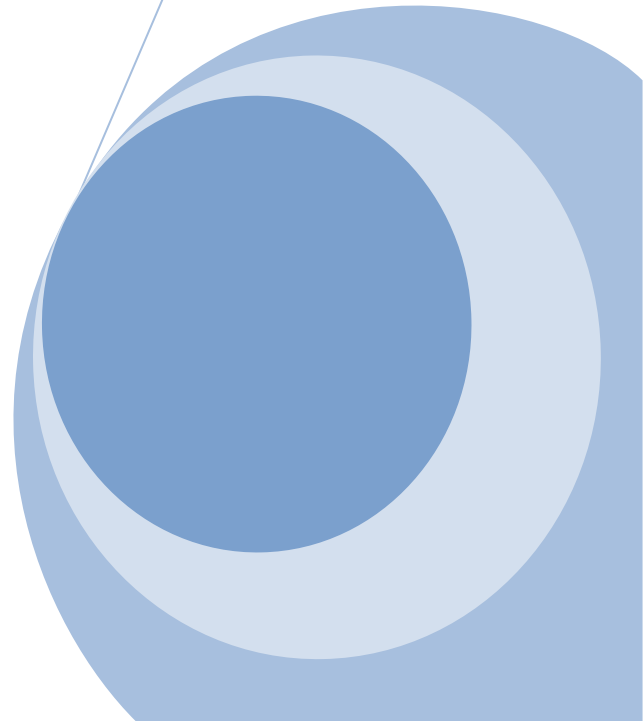
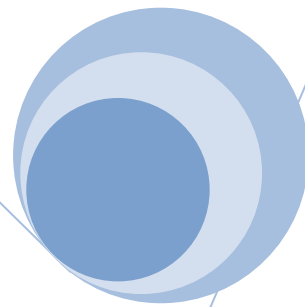


**37TH Annual Report
2018-2019**



SPS STEELS ROLLING MILLS LIMITED

Board of Directors:

Mr. Deepak Kumar Agarwal
Mr. Ramabatar Agarwal
Mr.Sanjay Kumar Chowdhary
Mrs. Priyanka Goenka

Managing Director
Executive Director
Executive Director
Independent Director

Chief Financial Officer

Mr.Binod Kumar Agarwal

Company Secretary

Mr.Ashutosh Sharma

Statutory Auditors

M/s.Uttam Agarwal & Associates
Chartered Accountants,
72, Cotton Street, 2nd Floor
Kolkata – 700007

Cost Auditors

M/S. B.G. Chowdhury & Co, Cost Accountants,
11/47A Panditia Road, Kolkata-700028

Registered Office:

“Diamond Heritage”
16, Strand Road
5th Floor, Room No H 523 A
Kolkata-700001
Telefax- 033-6625 5252
Website- www.spsgroup.co.in
Email- compliance@shakambharigroup.in
CIN- L51909WB198111PLC034409

Corporate Office:

“Diamond Prestige”
41 A, A.J.C Bose Road, 7th Floor
Kolkata-700017

Works

Dr. Zakir Hussain Avenue,
G.T Road (Indo American More)
Durgapur, Dist. West Bengal-713206

Registrar & Share Transfer Agent

M/S. Niche Technologies Pvt. Ltd.
3A, Auckland Place, 7th Floor, Room No. 7A & 7B
Kolkata-700017, West Bengal,
Tele- 033-2280-6616, 033-2280-6617
Website- <https://nichetechpl.com/>
Email- nichetechpl@nichetechpl.com

SPS Steels Rolling Mills Limited

Regd. Office: - "Diamond Heritage", 16, Strand Road, 5th Floor, Room No H 523 A, Kolkata-700001
Corporate Office: "Diamond Prestige", 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017
Website- www.spsgroup.co.in, **E-Mail:** compliance@shakambharigroup.in, **Phone:** 033-6625 5252
CIN - L51909WB198111PLC034409

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of SPS Steels Rolling Mills Limited will be held on Monday, the 30th day of September, 2019 at 11.30 A.M. at the Corporate Office of the Company at Diamond Prestige ,41 A A.J.C Bose Road,7th Floor, Room No.701,Kolkata-700017 to transact the following business:

ORDINARY BUSINESS:

Item No 1. Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the reports of the Directors' and Auditors' thereon.

Item No 2. Re-Appointment of Director

To appoint a Director in place of Mr. Ramabatar Agarwal (DIN 02930064) who retires by rotation and being eligible, seeks re-appointment.

Item No 3. Re -appointment of Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Rules framed there under (including any statutory modification(s), or re-enactment thereof for the time being in force) as may be applicable , the Resolution passed in the Annual General Meeting held on 29th September 2017 for appointment of M/s. Uttam Agarwal & Associates , Chartered Accountants having registration no. 322455E, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 35th AGM till the conclusion of 40th AGM of the Company to be held for the financial year 2021-22 be and is hereby amended to the extent that no ratification for appointment of Statutory Auditors is required at the AGM."

SPECIAL BUSINESS:

Item No 4. Appointment of Mr. Deepak Kumar Agarwal as Managing Director and fixing of remuneration

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013 and Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and the recommendation of Nomination and Remuneration Committee and the Board of Directors, and subject to the approval of members at the forthcoming Annual General Meeting, Mr. Deepak Kumar Agarwal (DIN: 00646153), who was appointed as director of the company at the meeting of the Monitoring Committee (MC) dated 11th April, 2019 pursuant to the "Approved Resolution Plan" order dated 08th April 2019 of National Company Law Tribunal, Kolkata Bench, be and is hereby appointed as the Managing Director of the Company, for a period of five years with effect from 22th July, 2019 on the terms and conditions including remuneration set out in the draft agreement placed before the meeting duly initialed by the Chairman for the purpose of identification and on the following terms and conditions:-

The salary structure for Mr. Deepak Kumar Agarwal, considering his qualification, expertise, experience, seniority and market trend has been decided as follows:

Salary/Remuneration:- Rs. 2,50,000 (Per month)

Minimum Remuneration:- The above salary will be payable to Managing Director even in case of loss or inadequacy of profits in respect of any financial years during his tenure of office in compliance with Schedule V to the Companies Act, 2013.

Sitting Fees:- He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to sign and file necessary forms and to do all such acts, agreement deeds, matters and things as may be necessary in this connection."

Item No. 5. Appointment of Mrs. Priyanka Goenka (DIN 08489182) as an Independent Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Priyanka Goenka (DIN 08489182), who was appointed as an Additional Director of the Company by the Board of Directors with effect from June 20,2019 and holds the office up to the date of Annual General Meeting in terms of section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold the office up to June 19,2024, not liable to retire by rotation."

Item No 6. Fixing the remuneration of M/s B.G. Chowdhury & Co., Practicing Cost Accountants having Firm Registration No. 000064, Cost Auditor of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Audit fees amounting to 50,000/- (Rupees Fifty Thousand Only) plus out of pocket expenses to be paid to M/s B.G. Chowdhury & Co., Practicing Cost Accountants having Firm Registration No. 000064 and having office at 11/47A Panditia Road, Kolkata 700029, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2019-20, required to be audited under the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), be and is hereby ratified and approved.”

By Order of the Board
For SPS Steels Rolling Mills Limited

Dated: 05-08-2019

Place: Kolkata

Deepak Kumar Agarwal
Managing Director
DIN- 00646153

NOTES —

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. NO PHOTOCOPY/ SCANNED COPY OF A COMPLETED PROXY FORM WILL BE ACCEPTED.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. If a person holding more than 10% of the total share capital of the Company is proposed to be appointed as a proxy for a member, such person shall not act as proxy for any other person or shareholder.

2. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.

3. Members are requested to notify immediately any change in their addresses to the Company's RTA.

4. A Member or his Proxy will be required to produce at the entrance to the Meeting Hall, the Attendance Slip sent herewith duly completed and signed. Neither photocopies nor torn/mutilated Attendance Slips will be accepted. However, Members who have received the Annual Report on E-mail can download and print the Attendance Slip themselves. These should be completed, signed and handed over at the entrance to the Meeting Hall. The validity of the Attendance Slip will, however, be subject to the Members continuing to hold Equity Shares as on the date of the Meeting.

5. Equity Shares of the Company fall under the category of compulsory demat trading by all Investors. Members are requested to consider dematerialisation of their shareholding so as to avoid inconvenience.

6. All documents referred to in the Notice and the Statement are open for inspection at the Registered Office of the Company on all working days between 10:00 a.m. to 12 noon upto the date of the forthcoming Annual General Meeting.

7. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

8. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.

9. In case of joint holders attending the Meeting, only such joint holder, who is higher in the order of names, will be entitled to vote.

10. Members are requested to quote their registered Folio Number / DP ID, Client ID in all correspondence with the Company or its Registrars.

11. Members holding shares in physical form are requested to notify changes in their addresses, if any, quoting their Folio Numbers to the RTA of the Company.

12. Members holding shares under multiple folios are requested to submit their applications to RTA, for consolidation of folios into single folio.

13. The Register of Director's Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.

14. Copy of the Abridged Annual Report and Notice of the Meeting 2018-19 are being sent electronically to the Members who have registered their email addresses with the Company/Depository Participant ("DP")/Company's Registrar and Transfer Agent ("RTA"). Members are requested to update their preferred email address with the Company/DPs/RTA, which will be used for the purpose of future communications. In support of the "Green Initiative", Members who have not registered their e-mail addresses are requested to register the same for receiving Annual Reports and other communications from the Company electronically in the future. The Members may also send their requests to the Company's investor email id: compliance@shakambhargroup.in

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Reports at the Meeting.

15. Notice of the Meeting and Annual Report 2018-19 will also be available on the Company's website <https://www.spsgroup.co.in/>

16. Members desiring any relevant information on the annual accounts of the Company are requested to write to the Company well in advance to ensure that such requests reach the Company at least 10 (ten) days before the Annual General Meeting, so as to enable the Company to keep the information ready.

17. The Register of Members and Share Transfer Books of the Company shall remain closed from 24th September 2019 to 30th September 2019, both days inclusive.

18. Route Map of the Meeting Venue is annexed with this notice.

19. Voting through electronic means.

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the **business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).**

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or website of the company <https://www.spsgroup.co.in>.

The e-voting period commences on September 27, 2019 (9:00 am) and ends on September 29, 2019(5:00 pm). During this period shareholders of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date** of 23rd September, 2019. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or nichetechpl@nichetechpl.com

The facility for voting through ballot paper / Poling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The procedure to login to e-Voting website consists of two steps as detailed hereunder:

Step 1: Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL:
<https://www.evoting.nsdl.com/>.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details will be as per details given below :
 - a) **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
 - b) **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
 - c) **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).
5. Your password details are given below:
 - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
- c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a. Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2 : Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail(cspankaj.modi1984@gmail.com) to with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

Other information:

- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

By Order of the Board
For SPS Steels Rolling Mills Limited

Dated: 05-08-2019

Place: Kolkata

Deepak Kumar Agarwal
Managing Director
DIN- 00646153

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019 submitted by successful Resolution Applicant M/s Shakambhari Ispat & Power Limited and in compliance of the Resolution Plan by the Hon'ble NCLT, the office of the existing director stands suspended and the powers of the Board are assumed by the Monitoring Committee ("MC") under the IBC. The NCLT vide its order dated April 08, 2019 has approved the appointment of the MC. On and from April 08, 2019, the MC has assumed control of the management of the Company for an interim period. The MC at its meeting dated 11th April, 2019 re-constituted the management of the company

Accordingly, at the Monitoring Committee of the Company held on 11th April, 2019, the Board of Directors has been re-constituted as follows:

1. Mr. Deepak Kumar Agarwal (DIN: 00646153)
2. Mr. Ramabatar Agarwal (DIN: 02930064)
3. Mr. Sanjay Kumar Chowdhary (DIN: 08402623)

The following Directors ceased to be Directors with effect from 11th April, 2019:

1. Mr. Bipin Kumar Vohra (DIN: 00276567)
2. Mr. Arjun Kumar Santhalia(DIN: 00601236)
3. Mr. Sudesh Kumar Agarwal (DIN: 00635943)

Item No. 3

M/s. Uttam Agarwal & Associates , Chartered Accountants having firm registration no. 322455E) was appointed as Statutory Auditors of the Company for a term of 5 years commencing from the Financial year 2017-18 to hold office from the conclusion of 35th annual general meeting till the conclusion of the 40th Annual General Meeting to be held for the Financial Year 2021-22. (Requirement of Ratification at AGM has since been dispensed with)

A letter, confirming that they are eligible for appointment as auditors of the Company under section 139 of the Companies Act, 2013 and meet the criteria for appointment specified in section 141 of the Companies Act, 2013, has been received from them.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the Ordinary Resolution set forth in Item no. 3 of the Notice for the approval of the members.

