04	1,368.46	1,382.17
Reserve for											
recapitalizati on	-	-	-	-	40.00	100.00	150.00	250.00	350.00	450.00	550.00
Total Assets	781.09	1,155.76	1,321.23	1,364.91	1,432.06	1,550.76	1,657.56	1,757.42	1,862.65	1,977.34	2,052.34



5.6. Financial Projections (Unit 1 as a Whole)

Table 58: Projections for Profit & Loss Statement – Unit 1 as a Whole

										()	Rs. In Cr.)
Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Gross Operating Revenue	1,114.39	1,629.91	2,125.14	2,254.42	2,292.91	2,340.24	2,366.64	2,391.87	2,415.83	2,417.16	2,417.16
Less GST/ Excise duty as applicable during the period	169.99	248.63	324.17	343.89	349.77	356.99	361.01	364.86	368.52	368.72	368.72
Sale of Traded Goods (Net)	210.00										
Net Operating Revenue from manufacturing by owner	1,154.40	1,381.28	1,800.96	1,910.53	1,943.14	1,983.26	2,005.63	2,027.01	2,047.31	2,048.44	2,048.44
Rental Income for Light Structure re- rolling unit	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Net Operating Revenue	1,157.40	1,384.28	1,803.96	1,913.53	1,946.14	1,986.26	2,008.63	2,030.01	2,050.31	2,051.44	2,051.44
Other income	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,157.40	1,384.28	1,803.96	1,913.53	1,946.14	1,986.26	2,008.63	2,030.01	2,050.31	2,051.44	2,051.44
Total Expenditure											
Raw Material	663.49	1,002.14	1,339.11	1,376.91	1,405.26	1,433.61	1,452.51	1,471.41	1,480.86	1,480.86	1,480.86
Purchase of traded goods	201.06	-	-	-	-	-	-	-	-	-	
Consumables	18.82	22.52	29.36	31.15	31.68	32.33	32.70	33.05	33.38	33.40	33.40
Power & Fuel	82.91	125.30	146.48	146.93	147.27	147.60	147.83	148.05	148.17	148.17	148.17

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Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Direct Labour	16.56	19.81	25.83	27.40	27.87	28.44	28.76	29.07	29.36	29.38	29.38
Other Manufacturing Exp	0.40	0.48	0.62	0.66	0.67	0.69	0.69	0.70	0.71	0.71	0.71
Sub Total	983.23	1,170.24	1,541.40	1,583.04	1,612.74	1,642.67	1,662.49	1,682.28	1,692.47	1,692.50	1,692.50
Add: Op of WIP	-	13.71	24.38	32.11	32.98	33.60	34.22	34.64	35.05	35.26	35.26
Less: Closing of WIP	13.71	24.38	32.11	32.98	33.60	34.22	34.64	35.05	35.26	35.26	35.26
Cost of Production	969.52	1,159.57	1,533.67	1,582.18	1,612.12	1,642.05	1,662.08	1,681.87	1,692.26	1,692.50	1,692.50
Add: Op of FG	29.56	60.84	86.97	127.81	145.03	154.50	164.20	173.13	175.19	176.28	176.30
Less: Closing of FG	60.84	86.97	127.81	145.03	154.50	164.20	173.13	175.19	176.28	176.30	176.30
Sub Total	938.24	1,133.45	1,492.83	1,564.95	1,602.66	1,632.34	1,653.15	1,679.80	1,691.17	1,692.48	1,692.50
Administrative Expenses	8.72	10.43	11.27	12.17	12.78	13.42	14.09	14.79	15.53	16.31	17.12
Selling Expenses & Employee Benefit Expense	107.66	124.59	157.85	167.43	155.69	158.90	155.67	147.18	143.52	138.47	133.34
Allowance for doubtful debts	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Sales	1,054.62	1,268.46	1,661.94	1,744.55	1,771.13	1,804.65	1,822.90	1,841.77	1,850.23	1,847.26	1,842.97
EBDITA	102.78	115.82	142.02	168.98	175.01	181.60	185.72	188.24	200.09	204.18	208.47
Depreciation	19.87	30.93	30.93	30.86	30.86	30.86	30.85	30.85	30.85	30.85	30.85
PBIT	82.91	84.89	111.10	138.12	144.16	150.74	154.87	157.39	169.24	173.33	177.62
Finance Cost:											
Term Loan - 165 cr Loan	14.74	11.43	8.84	5.35	1.40	-	-	-	-	-	-
Strictly Private &	Confidential		TEV SPS S	TEELS RO	LLING MI	LLS LTD.	124				



Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Covid Loan - 7 cr	0.24	0.00	-	-	-	-	-	-	-	-	-
GECL Loan - 45.16 cr	3.77	3.42	2.48	1.53	0.59	-	-	-	-	-	-
Term Loan - 60 cr Loan	1.30	4.67	4.73	4.07	3.40	2.74	2.08	1.41	0.75	0.12	-
Term Loan - Proposed New Loan	-	-	4.08	3.85	3.49	2.94	2.19	1.33	0.42	0.03	-
Interest on Working Capital Loan	11.90	10.79	10.79	10.79	10.79	10.79	10.79	10.79	10.79	10.79	10.79
PBT before exceptional items	50.96	54.58	80.18	112.53	124.48	134.27	139.81	143.86	157.28	162.39	166.83
Exceptional Item/ Loss on sale of asset	-	(8.73)	-	-	-	-	-	-	-	-	-
PBT	50.96	45.85	80.18	112.53	124.48	134.27	139.81	143.86	157.28	162.39	166.83
Prov for Tax/ Current Tax/ Deferred Tax	14.94	13.44	23.51	32.99	36.50	39.37	40.99	42.18	46.12	47.61	48.91
PAT	36.02	32.40	56.67	79.54	87.98	94.90	98.82	101.68	111.17	114.78	117.91

Table 59: Projections for Balance Sheet – Unit 1 as a Whole

(Rs. In Cr.)

Balanca Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-20	2020-30	2030-31	2031-32
Dalance Sheet	2021-22	2022-23	2023-24	2024-23	2023-20	2020-27	2027-20	2020-29	2027-30	2030-31	2031-32
Equity and											
Liabilities											
Equity											
Equity Share Capital	60.00	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77
Strictly Private &		TEV SPS S	TEELS RO	OLLING M	ILLS LTD.	125					



Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Quasi Equity											
Equity Infusion 1st Expansion											
Equity Infusion 2nd Expansion											
Business Reorganization Reserve	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76	480.76
Reserve & Surplus/ Share Premium/ General Reserve etc.	(380.10)	(317.86)	(245.37)	(150.01)	(46.21)	64.52	172.23	273.91	385.07	499.85	617.76
Total Equity	160.66	226.67	299.16	394.52	498.32	609.05	716.76	818.44	929.60	1,044.38	1,162.29
Non-Current Liabilities											
Bank Borrowing							-	-	-	-	-
Bank Borrowings - in the name of Shakambhari Ispat on behalf of SPS Steels	-	-	-	-	-	-	-	-	-	-	-
Bank Borrowings - PNB (acquisition cost funding)	119.22	81.22	34.72	-	-	-	-	-	-	-	
Bank Borrowings - 60 cr for 1st expansion	35.00	52.00	44.00	36.00	28.00	20.00	12.00	4.00	-	-	

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Bank Borrowings -	15.00	47.63	46.38	41.94	35.69	28.56	18.13	13.19	7.06	1.31	-
50 cr for 2nd											
expansion											
COVID 19 Loan -	(0.00)	(0.00)	-	-	-	-	-	-	-	-	
7 cr											



Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
GECL Loan - 45.16 cr	33.88	22.60	11.32	-	-	-	-	-	-	-	-
Unsecured loan from corporate	53.70	53.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70	103.70
Long term provisions	2.37	2.84	3.70	3.93	3.99	4.08	4.12	4.17	4.21	4.21	4.11
Total Non- current Liabilities	259.17	259.98	243.82	185.57	171.38	156.34	137.95	125.05	114.97	109.22	107.81
Current Liabilities											
Current Portion of Bank Borrowings - PNB (acquisition cost funding)	28.00	38.00	46.50	34.72	-	-	-	-	-	-	
Current Portion of Bank Borrowings - 60 cr for expansion	-	8.00	8.00	8.00	8.00	8.00	8.00	8.00	4.00	-	-
Bank Borrowings - 50 cr for 2nd expansion	-	2.38	3.63	5.69	8.31	9.75	11.88	7.06	1.31	-	-
Current Portion of COVID Loan - 7 cr	0.39	-	-	-	-	-	-	-	-	-	
Current Portion of GECL Loan - 45.16 cr	11.28	11.28	11.28	11.32	-	-	-	-	-	-	-
Borrowings - WC	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00
Trade Payable	139.63	215.16	283.59	281.14	286.58	292.34	295.87	299.71	301.31	300.99	246.81