Item No.4

The board of directors of the company at their Meeting held on July 22, 2019 appointed Mr. Deepak Kumar Agarwal(DIN 00646153)as Managing Director (MD) of the Company for a period of 5 years . Taking into consideration the duties and responsibilities cast on the MD and considering his knowledge of various aspects relating to the Company affairs, and on the recommendation of the Nomination & Remuneration Committee of the Company, the Board at their meeting held on July 22, 2019, subject to the approval by the members of the Company and such other consents and approvals that may be required.

Item No. 5

Mrs. Priyanka Goenka was appointed as an Additional Director of the Company in the category of Independent Director with effect from June 20, 2019, by the Board of Directors based on the recommendation of Nomination & Remuneration Committee of the Board.

Pursuant to the provisions of section 161 of the Companies Act, 2013, Mrs. Priyanka Goenka (DIN-08489182) will hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member proposing the candidature of Mrs. Goenka for the office of an Independent Director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013.

Requisite consent has been received from Mrs. Goenka pursuant to provisions of section 152 of the Companies Act, 2013.

In the opinion of the Board, Mrs. Goenka who is proposed to be appointed as an Independent Director of the Company fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Priyanka Goenka as an Independent Director. Mrs. Priyanka Goenka is directly concerned and interested in this resolution as it relates to her appointment and no other Director or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution.

Mrs. Priyanka Goenka along with her relatives does not hold any shares in the Company and has no relationship with any other Director of the Company.

The resolution seeks the approval of members for the appointment of Mrs. Priyanka Goenka as an Independent Director of the Company, not liable to retire by rotation, for the period of 5 years upto June 20, 2024, pursuant to section 160 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board recommends the Special Resolution set forth at Item no. 5 of the Notice for the approval of the members.

Item No.6

In accordance with the provisions of section 148 of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (the "Rules"), the Company is required to appoint a Cost Auditor to audit the cost records of the Company.

On the recommendation of the Audit Committee at its meeting held on June 20, 2019 the Board has approved the reappointment of M/s B.G. Chowdhury & Co., Practicing Cost Accountants having Firm Registration No. 000064, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending March 31, 2019, required to be audited under the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), at a Cost Audit fees of 50,000/- (Rupees Fifty Thousand only) plus out of pocket expenses.

In accordance with the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Cost Audit fees to be paid to the Cost Auditors of the Company has to be approved by the shareholders of the Company.

Accordingly, the members are requested to approve the remuneration of the Cost Auditors for the financial year 2019-20 as set out in the resolution for the aforesaid services to be rendered by him.

None of the Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the Ordinary resolution set forth in Item no. 6 of the Notice for the approval of the members.

By Order of the Board
For SPS Steels Rolling Mills Limited

Dated: 05-08-2019

Place: Kolkata

Deepak Kumar Agarwal
Managing Director
DIN- 00646153

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Particulars	Shri Deepak Kumar Agarwal	Shri Ramabatar Agarwal	Smt Priyanka Goenka
Date of Birth/ Age	31/03/1970	14/01/1944	03/11/1981
Qualifications	Commerce Graduate	Commerce Graduate	Commerce Graduate
Experience (including expertise in specific functional area)/Brief Resume	Mr. Deepak Kumar Agarwal , aged about 48 years, son of Mr. Ramabatar Agarwal is a commerce graduate. He has about 25 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	Mr. Ramabatar Agarwal aged about 75 years, son of Late Shri Sheo Prasad Agarwal is a Commerce Graduate. 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.	She is a commerce graduate with adequate financial literacy
Date of First Appointment on the Board	11/04/2019	11/04/2019	20/06/2019
Equity Shareholding in the Company after the takeover	NIL	Nil	Nil
Membership/Chairmanship of Committees of other Boards	Member of Audit Committee and Nomination and Remuneration Committee	Nil	Chairman of Audit Committee and Nomination and Remuneration Committee

Route Map to the AGM Venue

Venue: “Diamond Prestige” 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017



SPS Steels Rolling Mills Limited

Regd. Office: - “Diamond Heritage”, 16, Strand Road, 5th Floor, Room No H 523 A, Kolkata-700001

Corporate Office: “Diamond Prestige”, 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017

Website- www.spsgroup.co.in, **E-Mail:** compliance@shakambhargroup.in, **Phone:** 033-6625 5252

CIN - L51909WB198111PLC034409

DIRECTORS' REPORT

To the Members,

SPS Steels Rolling Mills Limited

The Reconstituted Board of Directors presents to the Members the 37th Annual Report of the Company, which includes the Directors' Report (“**Annual Report**”). In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 (“**IBC/Code**”), the Corporate Insolvency Resolution Process (“**CIRP Process**”) of SPS Steels Rolling Mills Limited (“**Company**”) was initiated by the Financial Creditors of the Company. The Financial Creditors petition to initiate the CIRP Process was admitted by the National Company Law Tribunal (“**NCLT**”) on December 22, 2017 (“**Insolvency Commencement Date**”). Mr. VijayKumar V. Iyer was appointed as the Interim Resolution Professional (“**IRP**”) to manage the affairs of the Company. Subsequently, Mr. Iyer was confirmed as the Resolution Professional (“**RP**”) by the committee of creditors (“**CoC**”). On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended.

Pursuant to the invitation dated March 23, 2018 published by the RP, Shakambhari Ispat & Power Limited (“**Resolution Applicant**”) had submitted a resolution plan for the Company. The resolution plan submitted by the Resolution Applicant, dated May 10, 2018, as amended by first addendum dated August 30, 2018 and second addendum dated September 1, 2018 (“**Resolution Plan**”) in respect of the Company was approved by the CoC in its meeting dated September 01, 2018. The Resolution Plan was thereafter submitted by the RP with the NCLT for its approval. The NCLT has approved the Resolution Plan vide its order dated April 08, 2019 (“**Approved Resolution Plan**”).

On approval of the Resolution Plan by the Hon'ble NCLT, the office of the existing director stands suspended and the powers of the Board are assumed by the Monitoring Committee (“**MC**”) under the IBC. The NCLT vide its order dated April 08, 2019 has approved the appointment of the MC. On and from April 08, 2019, the MC has assumed control of the management of the Company for an interim period. The MC at its meeting dated 11th April, 2019 re-constituted the board and a new management (“**New Management**”) was put in place to implement the Resolution Plan as approved by the NCLT vide its Order dated April 08, 2019 (“**NCLT Order**”) (“**Approved Resolution Plan**” or “**Resolution Plan**”).

Post the Acquisition, a new Board was constituted in the current financial year i.e. on April 11, 2019 (“**Reconstituted Board**” or “**Board**”) and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

Members may kindly note that, the Directors of the Reconstituted Board (“**Directors**”) were not in office for the period to which this report Primarily pertains. During the CIRP Process (i.e. between December 22, 2017 to April 08, 2019), the RP was entrusted with the management of the affairs of the Company. Prior to the Insolvency Commencement Date, the erstwhile Board of Directors had the oversight on the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed there under (“**Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (“**Listing Regulations**”). The Reconstituted Board is not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the Acquisition. Members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan.

A. THE FINANCIAL RESULTS PRESENTED HEREIN SHOULD BE READ IN THE ABOVE CONTEXT

Particulars	Year Ended 31st March 2019 (Rupees in Lakhs)	Year Ended 31st March 2018 (Rupees in Lakhs)
Gross Revenue from Operations	48,142.25	60,012.99
Total expenditure before Finance Cost, Depreciation (Net of Expenditure transferred to Capital)	48,245.04	60,580.69
Operating Profit/(Loss)	-102.79	-567.69
Other Income	49.86	46.51
Profit/(Loss) before finance cost, depreciation exceptional items and taxes	-52.93	-521.18
Finance Cost	3.51	21.46
Profit/(Loss) before depreciation exceptional items and taxes	-56.44	-542.65
Depreciation	463.22	486.47
Profit/(Loss) before exceptional items and taxes	-519.66	-1,029.12
Exceptional Items	-	2,167.74
Profit/(Loss) before taxes	-519.66	-3,196.85
Tax Expenses	-	-
Profit/(Loss) after taxes	-519.66	-3,196.85
Total other Comprehensive Income/(Loss)	-20.66	9.80
Total Comprehensive Income/(Loss) for the period	-540.32	-3,187.05

B. OPERATIONS AND STATE OF AFFAIRS

During the year, the total turnover from operations was Rs. 481.42 crore as against Rs 600.13 Crore in corresponding to previous year. During the year, the company recorded a net loss from operations of Rs 519.66 crore (previous year: Net Loss was Rs 196.87crore).The basic and diluted earnings per share for financial year 2018 – 19 is (Rs 1.23) were at P.Y (Rs.7.54).In accordance with the provisions of the Insolvency and Bankruptcy Code, the Company was admitted to the CIRP Process pursuant to the order of the NCLT on December 22, 2017. Pursuant to the IBC Order dated April 08, 2019, the existing and entire shareholding of the company stands extinguished and inducement of fresh share capital.

It is to be noted that during the CIRP Process (i.e. between December 22, 2017 to April 08, 2019), RP and prior to the Insolvency Commencement Date, the erstwhile Board of Directors were entrusted with and responsible for the management of the affairs of the Company.

C. DIVIDEND

In view of the net loss incurred during the financial year ended March 31, 2019, the Reconstituted Board does not recommend any dividend to the shareholders of the Company.

D. TRANSFER TO RESERVES

In view of the losses incurred by the Company, no amount has been transferred to reserves.

E. MATERIAL CHANGES POST CLOSURE OF FINANCIAL YEAR

Pursuant to the Acquisition, the following key events took place in the Company:

- (i) Cancel the Entire Existing Share Capital of the Company.

Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019, the MC at its meeting dated 11th April 2019 approved and Cancel the existing paid up capital of the company comprised 4241292 equity shares of Rs 10/- each.

(ii) Allotment of Equity Shares to eligible Financial Creditors.

Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019, the MC at its meeting dated 11th April 2019 approved and allotment of 1,50,00,007 equity shares of face value of INR 10/- (Rupees Ten only) each, fully paid up, at a price of INR10/- per equity share, on preferential basis for an aggregate consideration of INR 15,00,00,070/- (Rupees Fifteen Crores and Seventy Rupees only), were allotted to eligible financial creditors on conversion of their existing loan to the extent of the shares allotted to them.

(iii) Allotment of equity shares to SIPL or its nominees and updating register of members

Pursuant to the NCLT order and approved resolution plan, on April 08, 2019, 3,49,99,993 equity shares of face value of INR 10/- (Rupees Ten only) each, fully paid up, at a price of INR 10/- (Rupees Ten only) per equity share, on preferential basis for an aggregate consideration of INR 34,99,99,930/- (Rupees Thirty Four Crores Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred and Thirty only) to SIPL and its nominees and Pursuant to the allotment, they holds 70.00% of the paid-up capital of the Company and has been classified as the promoter of the Company.