Strictly Private & Confidential



Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current maturities of bank loan	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-				
Other current liabilities	9.79	11.71	15.26	16.19	16.46	16.80	16.99	17.17	17.35	17.36	17.36
Short term provisions	0.16	0.19	0.24	0.26	0.26	0.27	0.27	0.27	0.28	0.28	0.30
Current Liabilities	319.24	416.71	498.50	487.31	449.62	457.17	463.00	462.22	454.24	448.62	394.46
Total Liabilities	739.08	903.37	1,041.48	1,067.40	1,119.33	1,222.55	1,317.71	1,405.71	1,498.82	1,602.22	1,664.57
Assets											
Non Current Assets											
Property, plant & machinery	100.05	217.71	202.62	187.57	172.53	157.50	135.53	104.68	73.83	42.98	12.13
CWIP - 1st Expansion	32.85	-	-	-	-	-	-	-	-	-	-
CWIP - 2nd Expansion	23.93	-	-	-	-	-	-	-	-	-	-
Intangible Asset	-	-	-	-	-	-	-	-	-	-	
Financial Asset											
Investments	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01
Other non-current assets	-	-	-	-	-	-	-	-	-	-	
Total Non-	176.84	237.72	222.63	207.58	192.54	177.51	155.54	124.69	93.84	62.99	32.14
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Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
current assets											
Current Assets											
Inventories	186.40	280.25	385.55	410.09	424.94	440.06	452.58	458.23	461.13	461.16	461.16
Financial Assets											
Trade receivables	185.73	271.65	354.19	375.74	382.15	390.04	394.44	398.65	402.64	402.86	341.41
Cash and cash equivalent	137.36	56.00	16.39	6.25	6.95	37.21	82.41	86.40	98.46	127.47	177.12
Loans	-	-	-	-	-	-	-	-	-	-	
Other financial assets	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53
Current tax assets	-	-	-	-	-	-	-	-	-	-	
Other current assets	50.21	55.21	60.21	65.21	70.21	75.21	80.21	85.21	90.21	95.21	100.21
Total Current Assets	562.23	665.64	818.86	859.82	886.78	945.05	1,012.16	1,031.01	1,054.97	1,089.23	1,082.42
Reserve for recapitalization					40.00	100.00	150.00	250.00	350.00	450.00	550.00
Total Assets	739.07	903.37	1,041.49	1,067.40	1,119.33	1,222.55	1,317.71	1,405.71	1,498.82	1,602.22	1,664.57



Table 60: Projections for Cash Flow – Unit 1 as a Whole

										(1	Rs. In Cr.)
Cash Flow Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Inflow of Cash											
Increase in Equity	41.72	17.81	-	-	-	-	-	-	-	-	-
Increase in Quasi Equity	-	-	-	-	-	-	-	-	-	-	-
Increase in equity infusion - 1st expansion	-	-	-	-	-	-	-	-	-	-	-
Increase in equity infusion - 2nd expansion	_	-	-	-	-	-	-	-	-	-	-
Increase in corporate loan	-	-	50.00	-	-	-	-	-	-	-	-
Increase in existing term loans	(21.95)	(38.00)	(46.50)	(34.72)	-	-	-	-	-	-	-
Increase in 60 cr term loan	35.00	17.00	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(4.00)	-	-
Increase in 50 cr term loan	15.00	32.63	(1.25)	(4.44)	(6.25)	(7.13)	(10.44)	(4.94)	(6.13)	(5.75)	(1.31)
Increase in GECL Loan	33.88	(11.28)	(11.28)	(11.32)	-	-	-	-	-	-	-
Increase in long term provisions	0.29	0.47	0.86	0.23	0.07	0.08	0.05	0.04	0.04	0.00	(0.10)
Increase in current liabilities	143.38	97.47	81.79	(11.19)	(37.69)	7.54	5.84	(0.79)	(7.97)	(5.62)	(54.15)
Net Profit	36.02	32.40	56.67	79.54	87.98	94.90	98.82	101.68	111.17	114.78	117.91
Add: Depreciation	19.87	30.93	30.93	30.86	30.86	30.86	30.85	30.85	30.85	30.85	30.85
Total Inflow	303.22	179.43	153.22	40.96	66.96	118.26	117.12	118.85	123.96	134.26	93.19

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Cash Flow Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Outflow of Cash											
Increase in capital expenditure (Asset + CWIP)	62.27	75.99	-	-	-	-	-	-	-	-	-
Increase in current asset	112.61	184.77	192.84	51.09	26.26	28.00	21.92	14.86	11.89	5.25	(56.45)
Increase in non-current assests	(8.62)	-	-	-	-	-	-	-	-	-	-
Increase in Recapitalization reserve	-	-	-	-	40.00	60.00	50.00	100.00	100.00	100.00	100.00
Total Outflow	166.27	260.76	192.84	51.09	66.26	88.00	71.92	114.86	111.89	105.25	43.55
Opening Cash	0.41	137.36	56.00	16.39	6.25	6.95	37.21	82.41	86.40	98.46	127.47
Surplus/ Deficit	136.95	(81.35)	(39.62)	(10.14)	0.70	30.26	45.20	3.99	12.07	29.01	49.65
Closing Cash	137.36	56.00	16.39	6.25	6.95	37.21	82.41	86.40	98.46	127.47	177.12

5.7. Financial Projections (Standalone for Expansion Project)

Table 61: Projections	for Profit &	Loss Statement -	Standalone
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(Rs. In Cr.)

Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Gross Operating	203.90	509.76	988.49	1,082.12	1,100.59	1,123.32	1,135.99	1,148.10	1,159.60	1,160.24	1,199.09
Revenue											
Less GST/ Excise duty as applicable during the period	31.10	77.76	150.79	165.07	167.89	171.35	173.29	175.13	176.89	176.99	176.99



Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Net Operating Revenue from manufacturing by owner	172.80	432.00	837.70	917.05	932.71	951.96	962.70	972.96	982.71	983.25	983.25
Other income	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	172.80	432.00	837.70	917.05	932.71	951.96	962.70	972.96	982.71	983.25	983.25
Total Expenditure											
Raw Material	150.63	321.56	653.93	672.08	685.69	699.29	708.37	717.44	721.97	721.97	721.97
Consumables	2.82	7.04	13.66	14.95	15.21	15.52	15.70	15.86	16.02	16.03	16.03
Power & Fuel	19.44	51.84	72.09	72.31	72.47	72.63	72.74	72.85	72.90	72.90	72.90
Direct Labour	2.48	6.20	12.01	13.15	13.38	13.65	13.81	13.95	14.09	14.10	14.10
Other Manufacturing Exp	0.06	0.15	0.29	0.32	0.32	0.33	0.33	0.34	0.34	0.34	0.34
Sub Total	175.43	386.79	751.98	772.80	787.06	801.43	810.94	820.44	825.33	825.35	825.35
Add: Op of WIP	-	2.44	8.06	15.67	16.10	16.40	16.70	16.89	17.09	17.19	17.19
Less: Closing of WIP	2.44	8.06	15.67	16.10	16.40	16.70	16.89	17.09	17.19	17.19	17.19
Cost of Production	172.99	381.16	744.38	772.37	786.76	801.13	810.74	820.24	825.23	825.35	825.35
Add: Op of FG	-	10.81	28.59	62.03	70.80	75.40	80.11	84.45	85.44	85.96	85.97
Less: Closing of FG	10.81	28.59	62.03	70.80	75.40	80.11	84.45	85.44	85.96	85.97	85.97
Sub Total	162.18	363.39	710.93	763.60	782.16	796.41	806.40	819.25	824.71	825.33	825.35
Administrative Expenses	1.30	3.26	3.52	3.80	3.99	4.19	4.40	4.62	4.85	5.09	5.34
Selling Expenses & Employee Benefit Expense	16.07	38.88	73.30	80.24	74.62	76.16	74.61	70.54	68.79	66.37	63.91