(iv) Reconstitution of the Board of Directors

Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019 submitted by successful Resolution Applicant M/s Shakambhari Ispat & Power Limited and in compliance of the Resolution Plan by the Hon'ble NCLT, the office of the existing director stands suspended and the powers of the Board are assumed by the Monitoring Committee ("MC") under the IBC. The NCLT vide its order dated April 08, 2019 has approved the appointment of the MC. On and from April 08, 2019, the MC has assumed control of the management of the Company for an interim period. The MC at its meeting dated 11th April, 2019 re-constituted the management of the company

Accordingly, at the meeting of the Monitoring Committee of the Company held on 11th April, 2019, the Board of Directors has been re-constituted as follows:

1. Mr. Deepak Kumar Agarwal (DIN: 00646153)
2. Mr. Ramabatar Agarwal (DIN: 02930064)
3. Mr. Sanjay Kumar Chowdhary (DIN: 08402623)

The following Directors ceased to be Directors with effect from 11th April, 2019:

1. Mr. Bipin Kumar Vohra (DIN: 00276567)
2. Mr. Arjun Kumar Santhalia (DIN: 00601236)
3. Mr. Sudesh Kumar Agarwal (DIN: 00635943)

(v) Key Managerial Personnel.

At the meeting held on 22nd July 2019, the Re-constituted Board of Directors has appointed Mr Deepak Kumar Agarwal (DIN- 00646153) as the Managing Director of the Company for a period of 5 (five) years with effect from 22nd July 2019. His appointment is subject to the approval of the Members and the said appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

In view of the requirements of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) , Regulations 2015 (the Listing Regulations)

The re-constituted board of directors of the company in their meeting held on 20th June 2019 appoints Mr. Binod Kumar Agarwal as a Chief Financial Officer (CFO) and Mr. Ashutosh Sharma as a Company Secretary of the Company w.e.f 20th June 2019

(vi) Re-classification of Erstwhile promoters and Listing of Fresh Equity Share

Post the Acquisition, the Company submitted an application with the stock exchanges where its securities are listed, for reclassifying the new promoters of the Company i.e Mr. Deepak Kumar Agarwal, Shakambhari Tie-Up Private Limited, Krishna Sudama Marketing Private Limited , Swapno Marketing Private Limited , Aryavrat Plot Managers Private Limited , BMS Sales Private Limited and after the acquisition the reconstituted board of directors of the company has update the Fresh Listing of 5,00,00,000 Equity Shares of Rs 10/- to Calcutta Stock Exchange.

G. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

The Company incurred losses in the preceding three financial years. Thus the Company was not required to spend any money for CSR activities during the financial year 2018-19. Post the Acquisition, the Board has reconstituted the CSR Committee and renamed it as Corporate Social Responsibility and Sustainability Committee.

On the recommendation of the newly constituted Corporate Social Responsibility and Sustainability Committee, the Board has adopted a new Corporate Social Responsibility and Sustainability Policy effective July 22, 2019.

The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company <https://www.spsgroup.co.in/>.

H. CORPORATE GOVERNANCE

The Corporate Governance Report for financial year 2018-19 as stipulated under the Listing Regulations forms part of the Annual Report. The certificate from a practicing Company Secretary confirming compliance with the conditions of corporate governance forms part of the Corporate Governance Report.

1. Board Meetings

On and from the insolvency commencement date; i.e., December 22, 2017, the powers of the board of directors of the Company stood suspended and had been exercised by the RP. However after December 22,2017 , regular meetings were held between the Resolution Professional and the Directors in lieu of quarterly meetings of the board of directors.

2. Selection of New Directors and Board Membership Criteria

Post the Acquisition, the Board of Directors of the Company has been reconstituted. The Board on the recommendation of the Nomination and Remuneration Committee (“**NRC/Committee**”) has approved and adopted a revised Policy for Appointment & Removal of Directors. This Policy covers different parameters including board diversity, membership criteria and criteria for determining independence of Directors. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. The Policy on Appointment and Removal of Directors is annexed to this Report (**Annexure – 1**) and is also available on our website <https://www.spsgroup.co.in/>.

3. Compensation Policy for the Board and Senior Management

Post the Acquisition, based on the recommendations of the NRC, the Board has approved and adopted a revised Remuneration Policy for Directors, Key Managerial Personnel and all other employees of the Company (“**Remuneration Policy**”) effective June 20, 2019. As part of this policy, the Company will strive to achieve alignment between pay and long-term sustainable performance. The Remuneration Policy is annexed to this report (**Annexure – 2**) and is also available on the website of the Company www.spsgroup.co.in.

4. Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report (**Annexure -3**). In addition, there are no

employees drawing remuneration in excess of the limits sets out in the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

5. Independent Directors Declaration

Post the Acquisition, the Reconstituted Board comprises one Independent Directors. The Company has received the necessary declaration from the Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and the Listing Regulations.

6. Directors

Cessation of Directorship w.e.f 11th April 2019

1. Mr. Bipin Kumar Vohra (DIN: 00276567)
2. Mr. Arjun Kumar Santhalia(DIN: 00601236)
3. Mr. Sudesh Kumar Agarwal (DIN: 00635943)

Directorship w.e.f 11th April 2019

1. Mr. Deepak Kumar Agarwal (DIN: 00646153)
2. Mr. Ramabatar Agarwal (DIN: 02930064)
3. Mr. Sanjay Kumar Chowdhary (DIN: 08402623)

At the meeting held on 22nd July 2019, the Board of Directors has appointed Mr Deepak Kumar Agarwal (DIN-00646153) as the Managing Director of the Company for a period of 5 (five) years with effect from 22nd July 2019. His appointment is subject to the approval of the Members and the said appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

Mrs. Priyanka Goenka , Additional Independent Director of the Company has appointed by the re-constituted board of directors of the company in their meeting held on 20th June 2019 for a period of 5 (five) years with effect from 20th June 2019 . Her appointment is subject to the approval of the Members and the said appointment is proposed in the notice for the forthcoming AGM for your approval.

Re-Appointment

Pursuant to Section 152 of the Companies Act, 2013, Mr. Ramabatar Agarwal , Director of the Company is Liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

7. Audit Committee

During the year under review , under the reporting period , the Company is under “Corporate Insolvency Resolution Process” (“CIRP”) pursuant to the NCLT Kolkata Order dated 22nd December 2017. The erstwhile board of directors of the company have confirmed in last year boards report that as there is no independent director on the Board , hence no committee has been formed , the directors had also confirmed the during the reporting period no meeting of the reporting period of the committee were held due to absence of independent director.

Pursuant to the Acquisition, the Audit Committee has been re-constituted and on June 20, 2019 the Board has approved the charter for the functioning of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

8. Internal Financial Control Systems

Pursuant to the Acquisition, the Company is putting in place a framework for Internal Financial Controls, commensurate with the size, scale and complexity of the Company’s operations.

9. Risk Management

Post the Acquisition, the Company is putting in place an enterprise risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy. The Board to the best of its knowledge states that, there are at present no such risks that threaten the existence of the Company.

10. Vigil Mechanism

Post the Acquisition, the Board, on the recommendations of the Audit Committee, has approved a new vigil mechanism that provides a formal mechanism for all Directors, employees and vendors to approach the Ethics Counselor/Chairman of the Audit Committee and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Shakambhari Group Code of Conduct(SGCoC).

The Vigil Mechanism comprises 3 policies viz., the Whistle Blower Policy for Directors & Employees, Whistle Blower Policy for Vendors and Whistle Blower Reward and Recognition Policy for Employees. The same is available on our website, <https://www.spsgroup.co.in/>.

The Whistle Blower Policy for Directors & Employees is an extension of the (SGCoC) that requires every Director or Employee to promptly report to the Management any actual or possible violation of the (SGCoC) or any event where he or she becomes aware of, which could affect the business or reputation of the Company.

The Whistle Blower Policy for Vendors provides protection to vendors from any victimization or unfair trade practices by the Company.

The Whistle Blower Reward and Recognition Policy for Employees has been implemented in order to encourage employees to genuinely blow the whistle on any misconduct or unethical activity taking place in the Company. During the financial year 2018-19, the Company did not receive any whistleblower complaints.

11. Related Party Transactions

Particulars of contracts or arrangement with related parties referred into Section 188(1) of the Companies Act, 2013 in the prescribed format AOC-2 is attached (**Annexure -4**) to this report.

12. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and post the Acquisition has adopted a revised policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

13. Directors' Responsibility Statement

Members may kindly note that, the Directors of the Reconstituted Board were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between December 22, 2017 to April 08, 2019), RP and prior to the Insolvency Commencement Date, the erstwhile Board of Directors was entrusted with and responsible for the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the Act and Listing Regulations and the Directors, as on date, are not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the Acquisition.

IBC is a new legislation in India and the Approved Resolution Plan of the Company is amongst the first such resolution plan approved under the IBC and the members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan. As pointed out above, the Reconstituted Board of Directors have been in office only since April 12, 2019.

Consequently, the Reconstituted Board has only a limited overview of the effectiveness of the internal financial and other controls of the Company for the fiscal year 2019. Accordingly, pursuant to Section 134(5) of the Act, the Reconstituted Board of Directors, based on the knowledge/ information gained by them, about the affairs of the Company, in a limited period of time and based on understanding of the then existing processes of the Company and to the best of their knowledge state:

- a) that in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that we have selected such accounting policies and made judgments and estimates that are reasonable and prudent so as to give a reasonably true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2019 and of the profit or loss of the Company for that period; and
- c) that the annual accounts for the financial year ended March 31, 2019 have been prepared on a going concern basis.

14. Subsidy/Associate/Joint Venture Company

The Company does not have any subsidiary/associate /joint venture Company during the year ended 31 March 2019.

15. Auditors & Auditors Report

Statutory Audit:

M/s. Uttam Agarwal & Associates, Chartered Accountants having registration no. 322455E, be and are hereby appointed as Statutory Auditors of the Company for a term of 5 years commencing from the Financial year 2017-18 to hold office from the conclusion of 35th annual general meeting till the conclusion of the 40th Annual General Meeting to be held for the Financial Year 2021-22 (Requirement of Ratification at AGM has since been dispensed with)

M/s. Uttam Agarwal & Associates, Chartered Accountants has audited the book of accounts of the Company for the financial year ended March 31, 2019 and has issued a qualified auditors' report thereon. The qualifications in the auditor's report are as given hereunder:

1. Attention drawn to Note 31 wherein corporate guarantee of Rs. 59,580 lacs (31st March 2018- Rs. 59,850 Lacs), on behalf of group companies to secure financial assistance extended to them by banks, have not been fair valued as per Ind As 109. As a result, loss of the company for the year is potentially lower & liability is potentially understated to the extent of fair value of these corporate guarantees. The company is under CIRP and the matter being sub-judice, the consequential impact may vary.
2. Attention drawn to Note 33 for non-provision of interest on bank classified as NPA up to 22nd December,17 amounting to Rs. Nil (Previous year Rs. 4,988 Lacs). Liability is understated to the extent of Rs. 30,945.08 Lacs (Previous year Rs. 30, 945.08 Lacs). Pursuant to CIRP on the basis of claim filed by the financial creditors (excluding related parties) under IBC code, 2016 amount of Rs. 1,95,007 Lacs (including interest on borrowings, corporate guarantee and interest thereon) has been admitted, the matter being sub- judice, the consequential impact may vary.
3. Attention drawn to Note 34 for non-provision of interest on dues to MSTC Ltd amounting to Rs. Nil (Previous year Rs. 1,705.61 Lacs). Pursuant to CIRP on the basis of the claim filed by MSTC Ltd. Under IBC Code, 2016 amount of Rs. 28,216.56 Lacs (including interest) has been admitted, the matter being sub- judice, the consequential impact may vary.

Note: All Liabilities as aforesaid have by reasons of order of Hon'ble NCLT Kolkata order dated 08th April 2019, since been extinguished/discharged.

Secretarial Audit:

Pursuant to Section 204 of the Companies Act 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, inter alia requires every listed company to annex with its boards report , a secretarial audit report given by a practicing company secretary in practice on the prescribed form.

During the period under review no Secretarial Auditor was appointed pursuant to section 204 of the Companies Act 2013. However while evaluating compliances; it was brought to knowledge of the reconstituted board of the company that no secretarial auditor has been appointed for the financial year 2018-19. Hence the Reconstituted Board of Directors of the Company have approved appointment of Mr. Pankaj Kumar Modi, Practicing Company Secretary having CP no 12472 as secretarial auditor at its Board meeting held on July 22,2019 for the financial year ending 31st March, 2019.

The Secretarial Audit Report Certified by Company Secretarial Auditors , in the Specified Form MR-3 is annexed herewith as **(Annexure -5)** and forms part of this report.

Cost Audit:

In terms of Section 148 of the Act , the Company is required to maintain cost records and have the audit of its cost records conducted by the Company is required under Section 148(1) of the Act. The Re-Constituted Board of Directors at their meeting held on June 20, 2019 has re-appointed, M/s. DGM & Associates, (Registration No.00038), Cost Accountants, Kolkata as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company for the financial year ending 31 March 2020.

Internal Auditor:

The Re-Constituted Board of Directors at their meeting held on June 20, 2019 has appointed M/s Jain Khemka & Associates as Internal Auditor of the Company for the Financial Year 2019-2020.

16. Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 as per provisions of Companies Act, 2013 and rules thereto is annexed to this report as **(Annexure -6)** to this report.

17. Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the Going Concern Status of the Company

National Company Law Tribunal Kolkata Bench ("NCLT") by its order December 22,2017 initiated CIRP against the company and Mr.Vijaykumar V Iyer as the Interim Resolution Professional ("**IRP**") for the Company. A committee of creditors ("**CoC**") of the Company was constituted by the IRP as per the provisions of the IBC. The CoC had in its meeting dated January 19, 2018 confirmed the IRP as the Resolution Professional ("**RP**") of the Company as per the provisions of the IBC.

The NCLT has approved the Resolution Plan vide its order dated April 08, 2019 ("**Approved Resolution Plan**") As the normal operations were continuing, its Financial Statements were prepared on a Going Concern basis.

18. Particulars of Loans, Guarantees or Investments

Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019, All Corporate Guarantees issued by the Company , whether invoked or not , shall be deemed to have been discharged and released in full with effect from the Closing date.

19. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of the energy conservation, technology absorption and foreign exchange earnings and outgo are annexed to this Report **(Annexure -7)**.

20. Deposits

During the year, the Company has not accepted any public deposits under the Act.

21. Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, dealers, suppliers and investors for their continuous support.

Your Directors wish to place on record their deep sense of appreciation & gratitude to the Company's employees for their hard work, co-operation and support.

On behalf of the Board of Directors
SPS Steels Rolling Mills Limited

Deepak Kumar Agarwal
Managing Director
DIN: 00646153

Sanjay Kumar Chowdhary
Director
DIN:08402623

Date: 05-08-2019

Place: Kolkata

ANNEXURE – 1

POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

1. Introduction

In terms of Section 178 of the Companies Act, 2013 (“Act”), rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Committee has formulated this policy on appointment and removal of Directors. This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

2. Objective of the Policy

To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence and who may be appointed as the Senior Management of the Company.

3. Appointment of Directors

- i. This Policy enumerates guidelines which may be used by NRC in selecting/appointing/re-appointing and removal of a Director.
- ii. Assess skill-sets the Board needs given the strategies, challenges faced by the Company.
- iii. In selecting individuals for appointment/re-appointment/ removal of directors, the NRC may refer to the following guidelines/policies:
 - Board Membership Criteria (**Refer Schedule A**)
 - Board Diversity Policy (**Refer Schedule B**)
 - Criteria for determining independence of Directors (in case of appointment of Independent Directors (**Refer Schedule C**))
- iv. NRC may also request candidature from the database maintained by the Company or list of potential candidates shared by the external consultants or any other source as deemed appropriate by the Committee.
- v. NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.
- vi. NRC to recommend the appointment of short listed candidate to the Board for its consideration.
- vii. Emergency Succession: If position of a Director suddenly becomes vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

4. Policy Implementation

NRC is responsible for recommending this Policy to the Board. The Board is responsible for approving and overseeing implementation of this Policy (with the support of NRC).

5. Review of the Policy

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the management of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule A

BOARD MEMBERSHIP CRITERIA

The NRC works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service.

Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance and other disciplines relevant to the success of a large publicly traded metals and mining company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the Company operates and especially in the Directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

In determining whether to recommend a Director for re-election, the Committee also considers the Director's past attendance at meetings,

participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities at SPS Steels.

Schedule B

BOARD DIVERSITY POLICY

1. Purpose

The need for diversity in the Board has come into focus post the changes in the provisions of the Companies Act, 2013 ("**Act**") and SEBI (LODR) Regulations 2015.

The NRC has framed this Policy to set out the approach to diversity on the Board of the Company ("**Policy**").

2. Scope

This Policy is applicable to the Board of the Company.

3. Policy Statement

The Company recognizes the importance of diversity in its success. A diverse Board will bring in different set of expertise and perspectives. The combination of Board having different skill set, industry experience, varied cultural and geographical background and gender diversity will bring a variety of experience and viewpoints which will add to the strength of the Company. While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies.

The Committee reviews and recommends appointments of new Directors to the Board. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, gender and other diversity of the Board.

To meet the objectives of driving diversity and an optimum skill mix, the Committee may seek the support of Shakambhari Group Human Resources.

4. Monitoring and reporting

The Committee will report annually, in the Corporate Governance section of the Annual Report of the Company, the process it employed in Board appointments. The report will include summary of this Policy including purpose and the progress made in achieving the same

5. Review of the Policy

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule C

CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

1. Purpose

The purpose of this Policy is to define guidelines that will be used by the Nomination and Remuneration Committee/ Board to assess the independence of Directors of the Company.

2. Independence Guidelines

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations. An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent, of his total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives -

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent, of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent, or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i),(ii) or (iii) or fifty lakh rupees, whichever is lower,

(e) who, neither himself nor any of his relatives -

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. Or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non- profit organisation that receives twenty-five

“Relative” implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely- Father (includes stepfather), Mother (includes step-mother), Son (includes step-son), Son’s wife, Daughter, Daughter’s husband, Brother (includes step- brother), Sister (includes step-sister).

Explanations:

Consecutive Terms: He/she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he/ she shall not during the said period of three years, be appointed in or associated with SPS Steels in any other category, either directly or indirectly.

ANNEXURE - 2

REMUNERATION POLICY OF DIRECTORS, KMPS AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, KMP and all other employees of SPS Steels Rolling Mills Limited ("**Company**") is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This Remuneration Policy ("**Policy**") has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("**Act**") and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). In case of any inconsistency between the provisions of law and this Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this Policy, the Nomination and Remuneration Committee ("**NRC**") has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and longterm performance objectives appropriate to the working of the Company and its goals. Key principles governing this Policy are as follows:

REMUNERATION FOR INDEPENDENT DIRECTORS AND NONINDEPENDENT NON-EXECUTIVE DIRECTORS

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.

Independent Directors ("**ID**") and Non-Independent Non-Executive Directors ("**NED**") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

Overall remuneration practices should be consistent with recognized best practices.

The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings. In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company.

This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

REMUNERATION FOR MANAGING DIRECTOR (MD)/EXECUTIVE DIRECTORS (EDS)/KMP/REST OF THE EMPLOYEES

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
 - Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company,
 - Reflective of size of the Company, complexity of the sector/ industry/company's operations and the Company's capacity to pay,
 - Consistent with recognised best practices and
 - Aligned to any regulatory requirements.
-
- In terms of remuneration mix or composition,

The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.

Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.

In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible.

The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

The Company provides retirement benefits as applicable.

In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/EDs such remuneration by way of bonus/performance linked incentive and/ or commission calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

The Company may provide the rest of the employees a performance linked bonus and/or performance linked incentive and/or long-term incentive as applicable. The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process and the performance of the Company.

REMUNERATION PAYABLE TO DIRECTOR FOR SERVICES RENDERED IN OTHER CAPACITY

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

PREMIUM ON INSURANCE POLICY

Where any insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where any insurance is taken by the Company on behalf of its MD/ EDs, KMP and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which

they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

POLICY IMPLEMENTATION

The NRC is responsible for recommending the Policy to the Board. The Board is responsible for approving and overseeing implementation of the Policy.

REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarification from the management in this regard.

ANNEXURE - 3

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016 AND DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 [READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2014]

A. The Details of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

i) The ratio of remuneration of each director to the median remuneration of the employee of the company for the financial year:

Sl. No.	Name of the Director	Remuneration Per Annum (INR)	Median Remuneration Per Annum (INR)	Ratio (Remuneration of Director to Median Remuneration)
1	Sudesh Kumar Agarwal	14,40,000	1,57,062	9.17

ii) Percentage increase in the remuneration of each director , Chief Financial Officer , Chief Executive officer , if any , in the financial year 2018-2019.

During the reporting period company has no CEO, CFO and Company Secretary in the Company.

During the year there has not been any increase in the remuneration paid to Mr. Sudesh Kumar Agarwal owing to losses incurred by the company.

iii) Percentage Increase in the remuneration of employees in the financial year 2018-2019

	(Amount in INR)
2017-2018	2018-2019
1,44,000	1,57,062

iv) Number of Permanent employees on the rolls of the Company as on 31st March 2019
447

v) Explanation on the relationship between average increase in remuneration and company performance:
Not Applicable

vi) Comparison on the remuneration of the Key Managerial Remuneration against the performance of the Company:

During the year under review, total remuneration to KMP's was Rs 14,40,000/- and during the year the company has suffered a loss of Rs 519.66 Lakhs

vii) Variation in Market Capitalization/Net Worth of the Company as at the closing of the Financial Year and Previous Financial Year.

The networth of the Company as on 31st March 2019 was Rs -53,230.29 Lakhs Negative as compared to Rs -52,552.18 Lakhs Negative as on 31st March 2018.

viii) Average Percentile increase already made in the salaries of the employees other than the managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in salary of employees in last Financial Year : 9%
 Percentile increase in Managerial Remuneration : 0.90%

ix) The Key Parameters for any variable component of remuneration availed by the directors: None

x) The ratio of remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year:

Name of the Director	Remuneration Per Annum (INR)	Name of the Employee	Remuneration Per Annum (INR)	Ratio (Remuneration of Director to Employee)
Sudesh Kumar Agarwal	1440000	Manoj Ahuja	2613600	0.55
		Rishi Kumar Puri	2400000	0.60
		Mahendra Pachlangia	1893552	0.76
		Shruti Ghosh	1756908	0.82
		Shantanu Sarkar	1538436	0.94
		Manish Kumar Jain	1468500	0.98

Annexure-4

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Amount in Lakhs)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
None					

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Amount in Lakhs)*	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Bengal Recyclers & Fabricators Pvt. Ltd	Receiving of Services	All the transactions were entered in regular course of business of the Company	0.88	Not Applicable	Not Applicable
Darks Security Consultants Pvt. Ltd	Receiving of Services		288.70		
Mr. Sudesh Kumar Agarwal	Receiving of Services		14.40		

Annexure-5

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of
The Companies (Appointment and Remuneration Personnel)Rules*

To
The Members,
SPS STEELS ROLLING MILLS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SPS STEELS ROLLING MILLS LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records are not found by me and also not maintained by the Company. The Company is unable to provide proper documents and information by its officers, agents and authorized representatives during the conduct of secretarial audit.