Strictly Private & Confidential



Profit & Loss Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Allowance for	-	-	-	-	-	-	-	-	-	-	-
doubtful debts											
Total Cost of	179.55	405.52	787.75	847.64	860.77	876.76	885.41	894.41	898.34	896.79	894.60
Sales											
EBDITA	(6.75)	26.48	49.96	69.41	71.94	75.21	77.29	78.56	84.37	86.46	88.65
Depreciation	-	0.96	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
PBIT	(6.75)	25.52	44.21	63.67	66.19	69.46	71.55	72.81	78.62	80.71	82.90
Finance Cost:											
Term Loan -	-	-	1.04	4.15	4.08	3.85	3.49	2.94	2.19	1.33	0.28
Proposed New											
Loan											
Interest on	4.76	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
Working Capital											
Loan										_	
PBT before	(11.51)	21.20	38.86	55.20	57.80	61.29	63.74	65.55	72.11	75.07	78.30
exceptional items											
Exceptional Item/	-	(0.72)	-	-	-	-	-	-	-	-	-
Loss on sale of		(8.73)									
DDT	(11 51)	12.47	20.00	55 20	57 90	(1.20	(274	(5.55	70.11	75.07	70.20
PBI	(11.51)	12.47	38.80	55.20	57.80	61.29	63./4	05.55	/2.11	/5.0/	/8.30
Prov for Tax/		3.66	11.39	16.18	16.95	17.97	18.69	19.22	21.14	22.01	22.96
Current Tax/											
Deferred Tax											
PAT	(11.51)	8.81	27.46	39.02	40.85	43.32	45.05	46.33	50.97	53.06	55.35



Table 62: Projections for Balance Sheet – Standalone

											(Rs. In Cr.)
Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Equity and Liabilities											
Equity											
Quasi Equity	161.73	170.00	190.00	190.00	190.00	190.00	190.00	190.00	190.00	190.00	190.00
Equity Infusion 2nd Expansion			30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Reserve & Surplus/ Share Premium/ General Reserve etc.	(11.51)	(2.70)	24.77	63.78	104.63	147.95	193.00	239.34	290.31	343.36	398.71
Total Equity	150.22	167.30	244.76	283.78	324.63	367.95	413.00	459.34	510.30	563.36	618.71
Non-Current Liabilities											
Bank Borrowings - 50 cr for 2nd expansion	15.00	50.00	50.00	47.63	44.00	38.31	30.00	20.25	8.38	-	-
Long term provisions	0.36	0.89	1.72	1.89	1.92	1.96	1.98	2.00	2.02	2.02	4.11
Total Non-current Liabilities	15.36	50.89	51.72	49.51	45.92	40.27	31.98	22.25	10.40	2.02	4.11
Current Liabilities											
Bank Borrowings - 50 cr for 2nd expansion	-	-	-	2.38	3.63	5.69	8.31	9.75	11.88	8.38	-
Borrowings - WC	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00

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Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Trade Payable	35.72	71.15	144.17	137.22	139.83	142.59	144.28	146.13	146.90	146.74	120.33
Other current liabilities	1.46	3.65	7.09	7.76	7.89	8.05	8.14	8.23	8.31	8.32	8.32
Short term provisions	0.02	0.06	0.11	0.12	0.13	0.13	0.13	0.13	0.13	0.13	0.14
Current Liabilities	89.20	126.86	203.37	199.47	203.47	208.46	212.87	216.24	219.22	215.57	180.79
Total Liabilities	254.78	345.05	499.86	532.76	574.02	616.68	657.85	697.83	739.92	780.95	803.60
Assets											
Non Current Assets											
Property, plant & machinery	-	67.81	62.07	56.32	50.57	44.82	39.08	33.33	27.58	21.84	16.09
CWIP - 2nd Expansion	23.93	-	-	-	-	-	-	-	-	-	-
Other financial assets	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01	20.01
Total Non-current assets	43.94	87.82	82.08	76.33	70.58	64.83	59.09	53.34	47.59	41.85	36.10
Current Assets											
Inventories	38.59	90.83	187.82	200.16	207.34	214.65	220.72	223.43	224.82	224.83	224.83
Financial Assets											
Trade receivables	33.98	84.96	164.75	180.35	183.43	187.22	189.33	191.35	193.27	193.37	163.88
Cash and cash equivalent	85.53	23.71	2.47	8.18	39.92	72.24	105.98	141.97	181.50	223.16	276.05

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Balance Sheet	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Loans	-	-	-	-	-	-	-	-	-	-	
Other financial assets	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53
Current tax assets	-	-	-	-	-	-	-	-	-	-	
Other current assets	50.21	55.21	60.21	65.21	70.21	75.21	80.21	85.21	90.21	95.21	100.21
Total Current Assets	210.84	257.23	417.78	456.43	503.44	551.85	598.76	644.49	692.32	739.10	767.50
Total Assets	254.78	345.05	499.86	532.76	574.02	616.68	657.85	697.83	739.92	780.95	803.60

Table 63: Projections for Cash Flow Statement – Standalone

(Rs. In Cr)

Cash Flow Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Inflow of Cash											
Increase in Quasi Equity	161.73	8.27	20.00	-	-	-	-	-	-	-	-
Increase in equity infusion - 2nd expansion	-	-	30.00	-	-	-	-	-	-	-	-
Increase in 50 cr term loan	15.00	35.00	-	(2.38)	(3.63)	(5.69)	(8.31)	(9.75)	(11.88)	(8.38)	-
Increase in long term provisions	0.36	0.53	0.83	0.16	0.03	0.04	0.02	0.02	0.02	0.00	2.09
Increase in current liabilities	89.20	37.66	76.51	(3.90)	4.00	4.99	4.41	3.37	2.98	(3.65)	(34.78)
Net Profit	(11.51)	8.81	27.46	39.02	40.85	43.32	45.05	46.33	50.97	53.06	55.35

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Cash Flow Statement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Add: Depreciation	-	0.96	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Total Inflow	254.78	91.23	160.55	38.65	47.00	48.41	46.91	45.72	47.84	46.78	28.40
Outflow of Cash											
Increase in capital expenditure (Asset + CWIP)	23.93	44.84	-	-	-	-	-	-	-	-	-
Increase in current asset	125.72	108.21	181.79	32.94	15.26	16.09	13.18	9.73	8.31	5.12	(24.50)
Increase in non-current assests	20.01	-	-	-	-	-	-	-	-	-	-
Total Outflow	169.66	153.06	181.79	32.94	15.26	16.09	13.18	9.73	8.31	5.12	(24.50)
Opening Cash	0.41	85.53	23.71	2.47	8.18	39.92	72.24	105.98	141.97	181.50	223.16
Surplus/ Deficit	85.12	(61.82)	(21.23)	5.71	31.74	32.32	33.74	35.99	39.53	41.66	52.89
Closing Cash	85.53	23.71	2.47	8.18	39.92	72.24	105.98	141.97	181.50	223.16	276.05

5.8. Unsecured Loan and fund infusion

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Based on the audited financials and information available at MCA website, it is evident that the paid-up capital for the company is Rs. 50 crores. Additionally, in view of the capex requirement under ongoing expansion 1 & 2 plan of the company, it requires fund infusion in form of quasi equity/ unsecured loan from the promoters of Rs. 70 crores, equity infusion of Rs. 9.52 crores for expansion 1 project and Rs. 30 crores for expansion 2 project and utilization of internal accrual for day-to-day running of the company. The internal accrual of SPS Steels in FY2020-21 is Rs. 120.90 crores.

Till 10.11.2021 an expense of Rs. 33.95 crores have been incurred for expansion 1 plan of the company and the same has been funded from the promoters' contribution in form of unsecured loan. The company has submitted the CA Certificate dated 15.11.2021 duly signed by CA Gaurav Agarwal (UDIN No. 21307455AAAAFZ2575) on behalf of Uttam Agarwal and Associates for certifying the expense incurred for the project.

Till 10.11.2021, an expense of Rs. 33.95 crores have been incurred for this expansion 1 plan of the company which has been funded from the promoters contribution in form on unsecured loan for Rs. 27.82 crores and from term loan of Rs. 6.13 crores. It may be noted that till date term loan instalment of Rs. 6.13 Crores is disbursed.

Till 10.11.2021 an expense of Rs. 7.78 crores have been incurred for expansion 2 plan and the same has been funded from the promoters' contribution in form of unsecured loan. The company has submitted the CA Certificate dated 15.11.2021 duly signed by CA Gaurav Agarwal (UDIN No. 21307455AAAAFY7363) on behalf of Uttam Agarwal and Associates for certifying the expense incurred for the project.

As per the above, it is evident that till date an unsecured loan of Rs. 35.60 crores have been mobilized by the company till 10.11.2021 and the company requires further infusion of Rs. 73.01 crores by end of FY2023.

The internal accrual of SPS Steels in FY2020-21 is Rs. 120.90 crores. Further, as per the current financial projections, the Cash and Cash equivalent for FY22 and FY23 are Rs. 176.31 Crores and Rs. 86.36 Crores respectively.

In case of any shortfall, the Shakambhari Group will support for the funding in the capex plans of the company. In view of the past trends for fund infusion by the company in terms of unsecured loan from corporates and the performance of the parent company SPSSRML, it is expected that the fund infusion will not be a problem for the company.

5.9. Term Loans

a. Repayment of the term loan of Rs. 165 Crs as availed by SIPL for the acquisition of M/s SPS Steels Rolling Mills Ltd.

The term loan of Rs. 165 Crs as availed in the name of SIPL during the acquisition process has been transferred in the name of M/s SPS Steels Rolling Mills Ltd. with perfection of



security. The same has been verified based on the sanction letter dated 29.01.2021 issued by PNB, Kolkata.

The interest for the period March 2020 – August 2020 has been added to the principal outstanding balance of the loan in line with the RBI guidelines for COVID 19 and the internal policy of the concerned lender.

The repayment schedule for the existing term loan for M/s SPS Steels Rolling Mills Ltd. is as follows:-

				(Rs. Crores)
Qtr	Opening Balance	Interest	Principal	Closing Balance
Jun-21	167.22	4.18	4.00	163.22
Sep-21	163.22	4.08	4.00	159.22
Dec-21	159.22	3.30	6.00	153.22
Mar-22	153.22	3.18	6.00	147.22
Jun-22	147.22	3.05	6.00	141.22
Sep-22	141.22	2.93	6.00	135.22
Dec-22	135.22	2.81	8.00	127.22
Mar-23	127.22	2.64	8.00	119.22
Jun-23	119.22	2.47	8.00	111.22
Sep-23	111.22	2.31	8.00	103.22
Dec-23	103.22	2.14	11.00	92.22
Mar-24	92.22	1.91	11.00	81.22
Jun-24	81.22	1.69	11.00	70.22
Sep-24	70.22	1.46	11.00	59.22
Dec-24	59.22	1.23	12.25	46.97
Mar-25	46.97	0.97	12.25	34.72
Jun-25	34.72	0.72	12.25	22.47
Sep-25	22.47	0.47	12.25	10.22
Dec-25	10.22	0.21	10.22	-

Table 64: Repayment of Proposed Term Loan of Rs. 165 Crs at ROI of 8.30 % p.a.

b. Repayment of COVID 19 Term Loan of Rs. 7 Cr.

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In congruence of the sanctioned terms for the COVID 19 term loan of Rs. 7 crores (door- todoor tenure of 24 months with moratorium of 6 months and ROI of 8.30%), the repayment schedule for the loan is as below:-



				(Rs. Crores)
Month	Opening Balance	Interest	Principal	Closing Balance
May-20	7.00	0.05	-	7.00
Jun-20	7.00	0.05	-	7.00
Jul-20	7.00	0.05	-	7.00
Aug-20	7.00	0.05	-	7.00
Sep-20	7.00	0.05	-	7.00
Oct-20	7.00	0.05	-	7.00
Nov-20	7.00	0.05	0.39	6.61
Dec-20	6.61	0.05	0.39	6.22
Jan-21	6.22	0.04	0.39	5.83
Feb-21	5.83	0.04	0.39	5.44
Mar-21	5.44	0.04	0.39	5.06
Apr-21	5.06	0.03	0.39	4.67
May-21	4.67	0.03	0.39	4.28
Jun-21	4.28	0.03	0.39	3.89
Jul-21	3.89	0.03	0.39	3.50
Aug-21	3.50	0.02	0.39	3.11
Sep-21	3.11	0.02	0.39	2.72
Oct-21	2.72	0.02	0.39	2.33
Nov-21	2.33	0.02	0.39	1.94
Dec-21	1.94	0.01	0.39	1.56
Jan-22	1.56	0.01	0.39	1.17
Feb-22	1.17	0.01	0.39	0.78
Mar-22	0.78	0.01	0.39	0.39
Apr-22	0.39	0.00	0.39	(0.00)

Table 65: Repayment of COVID 19 Term Loan of Rs. 7 Crs

c. Repayment of the term loan of Rs. 60 Crs as sanctioned for First Expansion Plan In congruence of the sanctioned terms for Rs. 60 Crs term loan, the door-to-door tenure is 10 years with the repayment commencing from 30.06.2023 at an ROI of 8.30% p.a.

Interest will be served as and when charged.

The disbursement has been planned as per the below:-

Qtr	Disbursement Amount (Rs. Cr)			
Sep-21	6.12			
Dec-21	18.88			
Mar-22	10.00			

 Table 66: Proposed Term Loan Disbursement Schedule



Jun-22	10.00
Sep-22	15.00
Total	60.00

Table 67: Repayment of the Term Loan of Rs. 60 Crs

				(Rs. in Cr)
Qtr	Opening Balance	Interest	Principal	Closing Balance
Sep-21	6.12	0.15	-	6.12
Dec-21	25.00	0.52	-	25.00
Mar-22	35.00	0.73	-	35.00
Jun-22	45.00	0.93	-	45.00
Sep-22	60.00	1.25	-	60.00
Dec-22	60.00	1.25	-	60.00
Mar-23	60.00	1.25	-	60.00
Jun-23	60.00	1.25	2.00	58.00
Sep-23	58.00	1.20	2.00	56.00
Dec-23	56.00	1.16	2.00	54.00
Mar-24	54.00	1.12	2.00	52.00
Jun-24	52.00	1.08	2.00	50.00
Sep-24	50.00	1.04	2.00	48.00
Dec-24	48.00	1.00	2.00	46.00
Mar-25	46.00	0.95	2.00	44.00
Jun-25	44.00	0.91	2.00	42.00
Sep-25	42.00	0.87	2.00	40.00
Dec-25	40.00	0.83	2.00	38.00
Mar-26	38.00	0.79	2.00	36.00
Jun-26	36.00	0.75	2.00	34.00
Sep-26	34.00	0.71	2.00	32.00
Dec-26	32.00	0.66	2.00	30.00
Mar-27	30.00	0.62	2.00	28.00
Jun-27	28.00	0.58	2.00	26.00
Sep-27	26.00	0.54	2.00	24.00
Dec-27	24.00	0.50	2.00	22.00
Mar-28	22.00	0.46	2.00	20.00
Jun-28	20.00	0.42	2.00	18.00
Sep-28	18.00	0.37	2.00	16.00
Dec-28	16.00	0.33	2.00	14.00
Mar-29	14.00	0.29	2.00	12.00
Jun-29	12.00	0.25	2.00	10.00
Sep-29	10.00	0.21	2.00	8.00
Dec-29	8.00	0.17	2.00	6.00

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Qtr	Opening Balance	Interest	Principal	Closing Balance
Mar-30	6.00	0.12	2.00	4.00
Jun-30	4.00	0.08	2.00	2.00
Sep-30	2.00	0.04	2.00	-

d. Repayment of the GECL loan of Rs. 45.16 Crs

As per the information received from the company, the repayment for the GECL loan availed on 07.04.2021 will be done in 16 quarters as per the below:-

				(Itol III OI)
Qtr	Opening Balance	Interest	Principal	Closing Balance
Jun-22	45.16	0.94	2.82	42.34
Sep-22	42.34	0.88	2.82	39.52
Dec-22	39.52	0.82	2.82	36.70
Mar-23	36.70	0.77	2.82	33.88
Jun-23	33.88	0.71	2.82	31.06
Sep-23	31.06	0.65	2.82	28.24
Dec-23	28.24	0.59	2.82	25.42
Mar-24	25.42	0.53	2.82	22.60
Jun-24	22.60	0.47	2.82	19.78
Sep-24	19.78	0.41	2.82	16.96
Dec-24	16.96	0.35	2.82	14.14
Mar-25	14.14	0.30	2.82	11.32
Jun-25	11.32	0.24	2.82	8.50
Sep-25	8.50	0.18	2.82	5.68
Dec-25	5.68	0.12	2.82	2.86
Mar-26	2.86	0.06	2.86	-