I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 has not complied with the statutory provisions listed hereunder.

However the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. The Re-Constituted Board of Company is unable to provide the minutes book of the company so, I could not examined. They provide the books, papers, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (N/A)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (N/A)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. (N/A) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (N/A)

3. The Management of the Company also not to provide the compliance with the applicable Clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards 1 and 2 are effective from July, 2015, so the compliances are not done accordingly);

However the Board has been suspended from 22ND December, 2017. So, that Secretarial Standard (SS-1, SS-2) was not applicable with the related period.

(ii) The Listing Agreements entered into by the Company with Calcutta Stock Exchange Limited ("CSE");

(iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Effective from 1st December, 2015).

4. We have been intimated by the Company that specific law is applicable to the industry to which it belongs.
 - i. Iron and Steel Companies Amalgamation Act, 1952
 - ii. Factories Act, 1948.
5. During the Audit Period, the Company has not complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:
 - i. In terms of Regulation 17(3) of Listing Obligations and Disclosure Requirements (LODR) 2015, the Board of Directors shall periodically review compliance reports pertaining to all laws applicable to the listed entity, prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances.
 - ii. The Company is reportedly in the process of complying with the above requirements of Regulation 17(3) of LODR as well as section 205 of the Companies Act, 2013 for all quarters in the ensuing financial year.
 - iii. Schedule B of the SEBI (Prohibition of Insider Trading) Regulations, 2015 requires the Compliance officer to report to the board of directors and in particular to the Chairman of the Audit Committee / Board with respect to trading done / pre-clearance sought by the Designated Persons.
6. Even in case there is no trading done / pre-clearance sought, we recommend that a “Nil report” be placed Quarterly in compliance of the provisions of the Regulations.
7. Trading Window closure was not intimated to the exchange and to the Designated Person’s through Inter Office Memo’s.
8. It is recommended that in addition to Stock Exchange(s), the Trading Window closure shall also be intimated to the Designated and Connected Persons through e-mail, website notice etc.

We further report that:

During the year, the Allahabad Bank, on behalf of the Financial Creditor Under Section 7 of the Insolvency and Bankruptcy Code, 2016, of the Company had initiated insolvency proceedings against the Company before NCLT, Kolkata under the Insolvency And Bankruptcy Code, 2016. The Corporate Insolvency Resolution Process (CIRP) in terms of the Insolvency and Bankruptcy Code, 2016 (IBC) was commenced against the Company pursuant to the order dated 22nd December, 2017 passed by the Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). The NCLT in terms of the aforesaid order had appointed Mr. Vijaykumar V. Iyer as the Interim Resolution Professional (IRP) of the Company. Pursuant to the majority decision of Committee of Creditors held on 22nd December, 2017, the Interim Resolution Professional, Mr. Vijaykumar V. Iyer was appointed

as the Resolution Professional and as per provisions of IBC, all the powers of the Board of Directors were suspended and were vested with the Resolution Professional, who was also responsible for the day to day management and operations of the Company.

We further understand that meetings of Resolution Professional, Key Managerial Personnel and Statutory Auditors were being held in lieu of quarterly meetings of Resolution Professional and Key Managerial Personnel were being held in lieu of quarterly meetings of Board of Directors, for which adequate notices are given. Compliances as aforesaid preceding paragraphs have to read with limitation imposed by such suspension of Board.

We further report that:

The Committee of Creditors of the Company constituted in terms of the Insolvency and Bankruptcy Code, 2016 under process the resolution plan for the Company submitted by highest bidder **“SHAKAMBHARI ISPAT AND POWER LIMITED.”** in the Meeting of the Committee of Creditors held on 9TH May , 2018.

Note: As per the Approved Resolution Plan Passed by the National Company Law Tribunal Kolkata Bench order dated 08th April 2019. Reliefs/Concessions/Grants sought from the NCLT, which contains inter-alia:

(i) All legal proceedings pertaining to any claims which are ongoing before any court, tribunal, quasi judicial authority or any Government authority be quashed and such claims stand extinguished against the Company.

(ii) All on-going litigations against the Company impacting the implementation of the Resolution Plan shall not be further proceeded with;

(iii) Condonation / waiver of all past irregularities and non -compliance by the Company under the Companies Act, 2013 or any other law ;

(iv) Extinguishment of all existing statutory dues and waiver of interest /damages/penalties etc. against the statutory dues and condonation for delay in submission of returns;

(v) Immunity from all inquiries, investigations, notices, causes of action, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceeding against, the Company or the affairs of the Company, pending or threatened, present or future, in relation to any period prior to the acquisition of control by the Resolution Applicant over the Company.

(vi) All inquiries, investigations, notices, causes of action, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings against, the Company or the affairs of the company, pending or threatened , present or future, in relation to any period prior to the acquisition of control by the Resolution Applicant over the Company shall stand extinguished

and accordingly, all such proceedings, inquiries, investigations, etc. shall be disposed of and all liabilities or obligations in relation thereto, whether or not set out in the balance sheets of the company or the profit and loss account statements of the Company, will be deemed to have been written off in full and permanently extinguished by virtue of the order of the NCLT approving this resolution plan and the Resolution Applicant or their nominee directors shall at no point of time be, directly or indirectly, held responsible or liable in relation thereto. By virtue of the order of the NCLT approving this Resolution Plan, all new inquiries, investigations, notices, suits, claims, disputes, litigation, arbitration or other judicial, regulatory or administrative proceedings will not be initiated or admitted if these related to any period prior to the Closing Date, against the Company or any of its employees or directors who are appointed or who remain in employment or directorship after the acquisition of control by the Resolution Applicant over the Company or pursuant to the implementation of the Resolution Plan.

(vii) all penalties and punishment under the Companies Act, 2013 and other applicable laws as may be applicable due to the handling of the business and management affairs prior to the Resolution Applicant becoming the shareholders of the Company, shall stand condoned/waived by the order of the NCLT. Further, the Company shall not be required to pay any penalty or apply for compounding due to delay in the audit of the financial statements for the financial year 2016-17 or filing of annual return, etc. Such delays shall stand condoned/waived and regularized by virtue of the order of the NCLT.

(viii) All corporate guarantees issued by the Company, whether invoked or not, shall be deemed to have been discharged and released in full with effect from the Closing Date.

(ix) Any contracts entered into or obligation / encumbrance / licenses entered into by the erstwhile members of the Board of Directors and / or Corporate Debtor for dilution of the corporate Debtor's rights and interests in the brand 'Elegant' shall stand annulled forthwith.

(x) All claims not admitted by resolution professional but accounted in books shall not be paid and shall stand extinguished against the company.

Pankaj Kumar Modi
Company Secretary in Practice
Membership No-ACS 28600
C.P No-12472
Place: Kolkata
Date: 05/08/2019

This Report is to be read with our letter of even date which is annexed to this Report as Annexure – A integral part of this Report.

To
The Members,
SPS STEELS ROLLING MILLS LIMITED

My report of even date is to be read along with this letter.

i. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

ii. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

iii. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;

iv. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;

v. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;

vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Pankaj Kumar Modi
Company Secretary in Practice
Membership No-ACS 28600
C.P No-12472
Place: Kolkata
Date: 05/08/2019

a) Individual/ HUF	200000	1837200	2037200	4.80	200000	1837200	2037200	4.80	
b) CentralGovt									
c) State Govt(s)									
d) Bodies Corp	3600000	30975720	34575720	81.52	3600000	30975720	34575720	81.52	
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	3800000	32812920	36612920	86.32	3800000	32812920	36612920	86.32	
2) Foreign									
g) NRIs- Individuals									
h) Other- Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total(A)(2):-									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									
2. Non Institutions									
a) Bodies Corp. (i) Indian (ii) Overseas	2400000	2445500	4845500	11.42	2400000	2445500	4845500	11.42	
b) Individuals	100000	37050	137050	0.32	100000	37050	137050	0.32	
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	500000	317450	817450	1.93	500000	317450	817450	1.93	
c) Others(Specif y)									
Sub-total(B)(2)	3000000	2684750	5684750	13.67	3000000	2684750	5684750	13.67	
Total Public Shareholding (B)=(B)(1)+	3000000	2684750	5684750	13.67	3000000	2684750	5684750	13.67	

(B)(2)									
C.Shares heldby Custodianfor GDRs&ADRs									
GrandTotal (A+B+C)	6800000	35612920	42412920	100.00	6800000	35612920	42412920	100.00	

ii.Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	% change in share holdi ng durin g the year
1.	Bipin Kumar Vohra	1936960	4.57		1936960	4.57		
2.	Arjun Kumar Santhalia	100000	0.24		100000	0.24		
3.	Sanjukta Vohra	240	0.00		240	0.00		
4.	Techmart Broking Company Private Limited	15883020	37.45		15883020	37.45		
5.	Cheksons Broking Company Private Limited	18692700	44.07		18692700	44.07		
	Total	36612920	86.32		36612920	86.32		

iii.Change in Promoters' Shareholding(please specify ,if there is no change

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus/ sweat equity etc):	No Change			
	At the End of the year				

Note: Details of Shareholding as aforesaid stands extinguished/cancelled by reason of Approved Resolution plan in terms of order dated 08th April 2019 of Hon'ble NCLT Kolkata Bench

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment(Amount in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	48,552.38	8,052.63	-	56,578.01
ii) Interest due but not paid	300.36	-	-	300.36
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	48,852.74	8,052.63	-	56,878.37
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	48,552.38	8,052.63	-	56,578.01
ii) Interest due but not paid iii) Interest accrued but not due	300.36	-	-	300.36
	-	-	-	-
Total (i+ii+iii)	48,852.74	8,052.63	-	66,878.37

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Sudesh Kumar Agarwal	Total Amount
1.	Gross salary	14,40,000	14,40,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as% of profit - others ,specify...	-	-
5.	Others, please specify	-	-
6.	Total(A)	14,40,000	14,40,000
	Ceiling as per the Act		

Note: Owing to the Huge Losses in the reporting period the erstwhile Directors of the Company Mr. Bipin Kumar Bohra & Mr. Arjun Kumar Santhalia have consented not to draw any remuneration from the company.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify					Nil
	Total(1)					Nil
	<u>Other Non-Executive Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify					Nil
	Total(2)					Nil
	Total(B)=(1+2)					Nil
	Total Managerial Remuneration					Nil
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961				Nil
2.	Stock Option				Nil
3.	Sweat Equity				Nil
4.	Commission - as % of profit -others, specify...				Nil
5.	Others, please specify				Nil
6.	Total				

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A.Company					
Penalty			None		
Punishment					
Compounding					
B.Directors					
Penalty			None		
Punishment					
Compounding					
C.Other Officers In Default					
Penalty			None		
Punishment					
Compounding					

Annexure-7

Statement of particulars under Rule 8(3) of companies (Accounts) Rules, 2014

A. Particulars with Respect to conservation of Energy

i) The Steps taken or impact on conservation of energy

The power consumption of the Company as a percentage of total turnover comes to a negligible percentage. Several measures to conserve energy and to reduce the costs associated with it have been taken. The Company has installed energy efficient devices in the projects also. Training programme were conducted to increase awareness on energy saving.

ii) The Steps taken by the Company for utilizing alternate sources of energy

As the energy consumption to total turnover is very minimal use of alternate source of energy is not required.

iii) The Capital investment on energy conservation equipment

As the energy consumption to total turnover is very minimal investment in energy conservation equipment is presently not required.

B. Particulars with Respect to conservation of Energy.

i) The efforts made towards technology absorption

The Company has taken efficient steps towards technology absorption.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution

The benefits derived by the Company for such adoption have been evident in reducing cost. Thus it helps the company to satisfy consumer needs and business requirements.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

a. Details of technology imported

b. The year of import

c. Whether the technology been fully absorbed

d. If not fully absorbed, areas where absorption has taken place and the reasons thereof ; and

iv) The expenditure incurred on Research and Development : NA

C. Foreign exchange earning and outgo :

Foreign Exchange earnings and outgo	2018-19	2017-18
Earning	Nil	Nil
Outgo	Nil	Nil

Corporate Governance Report

The Company was admitted to corporate insolvency resolution process (“CIRP”) vide order of the National Company Law Tribunal (“NCLT”), Kolkata Bench, dated December 22, 2017 (“Insolvency Commencement Date”) under the provisions of the Insolvency and Bankruptcy Code, 2016 (“Code”). In connection with the corporate insolvency resolution process of the Company, the NCLT vide its order dated April 8, 2019 approved the Resolution Plan (“IBC /NCLT Order”) submitted by Shakambhari Ispat & Power Limited (“SIPL”). Pursuant to the NCLT Order, SIPL acquired the Company (“Acquisition”). Post the Acquisition, a new Board was constituted in the current financial year i.e. on April 11, 2019 (“Reconstituted Board” or “Board”) and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

This report highlights the Company’s practices for the Financial Year 2018-19.

1. Board of Directors

As on 31st March, 2019 the Company has three (3) directors. The Chairman of the Company is an Executive Director.

Composition of the Erstwhile Board of Directors and details of their shareholding in the Company and external directorship and membership of the Board Committees:

Director	Category	Designation	Shareholding in the Company (No. of Shares)	Number of Directorships other than SSRML
Sri. Bipin Kumar Vohra	Promoter - Executive	Chairman & Managing Director	1936960	9
Sri Arjun Kumar Santhalia	Executive	Director	100000	9
Sri Sudesh Kumar Agarwal	Executive	Director	Nil	5

The Details of remuneration paid to the Directors for the year ended 31st March 2019 as follows: (Amount in INR)

Name of the Director	Relationship with other Directors	Remuneration paid /payable for the year ended 31st March, 2019		
		Sitting Fees	Remuneration	Total
Sri Bipin Kumar Vohra	-	NIL	NIL	NIL
Sri Arjun Kumar Santhalia	-	NIL	NIL	NIL
Sri Sudesh Kumar Agarwal	-	NIL	14,40,000	14,40,000

Pursuant to the Order passed by the Hon’ble National Company Law Tribunal, (NCLT) Kolkata Bench, dated 08th April 2019, approved the Resolution Plan, submitted by the successful

Resolution Applicant, Shakambhari Ispat & Power Limited , the Board of Directors was duly reconstituted and the following members Mr. Deepak Kumar Agarwal , Mr. Ramabatar Agarwal and Mr. Sanjay Kumar Chowdhary were appointed on the Board by the Monitoring Committee at its Meeting held on 11th April 2019.

2. Board Procedures

The directors have confirmed the following:

Number of Board Meetings held, dates on which held: See Note Below

Attendance details of each of the directors at the Board Meetings and at the last AGM are set out below:

Director	Number of Board Meeting Held	Number of Board Meetings Attended	Last AGM attendance (Yes/No)
Sri. Bipin Kumar Vohra	See Note Below		
Sri Arjun Kumar Santhalia			
Sri Sudesh Kumar Agarwal			

Note: From the insolvency commencement date, i.e, December 22, 2017, regular meetings were held between the Resolution Professional and the directors of the Company in lieu of quarterly meetings of the Board of Directors.

3. Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee

During the year under review , under the reporting period , the Company is under “Corporate Insolvency Resolution Process” (“CIRP”) pursuant to the NCLT Kolkata Order dated 22nd december 2017. The erstwhile board of directors of the company have confirmed in last year boards report that as there is no independent director on the Board , hence no committee has been formed , the directors had also confirmed the during the reporting period no meeting of the reporting period of the committee were held due to absence of independent director

Pursuant to the Approved Resolution passed by NCLT, Kolkata bench order dated 08th April 2019 and further in terms of the Companies Act, 2013 and SEBI (Listing Obligations and disclosure Requirements), Regulations, 2015, (“Listing Regulations, 2015”) the above mentioned **Committees** of the Board of Directors of the Company was re-constituted with the following members:

Company was re-constituted with the following members :

Mrs. Priyanka Goenka	Chairperson
Mr. Deepak Kumar Agarwal	Member
Mr. Sanjay Kumar Chowdhary	Member

4. Disclosures:

The directors have also confirmed the following:

- i) The Company had no transaction of material nature with its promoters, directors or the management, their subsidiaries or relatives, etc. that may have had potential conflict of interest with the Company at large.
- ii) Regular Meetings were held between the Resolution Professional and Directors of the Company Hence No such register was placed

- iii) There are no instances of non-compliance by the Company and no penalties, strictures have been imposed by the Stock Exchanges, SEBI or any Statutory Authority on any matter related to Capital markets during the last three years.
- iv) The Company has complied with the applicable Indian Accounting Standards.
- v) Management Discussion and Analysis Report forms a part of the Annual Report.
- vi) The Company has not raised any proceeds from public issue, right issue, preferential issue etc. during the year.
- vii) Details of Compliances with mandatory requirements and adoption of non-mandatory requirements of this clause.

The Company has not been able to comply with certain sections of Companies Act, 2013 and certain clauses of the SEBI (LODR) Regulations, 2015 viz composition of Board of Directors and Committees to Board, appointment of independent directors, constitution of nomination and remuneration committee, appointment of key managerial person,. since the entire net worth of the Company as per Audited financial Statements as on 31st March. 2013 has eroded and hence, the Company observing erosion of entire net worth as per Audited financial Statements as on 31st March, 2018 has been subject to Corporate Insolvency Resolution Process.

viii) Communication to shareholders

The audited annual results for the financial year ended 31st March 2019 were not announced within two months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange.

5. General Board Meetings

a) The location, date and time of Annual General Meetings held during the preceding three years are given below:

Year	Venue	Day & Date	Time
2015-16	Elegant Towers, 224A, A.J.C. Bose Road, Kolkata - 700017	Thursday, 29th September, 2016	11:00 A.M.
2016-17	Elegant Towers, 224A, A.J.C. Bose Road, Kolkata - 700017	Saturday, 29th September, 2017	03:00 P.M.
2017-18	Elegant Towers, 224A, A.J.C. Bose Road, Kolkata - 700017	Friday, 15 th March 2019	11.30 A.M

b) Postal Ballots

During the year there were no ordinary or special resolutions passed by members through postal ballot.

6. CEO/CFO Certification

As stated above, post the Acquisition, a new Management has been put in place. The Managing Director and Chief Financial Officer were appointed (“New CEO and CFO”). Accordingly, the CEO and CFO Certification for FY 2018-19 has been given by the New CEO and CFO based on the

knowledge/information gained by them, about the affairs of the Company, in a limited period of time and based on an understanding of the then existing processes of the Company and to the best of their knowledge.

7. Compliance with Corporate Governance Norms

The directors have confirmed the following:

i) Mandatory Requirements

The Company has not been able to comply with certain sections of Companies Act, 2013 and substantial clauses of the SEBI (LODR) Regulations, 2015 with regards to composition of Board of Directors, appointment of Independent Directors, Constitution of Nomination and Remuneration Committee, Appointment of Key Managerial Personal. Since the entire net worth of the Company as per Audited Financial Statements as on 31st March, 2013 has eroded and hence, the company observing erosion of entire net worth as per Audited Balance Sheet as on 31st March, 2018 has been subject to Corporate Insolvency Resolution Process.

ii) Non- Mandatory Requirements

The Status of Compliance in respect of non-mandatory requirements of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) is as follows:

1. The Board :

- a. There is no Non- Executive Chairman for the Company
 - b. No specific tenure has been specified for any of the Independent Directors as there is no Independent Director on the Board.
2. Remuneration Committee: There is no remuneration Committee. Remuneration payable to the Directors is decided by the Board of Directors subject to the approval of the members at the General Meeting.
 3. Shareholder Rights: Details are given under the heading 'Communication to Shareholders'.
 4. Audit Qualifications: The Directors have provided a detailed explanation with respect to the qualifications raised by the Auditors in the Director's Report.

8. General Shareholder Information:

The Re-Constituted Board have also confirm the following

a) AGM: Date, Time & Venue

Date: 30th September 2019

Time: 11.30 A.M

Venue: "Diamond Prestige", 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017

Financial Year: 31st March 2019

Closure: 24th September 2019 to 30th September 2019

b) Dividend Payment

No dividend is recommended by the Board of Directors for the year.

c) Transfer of Unpaid/Unclaimed Dividend to Investor Education & Protection Fund(IEPF)

There is no Unpaid/Unclaimed amount of Dividend due for transfer to Investor Education & Protection Fund (IEPF) of the Central Government.

d) Listing on Stock Exchanges:

The company's Equity Shares are listed on the Stock Exchange located at Kolkata ISIN No. of Company's equity shares in Demat Form Depositories Connectivity	Address of stock Exchange: The Calcutta Stock Exchange Association Limited 7, Lyons Range Kolkata-700001 INE 114G01026 With Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL)
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e) Stock Code:

The Calcutta Stock Exchange Association Limited (Physical Form) – 15077

(Demat) – INE 114G01026

f) Market Price Data:

Shares of the company has not been traded in the Calcutta Stock exchange. Hence market price of stock is not available.

g) Registrar and Transfer Agent:

Physical & Demat : Niche Technologies (P) Limited
3A & 3B, Auckland Place,
Kolkata-700017

Share Transfer System: All the shares are being transferred and returned within 30 days from the date of receipt, so long as the documents have been cleared in all respect.

h) Distribution of Shareholding as at 31st March, 2019

According to Category of Holding

Shareholders	As on 31st March 2019		As on 31st March 2018	
	No. of Shares	%	No. of Shares	%
Promoters	36,612,920	86.32	36,612,920	86.32
Financial Institutions	NIL	NIL	NIL	NIL
Non-Resident Individuals	NIL	NIL	NIL	NIL
Public	5,800,000	13.68	5,800,000	13.68
Total	42,412,920	100	42,412,920	100

According to Number of Shares Held:

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shareholders	% of Shareholding
01-5000	4	8.51	300	0.07%
5001-10000	0	0	0	0.00%

10001-50000	13	27.66	557300	27.66
50001-100000	13	27.66	1225000	27.66
100001 and above	17	36.17	40630320	36.17
Total	47	100	42412920	100.00

Note: Details of Shareholding as aforesaid stands extinguished/cancelled by reason of Approved Resolution plan in terms of order dated 08th April 2019 of Hon'ble NCLT Kolkata Bench and after the acquisition and Pursuant to the approved Resolution Plan passed by the Hon'ble NCLT, Kolkata order dated 08th April 2019, the MC at its meeting dated 11th April 2019 approved and allotment of 1,50,00,007 equity shares of face value of INR 10/- (Rupees Ten only) each, fully paid up, at a price of INR10/- per equity share, on preferential basis for an aggregate consideration of INR 15,00,00,070/- (Rupees Fifteen Crores and Seventy Rupees only), were allotted to eligible financial creditors on conversion of their existing loan to the extent of the shares allotted to them and 3,49,99,993 equity shares of face value of INR 10/- (Rupees Ten only) each, fully paid up, at a price of INR 10/- (Rupees Ten only) per equity share, on preferential basis for an aggregate consideration of INR 34,99,99,930/- (Rupees Thirty Four Crores Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred and Thirty only) to SIPL and its nominees and Pursuant to the allotment, they holds 70.00% of the paid-up capital of the Company and has been classified as the promoter of the Company all shares have been allotted in demat form.