Table 68: Repayment of GECL of Rs. 45.16 Crs

The ROI for the loan has been considered as 8.35% (MCLR + 1%) as per the RBI Circular for GECL 2.0.

e. Repayment of the proposed term loan of Rs. 50 Crs to be sanctioned for Second Expansion Plan

The proposed repayment terms and conditions are:-

Loan Amount	50.00	Rs. Crores
ROI	8.30%	p.a.
Door-to-door tenure	40	Qtr

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(Rs in Cr)


Moratorium post	-	
COD	5	Qtr
Project		
Implementation	9	Qtr
Repayment Period	26	Qtr

The proposed disbursement schedule is:-

Qtr	Disbursement Amount (Rs. Cr)
Mar-22	15.00
Jun-22	10.00
Sep-22	10.00
Dec-22	15.00
Total	50.00

The proposed repayment schedule is:-

Table 71: Proposed Repayment Schedule for Term Loan of Rs. 50 Crs

(Rs. Crores)

Sl. No.	Qtr	Opening Balance	Interest	Principal	Closing Balance
1	Dec-21	0.00	0.00	-	0.00
2	Mar-22	0.00	0.41	-	15.00
3	Jun-22	25.00	0.52	-	25.00
4	Sep-22	35.00	0.73	-	35.00
5	Dec-22	50.00	1.04	-	50.00
6	Mar-23	50.00	1.04	-	50.00
7	Jun-23	50.00	1.04	-	50.00
8	Sep-23	50.00	1.04	-	50.00
9	Dec-23	50.00	1.04	-	50.00
10	Mar-24	50.00	1.04	-	50.00
11	Jun-24	50.00	1.04	0.50	49.50
12	Sep-24	49.50	1.03	0.63	48.88
13	Dec-24	48.88	1.01	0.63	48.25
14	Mar-25	48.25	1.00	0.63	47.63
15	Jun-25	47.63	0.99	0.63	47.00

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16	Sep-25	47.00	0.98	1.00	46.00
17	Dec-25	46.00	0.95	1.00	45.00
18	Mar-26	45.00	0.93	1.00	44.00
19	Jun-26	44.00	0.91	1.00	43.00
20	Sep-26	43.00	0.89	1.56	41.44
21	Dec-26	41.44	0.86	1.56	39.88
22	Mar-27	39.88	0.83	1.56	38.31
23	Jun-27	38.31	0.79	1.56	36.75
24	Sep-27	36.75	0.76	2.25	34.50
25	Dec-27	34.50	0.72	2.25	32.25
26	Mar-28	32.25	0.67	2.25	30.00
27	Jun-28	30.00	0.62	2.25	27.75
28	Sep-28	27.75	0.58	2.50	25.25
29	Dec-28	25.25	0.52	2.50	22.75
30	Mar-29	22.75	0.47	2.50	20.25
31	Jun-29	20.25	0.42	2.50	17.75
32	Sep-29	17.75	0.37	3.13	14.63
33	Dec-29	14.63	0.30	3.13	11.50
34	Mar-30	11.50	0.24	3.13	8.38
35	Jun-30	8.38	0.17	3.13	5.25
36	Sep-30	5.25	0.11	1.31	3.94
37	Dec-30	3.94	0.08	1.31	2.63
38	Mar-31	2.63	0.05	1.31	1.31
39	Jun-31	1.31	0.03	1.31	_
40	Sep-31	-	-	-	-

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5.10. Financial Evaluation

a. Break-even Point Analysis

	Table 72: Break-Even	Point Analysis -	- Company as	a Whole
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Break-even Point Analysis -2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 Company as a Whole 1.157.40 1.408.54 1.936.37 2.062.57 2.095.88 2.135.99 2.158.36 2.179.74 2.200.05 2.201.17 2.201.17 Revenue (A) Variable Cost: 868.49 1.379.10 1.424.04 1.449.93 1.475.81 1.522.90 1.522.90 1.012.55 1.494.55 1.513.45 1.522.90 Raw Material Consumption Consumption of Stores and 18.82 23.61 33.37 35.60 36.19 36.91 37.27 37.62 37.95 37.97 37.97 Spares 82.91 157.14 126.04 154.01 154.91 155.75 156.58 156.81 157.03 157.14 157.14 Power & Fuel Cost 32.20 32.97 33.88 34.92 35.43 35.68 35.92 16.56 21.14 30.05 34.40 Production Staff Salary Expense 0.94 2.07 2.73 3.08 3.13 3.19 3.50 3.56 0.40 2.57 2.65 Other Manufacturing Expense Selling, Admin and General 153.55 158.82 162.96 93.11 113.01 168.73 160.52 160.34 150.67 146.73 142.77 Expense 1,080.28 1,297.30 1,757.42 1,818.06 1,838.02 1,868.87 1,886.45 1,899.70 1,907.29 1,903.93 1,900.27 Total Variable Expenses (B) 111.24 178.94 244.51 257.86 267.12 271.92 280.04 292.76 297.25 300.90 77.13 Contribution (A-B) Fixed Cost-: Selling, Admin and General 23.28 28.25 39.71 42.18 40.13 40.74 38.39 37.67 40.08 36.68 35.69 Expense Depreciation 38.73 19.87 35.96 38.80 38.73 38.73 38.72 38.72 38.72 38.72 38.72

(Rs. Crores)



Break-even Point Analysis - Company as a Whole	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Finance Cost	31.95	37.85	46.63	41.37	34.87	30.95	28.42	25.69	22.83	20.40	18.73
Total Fixed Cost	75.09	102.07	125.14	122.28	113.73	110.42	107.23	102.80	99.22	95.81	93.15
Cash Break Even Point (Sales)	828.71	837.02	934.29	704.80	609.60	573.29	543.77	498.75	454.63	422.73	398.14
Average Cash Break Even Point	618.70										
Break Even Point (Sales)	1,126.87	1,292.41	1,354.11	1,031.48	924.37	882.96	851.11	800.13	745.60	709.46	681.39
Average Break Even Point	945.44										

Table 73: Break-Even Point Analysis – Unit 1 as a Whole

(Rs. Crores)

Break Even Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenue (A)	1,157.40	1,384.28	1,803.96	1,913.53	1,946.14	1,986.26	2,008.63	2,030.01	2,050.31	2,051.44	2,051.44
Variable Cost:											
Raw Material	663.49	1,002.14	1,339.11	1,376.91	1,405.26	1,433.61	1,452.51	1,471.41	1,480.86	1,480.86	1,480.86
Consumables	18.82	22.52	29.36	31.15	31.68	32.33	32.70	33.05	33.38	33.40	33.40
Power & Fuel	82.91	125.30	146.48	146.93	147.27	147.60	147.83	148.05	148.17	148.17	148.17
Direct Labour	16.56	19.81	25.83	27.40	27.87	28.44	28.76	29.07	29.36	29.38	29.38
Other Manufacturing Exp	0.40	0.48	0.62	0.66	0.67	0.69	0.69	0.70	0.71	0.71	0.71
Administrative Expense	1.74	2.09	2.25	2.43	2.56	2.68	2.82	2.96	3.11	3.26	3.42



Break Even Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Selling Expense	96.89	112.13	142.06	150.69	140.12	143.01	140.10	132.46	129.17	124.62	120.01
Total Variable Expenses (B)	880.81	1,284.46	1,685.71	1,736.17	1,755.42	1,788.37	1,805.41	1,817.69	1,824.75	1,820.39	1,815.94
Contribution (A-B)	276.59	99.82	118.25	177.36	190.72	197.89	203.22	212.32	225.57	231.05	235.50
Fixed Cost-:											
Administrative Expenses	6.98	8.35	9.01	9.73	10.22	10.73	11.27	11.83	12.42	13.05	13.70
Selling Expenses	10.77	12.46	15.78	16.74	15.57	15.89	15.57	14.72	14.35	13.85	13.33
Depreciation	19.87	30.93	30.93	30.86	30.86	30.86	30.85	30.85	30.85	30.85	30.85
Finance Cost	26.64	22.22	19.63	16.14	12.19	10.79	10.79	10.79	10.79	10.79	10.79
Total Fixed Cost	64.25	73.96	75.35	73.47	68.84	68.27	68.48	68.19	68.42	68.53	68.67
Cash Break Even Point – Sales	185.72	596.64	677.73	459.76	387.54	375.51	371.90	357.02	341.46	334.58	329.47
Average Cash Break Even Point – Sales	401.58										