- i) Address for Correspondence: SPS Steels Rolling Mills Limited ,224 A, A.J.C Bose Road, Diamond Prestige, 7th Floor, Kolkata-700017
- j) Plant Location: Dr. Zakir Hussain Avenue ,G. T. Road, Durgapur, West Bengal
- k) Registered Office: Diamond Heritage, 16 Strand Road Room No-H 523 A, 5th Floor, Kolkata-700001

9. Declaration Regarding Compliance with The Code Of Conduct

Members may kindly note that, the present Board of Directors of the Company and Senior Management were not in office for the period to which this report pertains and hence are unable to provide any affirmation with regard to compliance with the Code of Conduct for the period to which this report pertains. However, on April 11, 2019 the newly constituted Board of Directors has adopted the of SGCOG which is binding on all Directors, Key Managerial Personnel and employees of the Company.

On behalf of the Board of Directors
SPS Steels Rolling Mills Limited

Deepak Kumar Agarwal
Managing Director
DIN: 00646153

Sanjay Kumar Chowdhary
Director
DIN:08402623

Date: 05-08-2019
Place: Kolkata

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPS STEELS ROLLING MILLS LIMITED

Qualified Opinion

We have audited the accompanying financial statements of *SPS Steels Rolling Mills Limited* ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter as described in the 'Basis for Qualified Opinion' paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to Note 31 wherein corporate guarantee of Rs. 59,580 Lacs (31st March 2018 – Rs. 59,850 Lacs), on behalf of group companies to secure financial assistance extended to them by banks, have not been fair valued as per Ind AS 109. As a result, loss of the company for the year is potentially lower & liability is potentially understated to the extent of fair value of these corporate guarantees. The company is under CIRP and the matters being sub-judice, the consequential impact may vary.

Attention is also drawn to Note 33 for non provision of interest on bank loans classified as NPA upto 22nd December '17 amounting to Rs. Nil (Previous year Rs. 4,988 Lacs). Liability is understated to the extent of Rs. 30,945.08 Lacs (Previous year Rs. 30,945.08 Lacs). Pursuant to CIRP on the basis of the claim filed by the financial creditors (excluding related parties) under IBC Code, 2016 amount of Rs. 1,95,007 Lacs (including interest on borrowings, corporate guarantee and interest thereon) has been admitted, the matter being sub-judice, the consequential impact may vary.

Attention is also drawn to Note 34 for non provision of interest on dues to MSTC Ltd amounting to Rs. Nil (Previous year Rs. 1,705.61 Lacs). Pursuant to CIRP on the basis of the claim filed by MSTC Ltd. under IBC Code, 2016, amount of Rs. 28,216.56 Lacs (including interest) has been admitted, the matter being sub-judice, the consequential impact may vary.

Emphasis of Matter

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in Note 29 to the financial statements concerning the company's ability to continue as a going concern, as the company's net worth is completely eroded. The Company is currently under Corporate Insolvency Resolution Process vide an order of the Hon'ble NCLT. Subsequent to the year-end, on April 8, 2019, the NCLT has approved the terms of the Resolution Plan submitted by Shakambhari Ispat and Power Limited ("SIPL"), which provides, inter alia, the acquisition of the Company by SIPL. The approval of the Resolution Plan subsequent to March 31, 2019 has been considered as a

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non-adjusting event for the purpose of financial statements for the year ended March 31, 2019. Pursuant to such approval of the Resolution Plan, the financial statements for the year ended March 31, 2019 have been prepared on a going concern basis.

The Company was admitted under Corporate Insolvency Resolution Process by the Hon'ble NCLT on 22, December, 2017. Pursuant to the Section 14 of the IBC 2016, a moratorium applies on the Corporate Debtor from the insolvency commencement date, i.e. post 22nd, December, 2017. Hence no interest on the borrowings shall accrue during the post CIRP commencement date of 22, December, 2017. The CIRP is still on-going and the moratorium period of CIRP continues to subsist and the matter is sub judice. Accordingly the Company has not provided for any interest on borrowings subsequent to 22nd December, 2017.

The balance confirmations and reconciliations have not been received in respect of certain balance with banks and trade receivables. In the opinion of the management, there will not be any material impact on the financial statements.

Our opinion is not modified in respect of the above matters.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion there on, and we do not provide a separate opinion on these matters.

Key audit matter

The Company has a net trade receivables of Rs. 28147.43 lacs after providing for impairment of Rs. 6542.31 lacs as at 31st March 2019, representing 55.55% of the total assets of the Company.

The Company has significant trade receivables at year end. Given the size of the balances and the risk that some of the trade receivables may not be recoverable, judgment is required to evaluate whether any allowance should be made to reflect the risk.

The Company recognizes loss allowance for trade receivables and other financial assets at the expected credit loss('ECL').

Assessment of the recoverability of trade receivables is inherently subjective and requires significant management judgment (which includes repayment history and financial position of entities from whom these

How the matter was addressed in our audit

We have performed the following procedures in relation to the recoverability of trade receivables:-

Tested the accuracy of aging of trade receivables at year end on a sample basis;

Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls over the process of credit control, collection of trade receivables and follow up of overdue balances.

Evaluating the Company's policy for making allowances for doubtful debts with reference to the requirements of the prevailing accounting standards.

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balances are recoverable, terms of underlying arrangements, overdue balances, market conditions etc.)

Accordingly, we identified the recoverability of trade receivables as a key audit matter because of the significant degree of management judgment involved in evaluating the adequacy of the allowance for doubtful debts.

Circulating and obtaining independent customers confirmation on the outstanding balances on sample (using statistical sampling) basis. Testing the reconciliation, if any between the balances confirmed and balance in the book and inspecting subsequent bank receipts from customers and other relevant underlying documentation relating to trade receivable balances as at 31st March, 2019 on a sample basis.

We found the key judgments and assumptions used by the management in the recoverability assessment of trade receivables to be supportable based on the available evidence.

Information other than the Financial Statements and Auditor's Report Thereon

The company's Board of Directors is responsible for the other information. The other information, comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

In the preparing the financial statements, management is responsible for assessing the Company's ability to Continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

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This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Those Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Hon'ble National Company Law Tribunal, Kolkata Bench ("NCLT") admitted an insolvency and bankruptcy petition on 22nd December, 2017 filed by a financial creditor against SPS Steels Rolling Mills Limited ("the Company") and appointed Mr. Vijaykumar V. Iyer to act as Resolution Professional (RP) with direction to initiate appropriate action contemplated with extent provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules. Subsequent to the year-end, on April 8, 2019, the NCLT has approved the terms of the Resolution Plan submitted by Shakambhari Ispat and Power Limited ("SIPL"), which provides, inter alia, the acquisition of the Company by SIPL.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. *Except for the effects/possible effects of the matter referred in paragraph 2 above*, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. *Except for the effects/possible effects of the matter referred in paragraph 2 above*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d. *Except for the effect of the matter referred in paragraph 2 above*, in our opinion, the aforesaid Financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

UTTAM AGARWAL & ASSOCIATES

Chartered accountants

- e. The going concern matter described under the “Emphasis of Matter” paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. In terms of section 17(1)(b) of the Insolvency and Bankruptcy Code, 2016 (“the Code”), the powers of the board of directors were suspended and exercised by the interim resolution professional for the year 2018-19. Subsequent to the year end on April 08,2019, the NCLT has approved the terms of the Resolution Plan submitted by Shakambhari Ispat and Power Limited. In the given Circumstances we are unable to comment whether any of the director is disqualified as on the March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Uttam Agarwal & Associates

Chartered Accountants

Firm’s Registration No. 322455E

CA Gaurav Agarwal

Partner

Membership No. 307455

Place: Kolkata.

Date: July 22, 2019.

UDIN:19307455AAAABZ7086

UTTAM AGARWAL & ASSOCIATES

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Annexure A -to the Independent Auditor's Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2019, we report that:

- i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanations given to us, the Inventories have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on physical verification as compared with the book records.
- iii. On the basis of examination of records and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other Parties covered in the register maintained under section 189 of the Act.
- iv. The Company has during the year not given any Loans, Guarantees and Security to any party. Accordingly, Sections 185 and 186 of the Companies Act, 2013 are not applicable to the Company. The company has given guarantee to banks in the previous financial years on behalf of other companies, in respect of which necessary resolutions were passed under the corresponding provisions of section 295 and 372A of the Companies Act 1956.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. Thus, paragraph 3(v) of the Order is not applicable to the Company
- vi. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub-section (1) of section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material Statutory Dues have generally been regularly deposited during the year by the Company with the appropriate authorities;

According to the information and explanations given to us, there are no undisputed amounts payable as at 31st March 2019 for a period of more than six months from the date they became payable except the payment of VAT for the month of June '17, amounting to Rs. 279.15 Lacs.

According to the records of the Company and the information and explanations given to us & upon inquiries in this regard, statutory dues not deposited by the Company on account of any dispute are as stated in Note 30 of the Financial Statements.

UTTAM AGARWAL & ASSOCIATES

Chartered accountants

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of due to Banks and Financial Institutions since April, 2013. The Company has also defaulted in repayment of dues to Indian Overseas Bank Accounts into NPA category on 30.09.2015. The default continues in respect of term loan instalments and interest thereon, apart from default in repayment of loan amounts to the banks in cash credit recalled subsequent to irregularities in those accounts. The Company has no outstanding debentures.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the provisions of the Section 197 read with Schedule V of the Act.
- xii. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us and on the basis of review on an overall basis, the Company is not engaged in financing activity and hence is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Uttam Agarwal & Associates

Chartered Accountants

Firm's Registration No. 322455E

CA Gaurav Agarwal

Partner

Membership No. 307455

Place: Kolkata.

Date: July 22, 2019.

UDIN: 19307455AAAABZ7086

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SPS Steels Rolling Mills Limited** ("the Company") as of 31st March 2019, in conjunction with our audit of the Financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements over financial reporting.

UTTAM AGARWAL & ASSOCIATES

Chartered accountants

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Uttam Agarwal & Associates

Chartered Accountants

Firm's Registration No. 322455E

CA Gaurav Agarwal

Partner

Membership No. 307455

Place: Kolkata.