Table 74: Break-Even Point Analysis – Standalone Expansion Project

		(Rs. Crore						Rs. Crores)			
Break Even Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenue (A)	172.80	432.00	837.70	917.05	932.71	951.96	962.70	972.96	982.71	983.25	983.25
Variable Cost:											
Raw Material	150.63	321.56	653.93	672.08	685.69	699.29	708.37	717.44	721.97	721.97	721.97
Consumables	2.82	7.04	13.66	14.95	15.21	15.52	15.70	15.86	16.02	16.03	16.03



Break Even Analysis	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Power & Fuel	19.44	51.84	72.09	72.31	72.47	72.63	72.74	72.85	72.90	72.90	72.90
Direct Labour	2.48	6.20	12.01	13.15	13.38	13.65	13.81	13.95	14.09	14.10	14.10
Other Manufacturing Exp	0.06	0.15	0.29	0.32	0.32	0.33	0.33	0.34	0.34	0.34	0.34
Administrative Expense	0.26	0.65	0.70	0.76	0.80	0.84	0.88	0.92	0.97	1.02	1.07
Selling Expense	14.47	34.99	65.97	72.22	67.15	68.54	67.15	63.49	61.91	59.73	57.52
Total Variable Expenses (B)	190.15	422.43	818.66	845.78	855.01	870.80	878.97	884.85	888.21	886.10	883.93
Contribution (A-B)	(17.35)	9.57	19.05	71.27	77.70	81.16	83.73	88.12	94.50	97.15	99.32
Fixed Cost-:											
Administrative Expenses	1.04	2.60	2.81	3.04	3.19	3.35	3.52	3.69	3.88	4.07	4.27
Selling Expenses	1.61	3.89	7.33	8.02	7.46	7.62	7.46	7.05	6.88	6.64	6.39
Depreciation	-	0.96	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Finance Cost	4.76	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
Total Fixed Cost	7.41	11.77	20.21	21.13	20.71	21.03	21.04	20.81	20.82	20.77	20.73
Cash Break Even Point – Sales	(73.76)	487.87	635.95	197.87	179.68	179.24	175.83	166.31	156.73	152.05	148.32
Average Cash Break Even Point – Sales	218.74										

b. Debt Service Coverage Ratio (DSCR)

In FY2031-32, the term loan repayment is only for 6 months and hence the cash accruals have been considered for 6 months only for DSCR computation of the year.



									(Rs. in Lakhs)						
DSCR Calculation - Company as a Whole	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032				
Cash Accruals	55.89	66.85	112.72	139.70	149.08	158.26	163.15	167.23	177.99	182.74	187.26				
Interest Expense	20.05	21.65	29.67	23.93	17.14	12.94	10.41	7.68	4.82	2.39	0.72				
Principal Payment	24.67	39.67	57.28	68.16	67.67	24.69	29.31	31.75	34.88	27.06	19.31				
Interest Expense	20.05	21.65	29.67	23.93	17.14	12.94	10.41	7.68	4.82	2.39	0.72				
DSCR	1.70	1.44	1.64	1.78	1.96	4.55	4.37	4.44	4.61	6.29	9.38				
Average DSCR	2.97	7													
Maximum DSCR	9.38	8													
Minimum DSCR	1.44	4													

Table 75: DSCR Calculation – Company as a Whole

Table 76: DSCR Calculation – Unit 1 as a Whole

									(Rs. in	Cr)	
DSCR Calculation	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash Accruals	55.89	63.34	87.60	110.39	118.84	125.76	129.67	132.53	142.02	145.63	74.38
Interest Term Loans - 165 cr	14.74	11.43	8.84	5.35	1.40	-	-	-	-	-	-
Interest - Covid Loan	0.24	0.00	-	-	-	-	-	-	-	-	-
Interest 60 Cr Loan	1.30	4.67	4.73	4.07	3.40	2.74	2.08	1.41	0.75	0.12	-
Interest 50 Cr Loan	-	-	4.08	3.85	3.49	2.94	2.19	1.33	0.42	0.03	-
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DSCR Calculation	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Interest GECL Loan	3.77	3.42	2.48	1.53	0.59	-	-	-	-	-	-
Total	75.94	82.86	107.72	125.19	127.73	131.44	133.94	135.27	143.18	145.78	74.38
Interest Payment											
Term Loan 165 cr	14.74	11.43	8.84	5.35	1.40	-	-	-	-	-	-
Covid Loan	0.24	0.00	-	-	-	-	-	-	-	-	-
60 Cr Loan	1.30	4.67	4.73	4.07	3.40	2.74	2.08	1.41	0.75	0.12	-
50 Cr Loan	-	-	4.08	3.85	3.49	2.94	2.19	1.33	0.42	0.03	-
GECL Loan	3.77	3.42	2.48	1.53	0.59	-	-	-	-	-	-
Principal Payment											
Term Loan 165 cr	20.00	28.00	38.00	46.50	34.72	-	-	-	-	-	-
Covid Loan	4.67	0.39	-	-	-	-	-	-	-	-	-
60 Cr Loan	-	-	8.00	8.00	8.00	8.00	8.00	8.00	8.00	4.00	-
50 Cr Loan	-	-	-	2.38	3.63	5.69	8.31	9.75	11.88	7.06	1.31
GECL Loan	-	11.28	11.28	11.28	11.32	-	-	-	-	-	-
Total Debt Payment	44.72	59.19	77.40	82.95	66.55	19.37	20.58	20.49	21.04	11.21	1.31
DSCR	1.70	1.40	1.39	1.51	1.92	6.79	6.51	6.60	6.80	13.00	56.67
Average DSCR	3.35										
Maximum DSCR											
	56.67										
Minimum DSCR	1.39										



									(Rs. in Cr)
DSCR Calculation	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Cash Accruals	33.21	44.76	46.60	49.07	50.80	52.08	56.71	58.80	30.55
Interest 50 Cr Loan	1.04	4.15	4.08	3.85	3.49	2.94	2.19	1.33	0.28
Total	34.25	48.91	50.68	52.92	54.29	55.02	58.91	60.13	30.83
Interest Payment									
50 Cr Loan	1.04	4.15	4.08	3.85	3.49	2.94	2.19	1.33	0.28
Principal Payment									
50 Cr Loan	-	-	2.38	3.63	5.69	8.31	9.75	11.88	8.38
Total Debt Payment	1.04	4.15	6.45	7.48	9.18	11.26	11.94	13.21	8.66
DSCR	33.01	11.79	7.85	7.08	5.91	4.89	4.93	4.55	3.56
Average DSCR	6.08								
Maximum DSCR	33.01								
Minimum DSCR	3.56								

Table 77: DSCR Calculation – Standalone



Return on Capital Employed (ROCE) c.

										(Rs. in	Crores)
ROCE Calculation - Company as a Whole	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
EBIT	82.91	90.91	149.86	182.55	189.24	198.15	202.45	205.41	217.66	221.87	226.48
Shareholder's Fund	182.68	293.05	382.79	499.58	625.76	761.11	894.43	1,022.94	1,162.21	1,306.23	1,454.77
Long term Liabilities	279.17	374.98	348.82	279.57	252.38	223.34	189.95	161.05	132.97	109.22	107.81
ROCE %	17.95%	13.61%	20.48%	23.43%	21.55%	20.13%	18.67%	17.35%	16.81%	15.67%	14.49%
Average ROCE %	18.20%										

Table 78: ROCE Calculation – Company as a Whole

Table 79: ROCE Calculation – Unit 1 as a Whole

										(Rs.	in Cr)
ROCE Calculation	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
EBIT	82.91	84.89	111.10	138.12	144.16	150.74	154.87	157.39	169.24	173.33	177.62
Shareholder's Fund	160.66	226.67	299.16	394.52	498.32	609.05	716.76	818.44	929.60	1,044.38	1,162.29
Long term Liabilities	225.29	237.38	232.50	185.57	171.38	156.34	137.95	125.05	114.97	109.22	107.81
ROCE %	21.48%	18.29%	20.90%	23.81%	21.53%	19.70%	18.12%	16.68%	16.20%	15.03%	13.98%
Average ROCE %	18.70%										



										(Rs. i	in Cr)
ROCE Calculation	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
EBIT	(6.75)	25.52	44.21	63.67	66.19	69.46	71.55	72.81	78.62	80.71	82.90
Shareholder's Fund	150.22	167.30	244.76	283.78	324.63	367.95	413.00	459.34	510.30	563.36	618.71
Long term Liabilities	15.36	50.89	51.72	49.51	45.92	40.27	31.98	22.25	10.40	2.02	4.11
ROCE %	-4.08%	11.69%	14.91%	19.10%	17.86%	17.02%	16.08%	15.12%	15.10%	14.28%	13.31%
Average ROCE %	13.67%										

d. MPBF

Table 81: MPBF Calculation – Unit 1 as a Whole

										(Rs. Crores)
MPBF Calculation - 1st method	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Total Current Asset	562.23	665.64	818.86	859.82	886.78	945.05	1,012.16	1,031.01	1,054.97	1,089.23
Other current liabilities other than Bank Borrowing	189.24	286.71	368.50	357.31	319.62	327.17	333.00	332.22	324.24	318.62
Working Capital Gap (WCG)	372.99	378.93	450.36	502.51	567.16	617.88	679.16	698.80	730.73	770.61
Minimum stipulated working capital gap (25% of WCG)	93.25	94.73	112.59	125.63	141.79	154.47	169.79	174.70	182.68	192.65
Projected Net Working Capital (NWC)	242.99	248.93	320.36	372.51	437.16	487.88	466.75	482.40	502.26	513.14
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MPBF Calculation - 1st method	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Working Capital Gap (WCG)- Minimum stipulated working capital gap (25% of WCG)	279.74	284.20	337.77	376.88	425.37	463.41	509.37	524.10	548.05	577.96
Working Capital Gap (WCG)- Projected Net Working Capital (NWC)	130.00	130.00	130.00	130.00	130.00	130.00	212.41	216.40	228.46	257.47
Maximum Permissible Banking Finance (min[(WCG- 25%*WCG),(WCG-NWC)]	130.00	130.00	130.00	130.00	130.00	130.00	212.41	216.40	228.46	257.47

5.11. Sensitivity Analysis

Situation	Normal Operating	Sales price decreases by 5%	Raw material expense increases by 5%	Capacity Utilization decreases by 5%for Re-Rolling
Average DSCR	3.35	0.79	1.47	2.85
Maximum DSCR	56.67	35.29	56.92	53.61
Minimum DSCR	1.39	0.23	0.53	1.29



Situation	Normal Operating	Sales price decreasesby 5%	Raw material expense increases by 5%	Capacity Utilization decreases by 5% forRe- Rolling
Average DSCR	6.08	4.19	2.14	6.01
Maximum DSCR	33.01	18.41	3.70	31.44
Minimum DSCR	3.56	2.59	1.67	3.49

5.12. Critical Success Parameters for Financial Viability

As per the financial analysis, it has been found that the required level of viability for repayment of all Terms Loans for Unit 1 as a whole in each year of door-to-door tenure and achievement of desired MPBF is possible when the following operating parameters have been achieved.

- Sales price the downward variation maximum 5% from the current market scenarioas considered under normal working condition
- Raw Material Expense the upward variation maximum by 5% from the current market scenario as considered under normal working condition
- Capacity utilization the decrease in capacity utilization of 5% for rolling section can provide adequate repayment capability due to direct billet selling in that scenario.

5.13. Conclusion:

Keeping the critical parameters, as stated above, at their acceptable range the financial viability has been ascertained through the financial projections and the average DSCR has been computed at 3.35 for Unit 1 as a whole and an average DSCR of 6.08 for expansion 2 on standalone and debt-equity ratio of 1.67 when the repayment for the proposed term loan of Rs. 50 Crs will be done in 40 quarters as per the repayment schedule of the term loan mentioned in the report.

Chapter 6: SWOT Analysis

Strength

- Acquisition of SPSSRML by "Shakambhari" group an existing profit-making group in the same business line as that of SPSSRML and having good track record of over two decades in taking over sick units, reviving them successfully, investing and expanding its capacities and running its activities efficiently.
- Over the years, the group has undertaken several projects for expansion, modernization and diversification of their manufacturing activities and in the process have developed skill and expertise with trained personnel in implementing industrial projects.
- Deployment of experience management team for running of SPSSRML.
- Current promoters have adequate financial strength to bring in the required fund infusion by promoter's contribution/ quasi capital
- Promoters have turned around 4 units, namely M/S Shakambhari Ispat and Power Limited (SIPL), M/S Bravo Sponge Iron Private Limited (BSIPL), M/S SPS Steels Rolling Mills Limited (SPSSRML) and M/S M/s Hira Concast Ltd. + M/S M/s Impex Steel Ltd M/S Eloquent Steel Private Limited (ESPL) from Loss making into a profitable venture.

Weakness

• The company lacks Pan India presence as its manufacturing unit is located in West Bengal only and sells product in and around of this region. However, they are in process to gradually expand their Net Work to pan India.

Mitigation – Company / Group has strong presence in West Bengal with increasing hold in nearing States namely Jharkhand, Bihar, UP, North Eastern States and is gradually expanding its Network and Presence in North Western and Northern parts of the country with aim to becomePan India entity in the next 2-3 years.

Opportunities

- The National Steel Policy, 2017, has envisaged 300 million tonnes of production capacity by 2030-31.
- Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.



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• The expansion plan will enhance the production capacity of Induction Furnace producing billets and rolling unit which is expected to bring in economies of scale for production. In the process the unit will become self-sufficient for supply of Billets to its rolling mill capacity on a continuous basis thereby save cost of transportation and Reheating and gaining optimum benefit of Value Addition

Threat

• Price competition from similar players. However, the Brand "Elegant" is well recognized in West Bengal and Other Eastern / North Eastern States of the Country.

Mitigation -

- With Installation of Pellet Plant of 1.7 MTPA Capacity in one of the group Company M/S BSIPL, the group will get Competitive edge with regard to pricing competition.
- With the present acquisition of the assets of VPPL, SPSSRML will become self-reliant for its Sponge Iron Requirement. CPP of 10 MW will provide cost effective power for the Ferro Plant and there will be effective cost management and company will reap the benefit of Value addition at each stage

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Chapter 7: Risk Analysis and Mitigation

The risk analysis, allocation and mitigation are as follows:

Key Risk	Risk Carrier	ier Mitigation Measure						
		• SPSSRML has been acquired by M/s Shakambhari Ispat & Power Limited, an existing profit-making company under Shakambhari group in the same business line as that of SPSSRML and having good track record of over two decades in taking over sick units, investing and expanding its capacities and running its activities efficiently.						
Experience and Capability	'SPSSRML'	• Over the years, the group has undertaken several projects for expansion, modernization and diversification of their manufacturing activities and in the process have developed skill and expertise with trained personnel in implementing industrial projects.						
		• Deployment of experience management team for running of SPSSRML						
		<i>No risk related to experience and capability is envisaged for the Unit.</i>						
Funding Risk	'SPSSRML'	Based on the audited financials and information available at MCA website, it is evident that the paid up capital for the company is Rs. 50 crores. Additionally, in view of the capex requirement under ongoing expansion 1 & 2 plan of the company, it requires fund infusion in form of quasi equity/ unsecured loan from the promoters of Rs. 70 crores, equity infusion of Rs. 9.52 crores for expansion 1 project and Rs. 30 crores for expansion 2 project and utilization of internal accrual for day-to-day running of the company. The internal accrual of SPS Steels in FY2020-21 is Rs. 120.90 crores.						
		Till 10.11.2021 an expense of Rs. 33.95 crores have been incurred for expansion 1 plan of the company and the same has been funded from the promoters contribution in form of unsecured loan. The companies has submitted the CA Certificate dated 15.11.2021 duli signed by CA Gaurav Agarwal (UDIN No. 21307455AAAAFZ2575) on behalf of Uttam						

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Key Risk	Risk Carrier	Mitigation Measure
		Agarwal and Associates for certifying the expense incurred for the project.
		Till 10.11.2021, an expense of Rs. 33.95 crores have been incurred for this expansion 1 plan of the company which has been funded from the promoters' contribution in form on unsecured loan for Rs. 27.82 crores and from term loan of Rs. 6.13 crores. It may be noted that till date term loan instalment of Rs. 6.12 Crores is disbursed.
		Till 10.11.2021 an expense of Rs. 7.78 crores have been incurred for expansion 2 plan and the same has been funded from the promoters' contribution in form of unsecured loan. The company has submitted the CA Certificate dated 15.11.2021 duly signed by CA Gaurav Agarwal (UDIN No. 21307455AAAAFY7363) on behalf of Uttam Agarwal and Associates for certifying the expense incurred for the project.
		As per the above, it is evident that till date an unsecured loan of Rs. 35.60 crores have been mobilized by the company till 10.11.2021 and the company requires further infusion of Rs. 73.01 crores by end of FY2023.
		The internal accrual of SPS Steels in FY2020-21 is Rs. 120.90 crores. Further, as per the current financial projections, the Cash and Cash equivalent for FY22 and FY23 are Rs. 176.31 Crores and Rs. 86.36 Crores respectively.
		In case of any shortfall, the Shakambhari Group will support for the funding in the capex plans of the company. In view of the past trends for fund infusion by the company in terms of unsecured loan from corporates and the performance of the parent company SPSSRML, it is expected that the fund infusion will not be a problem for the company.
Time Over-run	'SPSSRML'	• The unit has envisaged 1st January 2023 as the COD for the second expansion plan of Rolling unit.



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Key Risk	Risk Carrier	Mitigation Measure
		 The current management of SPSSRML is also currently implementing the first expansion plan post the acquisition of the company by SIPL. The replacement of the induction furnace has been completed by August 2021. Also, the capacity upgradation for rolling mills will be done completed by September 2022. Thus, time over-run affects the revenue realization. However, considering past track record of the promoters risk of time over- run is low for the unit
Cost Over-run	'SPSSRML'	• The unit has envisaged 1 st January 2023 as the COD for the second expansion plan of Rolling Unit.
		• Any cost over-run due to delay in the project implementation will require additional fund infusion by the promoters. Current promoters have adequate financial strength to bring in the required fund infusion by promoter's contribution/ quasi capital.
		<i>Hence low risk of cost over-run is envisaged for the unit.</i>
Statutory Approvals	'SPSSRML'	• SPSSRML has already received the statutory approvals in terms of GST registration, PAN Card and CTO for manufacturing of TMT bars.
		• Further, SPSSRML has submitted the requisite application for issuance/ renewal, as the case may be, for obtaining Fire certificate, factory license, CTO for sponge iron and billet manufacturing section and enlistment certificate.
		• Company informed that at the time of takeover under CIRP, neither the approved Lay Out Plan was found in the records, nor it was handed over by the R. P. and /or the Previous Management.



Key Risk	Risk Carrier	Mitigation Measure
		 However, since the unit is in business since the incorporation in 1981 and as per the valuation report submitted by the company (certified by Mr. Sarbajit Datta, Partner M/s B.K. Debnath & Associates LLP in April 2019), most of building are constructed in 1999, it is expected that the layout approval might be in place.
		is envisaged for the unit.
Off-take / Demand Risk	'SPSSRML'	Based on the current diverse customer base and the efforts of the unit strengthening the business tie-ups with dealers and brokers will ensure the continuous demand for the final product of SPSSRML.
		As informed by the company, Brand "Elegant" is well recognized in West Bengal and Other Eastern / North Eastern States of the Country and thus commands a premium over the competitors along with a high demand for the product.
		However, for financial viability evaluation purpose the demand of TMT bars has been considered in line with past operations. In case the company is able to garner more demand in future operations, the same will add on to the financial strength of the company.
		Hence low off take/ demand risk is associated with the Unit.
Pricing level and sustainability	'SPSSRML'	'SPSSRML' has proposed to price its products at the prevailing market rates. The same has been verified by Resurgent team at www.steelmint.com and has been considered in the financial analysis.
		As informed by the company, Brand "Elegant" is well recognized in West Bengal and Other Eastern / North Eastern States of the Country and thus commands a premium over the competitors. However, for financial viability evaluation purpose the current market rates of TMT bars have been considered. So, any premium pricing to be achieved by the company in future

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Key Risk	Risk Carrier	Mitigation Measure	
		operations will add on to the financial strength of the	
		company.	
		Hence low pricing level/ sustainability related risk is envisaged for the unit.	
Force Majeure	'SPSSRML'	The lenders may insist upon the Company to take adequate insurance cover for insurable force majeure risks.	
Source: Resurgent analysis			



Chapter 8: Critical Success Factors and Conclusion

8.1. Critical Success Parameters:

1. Technical Feasibility

With the analysis of the factor conditions of the unit based on the submitted documents, site visit and the discussions held with the promoters of the unit, it has been revealed that:-

- a. The unit has completed the formalities for land transfer and registration for obtaining the legal rights of the project land.
- b. The unit being located in the Industrial Area in Durgapur, the availability of basic infrastructure, utilities and access to the site has been ascertained.
- c. The unit is having an integrated manufacturing facility for manufacturing of sponge iron, billets and finally TMT Bars/ Structural Steel. Thus, the sponge iron and billets are consumed internally for production of TMT bars which ensures the seamless availability of raw material. Additionally, the unit has established relationship with various suppliers based out of West Bengal, Bihar and Odisha for supply of raw materials for Sponge iron manufacturing.
- d. The Company is in process to Refurbish and Operationalize 4 X 100 TPD DRI (Sponge Iron) Plant, 1 X 9 MVA Ferro Alloy Plant, and 10 MW Captive Power Plant out of the assets of VMPL recently acquired in auction from Official Liquidator, High Court of Kolkata, for which separate Project Report is Prepared. The remaining Facilities / Assets of VMPL i.e. 4 X 8 Tons of InductionFurnace for manufacturing M S Billets and 500 TPD Rolling Mill will be operationalized later on at opportune time. Consequent upon completion of Expansion – I, II at Unit – I (Durgapur Unit) and Operationalization of the assets of VMPL, the Company will become Self – Reliant for supply of Sponge Iron, Billets for their end product TMT Bars and thus will become end to endIntegrated for Production of "Tore from Ore"
- e. Operationalization of Ferro Plant at unit II and backed by the CPP of 10 MW (WHRB) will provide more margins
- f. Supply of Iron Ore Pellets by the group Company BSIPL on Operationalization of its 1.85 MTPA Pellet Plant with in Jan / May 2022 will provide Competitive edged to the Company and add to its margins.
- g. Further, the unit is taking up measures to develop business relationship with industrial users and end users for strengthening the marketing activities.
- h. The unit has taken up appropriate steps for obtaining necessary statutory approvals and clearances.



In consideration of the above factors, the unit is considered to be **technically feasible** with the availability of the requisite eco-system with renewal of the requisite licenses and certificates as required for manufacturing process.

2. Marketing Feasibility

The marketing feasibility of the company can be inferred from the following parameters:-

- Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.
- Leveraging of the brand value of ELEGANT® along with the present distribution channels.
- More than three decades of business experience of M/s SPS Steels Rolling Mills Limited along with their past business-related customer base (Pre acquisition by Shakambhari Group).
- Acquisition of SPSSRML by M/s Shakambhari Group, another established player in the steel rerolling segment has brought in the technical expertise alongwith market distribution strength to M/s SPS Steels Rolling Mills Limited.
- Continued efforts of the present management of SPSSRML for business expansion in Northern and North Western India using different modes like direct marketing, dealers' network and brokers.

3. Financial Feasibility

As per the financial analysis, it has been found that the required level of viability for repayment of all terms loans for Unit 1 as a whole in each year of door-to-door tenure and achievement of desired MPBF is possible when the following operating parameters have been achieved.

- Sales price the downward variation maximum 4.5% from the current market scenario as considered under normal working condition
- Raw Material Price the upward variation maximum by 2% from the current market scenario as considered under normal working condition
- Capacity utilization the decrease in capacity utilization of 10% for rolling section can provide adequate repayment capability due to direct billet selling in that scenario.



- Inventory Level the inventory position of the finished goods in consideration of the standard inventory holding period for the unit for achieving the required level of MPBF to avail the working capital loan
- Interest Rate an increase of 1% in rate of interest for the term loan proposed can provide adequate repayment capability.

8.2. Conclusion:

In consideration of the strategic location of the unit in the Industrial area of ADDA along with availability of the factor conditions and eco-system for the unit and the marketing strategy of the unit, the technical and marketing feasibility has been assessed at satisfactory level. Further, the financial viability has been assessed at an average DSCR of 3.35 for Unit 1 as a whole and an average DSCR of 6.08 for expansion 2 on standalone and debt- equity ratio of 1.67 when the critical parameters (sales price, raw material price, capacity utilization, fund infusion and inventory level) have been maintained within acceptable range and when the term loan repayment (for the proposed debt of Rs. 50 Crs) has been done in 40 quarters as per the repayment schedule mentioned in the report.

In our opinion the unit is considered to be technically feasible and economically viable subject to adherence of the critical parameters mentioned in the report.



Annexure 1: Site Photographs





























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