Date: July 22, 2019

UDIN: 19307455AAAABZ7086

SPS STEELS ROLLING MILLS LIMITED
Balance Sheet as at 31 March 2019

Amount in Rs. Lakhs

	Note	As at 31st March 2019	As at 31st March 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4A	3,652.27	4,108.64
(b) Capital work-in-progress	4B	3,450.01	3,450.01
(c) Intangible Asset	4A	3.32	9.45
(d) Financial assets			
(i) Investments	5	4.18	7.35
(ii) Other financial assets	6	1,791.53	1,783.67
(e) Other non-current assets	7	1.00	1.00
Total Non-current assets		8,902.30	9,360.12
(2) Current assets			
(a) Inventories	8	3,100.77	4,830.00
(b) Financial assets			
(i) Trade receivables	9	28,147.43	27,085.69
(ii) Cash and cash equivalents	10	581.00	1,252.16
(iii) Other financial assets	6	38.15	38.15
(c) Current tax assets (net)	11	77.99	75.00
(d) Other current assets	7	9,818.13	9,232.42
Total Current assets		41,763.47	42,513.42
TOTAL ASSETS		50,665.78	51,873.54
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	4,241.29	4,241.29
(b) Other equity	13	-57,471.58	-56,793.48
Total Equity		-53,230.29	-52,552.18
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	-	-
(ii) Other financial liabilities	15	-	-
(b) Provisions	16	411.22	365.48
Total Non-current liabilities		411.22	365.48
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	37,401.32	37,401.32
(ii) Trade payables	17	26,401.17	26,251.96
(iii) Other financial liabilities	15	37,060.15	37,792.54
(b) Other current liabilities	18	2,544.24	2,546.58
(c) Provisions	16	77.97	67.84
Total Current liabilities		103,484.85	104,060.25
TOTAL EQUITY AND LIABILITIES		50,665.78	51,873.54

Note on NCLT Proceedings

Significant accounting policies

3

See accompanying notes to the financial statements

As per our report of even date attached
For Uttam Agarwal & Associates
Chartered Accountants
FRN: 322455E

For and on behalf of the Board

CA Gaurav Agarwal
Partner
Membership No: 307455

Deepak Kumar Agarwal
Director
DIN : 00646153

Sanjay Kumar Chowdhary
Director
DIN : 08402623

Place: Kolkata
Dated: 22nd July, 2019

Binod Kumar Agrawal
Chief Financial Officer

Ashutosh Sharma
Company Secretary

SPS STEELS ROLLING MILLS LIMITED
Statement of Profit and Loss for the year ended 31 March 2019

Amount in Rs. Lakhs

	Note	Year ended 31st March 2019	Year ended 31st March 2018
I Revenue from operations	19	48,142.25	60,012.99
II Other income	20	49.86	46.51
III Total income (I + II)		48,192.11	60,059.50
IV Expenses			
Cost of materials consumed	21	27,660.31	32,852.20
Purchase of stock-in-trade	22	-	1,128.87
Changes in inventories of finished goods and stock-in-trade	23	-47.91	2,026.05
Duties & taxes on sale of goods		7,400.15	8,127.85
Employee benefits expense	24	1,258.54	1,187.84
Finance costs	25	3.51	21.46
Depreciation and amortisation expense	4A	463.22	486.47
Other expenses	26	11,973.94	15,257.88
Total expenses (IV)		48,711.77	61,088.62
V Profit/ (loss) before exceptional items and tax (III-IV)		-519.66	-1,029.12
Exceptional items	37	-	-2,167.74
VI Profit/ (loss) before tax		-519.66	-3,196.85
VII Tax expense:	27	-	-
Current tax		-	-
Deferred tax		-	-
VIII Profit / (loss) for the year (V-VI)		-519.66	-3,196.85
Other comprehensive income (net of tax)			
A. Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit liability/ (asset)		-17.49	12.55
(b) Equity Instrument at fair value through OCI		-3.17	-2.75
(c) Income taxes relating to items that will not be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-20.66	9.80
B. Items that will be reclassified to profit or loss		-	-
Net other comprehensive income to be reclassified subsequently to profit or loss		-	-
IX Other comprehensive income		-20.66	9.80
X Total comprehensive income for the year (VII+VIII)		-540.33	-3,187.05
XI Earnings per equity share			
(Face value of equity share Rs. 10 each (previous year Rs. 10 each))			
- Basic		-1.23	-7.54
- Diluted		-1.23	-7.54

Note on NCLT Proceedings

Significant accounting policies

3

See accompanying notes to the financial statements

As per our report of even date attached
For Uttam Agarwal & Associates
Chartered Accountants
FRN: 322455E

For and on behalf of the Board

CA Gaurav Agarwal
Partner
Membership No: 307455

Deepak Kumar Agarwal
Director
DIN : 00646153

Sanjay Kumar Chowdhary
Director
DIN : 08402623

Place: Kolkata
Dated: 22nd July, 2019

Binod Kumar Agrawal
Chief Financial Officer

Ashutosh Sharma
Company Secretary

SPS STEELS ROLLING MILLS LIMITED

Cash flow statement for the year ended 31 March 2019

Amount in Rs. Lakhs

	Year ended 31st March 2019	Year ended 31st March 2018
A Cash flow from operating activities		
Profit Before Tax	-519.66	-3,196.85
Adjustment for :-		
Interest income	-7.22	-45.32
Depreciation and amortisation expense	463.22	486.47
Finance costs	3.51	21.46
Allowance for doubtful debts (expense)	134.11	2,888.17
Loss on sale of property, plant and equipment - Net	-	5.82
Operating profit before working capital changes	73.96	3,356.60
Adjustment For :-		
Trade receivables, loans, advances and other assets	-1,782.92	8,389.73
Inventories	1,729.22	6,124.71
Trade payables, other liabilities and provisions	-547.14	-7,077.97
Cash generated from operations	-526.88	7,596.22
Income tax paid	-140.76	-269.01
Net Cash from operating activities	-667.64	7,327.21
B Cash flow from investing activities		
Acquisition of property, plant and equipments	-0.73	-19.97
Proceeds from sale of property, plant and equipments	-	4,924.56
(Increase)/decrease in fixed deposits	-6.50	-6.83
Interest received	7.22	45.32
Net cash used in investing activities	-0.00	4,943.08
C Cash flow from financing activities		
Increase/(decrease) in borrowings	-	-11,626.27
Interest paid	-3.51	-21.46
Net cash used in financing activities	-3.51	-11,647.73
Net increase in cash & cash equivalents	-671.16	622.56
Cash & Cash equivalents at beginning of the year	1,252.16	629.60
Cash & Cash equivalents at closing of the year	581.00	1,252.16

Note :

- Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS - 7 specified under section 133 of the Companies Act, 2013.
- Acquisition of property, plant and equipment includes movements of capital work-in-progress (including capital advances) during the year.
- Figures in brackets indicate cash outflow.

Note on NCLT Proceedings

Significant accounting policies

3

See accompanying notes to the financial statements

As per our report of even date attached
For Uttam Agarwal & Associates
Chartered Accountants
FRN: 322455E

For and on behalf of the Board

CA Gaurav Agarwal
Partner
Membership No: 307455

Deepak Kumar Agarwal
Director
DIN : 00646153

Sanjay Kumar Chowdhary
Director
DIN : 08402623

Place: Kolkata
Dated: 22nd July, 2019

Binod Kumar Agrawal
Chief Financial Officer

Ashutosh Sharma
Company Secretary

SPS STEELS ROLLING MILLS LIMITED
Note on NCLT Proceedings

A corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated December 22, 2017. Subsequent to the year-end, on April 8, 2019, the NCLT has approved the terms of the Resolution Plan submitted by Shakambhari Ispat and Power Limited ("SIPL"), which provides, inter alia, the acquisition of the Company by SIPL. The approval of the Resolution Plan subsequent to March 31, 2019 has been considered as a non-adjusting event for the purpose of financial statements for the year ended March 31, 2019. Pursuant to such approval of the Resolution Plan, the financial statements for the year ended March 31, 2019 have been prepared on a going concern basis.

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

1 General information

SPS Steels Rolling Mills Limited ("the Company") is a listed company incorporated in India on 26th December, 1981 having its registered office at Diamond Heritage, 16, Stand Road, Room No -H 523 A, Kolkata-700001. The Company is principally engaged in the business manufacturing and trading of iron and steel products.

2 Basis of preparation

a) Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees ('Rs') which is Company's presentation currency. The functional currency of the Company is also Indian Rupees ('Rs').

c) Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Certain financial assets and financial liabilities measured at fair value;
- (ii) Employee's defined benefit plan as per actuarial valuation.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

d) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Critical accounting judgements and key sources of estimation uncertainty: Key assumptions-

(i) Useful lives of Property, plant and equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

(ii) Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

(iii) Defined benefit plans:

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) Recognition and measurement of provisions and contingencies:

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies, if any, in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of returns, trade discounts, rebates.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company.

The Company bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

3 Significant accounting policies

a) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the profit or loss.

Financial assets at FVTOCI

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

ii. Financial liability

Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in following categories:

- Financial liabilities through profit or loss (FVTPL)
- Financial liabilities at amortised cost

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in profit or loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Derecognition

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Property, Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation on fixed assets are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act.

Freehold land is not depreciated.

Leasehold land and relating to factory and corporate office are fully amortized over lease period or project life whichever is lower.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

d) Capital work-in-progress

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

Unsettled liabilities for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts

e) Intangible assets

i. Initial recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

ii. Derecognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

iii. Amortisation

Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is less.

f) Impairment

i. Impairment of financial instruments: financial assets

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

ii. Impairment of non-financial assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

g) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

h) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date.

Gains/ losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupees) are accumulated in Foreign Currency Translation Reserve.

i) Cash and Cash Equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

j) Employee Benefits

i. Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

iii. Defined benefit plans

Gratuity:

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

Leave Encashment:

Liability for leave encashment is treated as a long term liability and is provided on the basis of valuation by an independent Actuary as at the year end.

k) Provisions (other than for employee benefits), Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement and are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognised but disclosed in the financial statements.

l) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

m) Recognition of dividend income, interest income or expense

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

n) Income tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

o) Accounting for operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

p) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

q) Events occurring after balance sheet date

Material events occurring after the Balance Sheet are considered up to the date of approval of the accounts by the board of directors. There are no substantial events having an impact on the results of the current year Balance Sheet.

r) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segment for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

s) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

A. Equity share capital

Particulars	Number	Amount
As at 1 April 2017	42,412,920	4,241.29
Changes in equity share capital during 2017-18		
As at 31 March 2018	42,412,920	4,241.29
Changes in equity share capital during 2018-19	-	-
As at 31 March 2019	42,412,920	4,241.29

B. Other equity

Particulars	Reserves and surplus					Total
	Securities Premium Account	Amalgamation reserve	General Reserve	Retained earnings	Equity instruments through Other Comprehensive Income	
Balance as at 1 April 2017	11,775.17	1,108.88	250.00	-66,467.85	-8.14	-53,341.94
Total comprehensive income for the year ended 31 March 2018						
Profit or Loss	-	-	-	-3,196.85	-	-3,196.85
Other comprehensive income (net of tax)	-	-	-	12.55	-2.75	9.80
Total comprehensive income	-	-	-	-3,184.31	-2.75	-3,187.05
Prior period error	-	-	-	-264.47	-	-264.47
Balance as at 31 March 2018	11,775.17	1,108.88	250.00	-69,916.64	-10.88	-56,793.48
Total comprehensive income for the year ended 31 March 2019						
Profit or Loss	-	-	-	-519.66	-	-519.66
Other comprehensive income (net of tax)	-	-	-	-17.49	-3.17	-20.66
Total comprehensive income	-	-	-	-537.15	-3.17	-540.33
Prior period error *	-	-	-	-137.77	-	-137.77
Balance as at 31 March 2019	11,775.17	1,108.88	250.00	-70,591.56	-14.06	-57,471.58

Prior period item includes Reversal of Cess Credit on Coal Purchased during the year 2017-18 amounting to INR 137.77 lakhs. (Prior period item of last year includes expense amounting to INR 223.91 lakhs incurred on sale of Himachal Pradesh Unit in the year August 2015 accounted in the earlier year. Balance amount of INR 40.56 lakhs pertains to prior period professional fees.)

Note on NCLT Proceedings**Significant accounting policies**

See accompanying notes to the financial statements

As per our report of even date attached
For Uttam Agarwal & Associates
Chartered Accountants
FRN: 322455E

For and on behalf of the Board

CA Gaurav Agarwal
Partner
Membership No: 307455

Deepak Kumar Agarwal
Director
DIN : 00646153

Sanjay Kumar Chowdhary
Director
DIN : 08402623

Place: Kolkata
Dated: 22nd July, 2019

Binod Kumar Agrawal
Chief Financial Officer

Ashutosh Sharma
Company Secretary

4A Property, plant and equipment

	Freehold Land	Leasehold Land	Building	Plant and equipment	Vehicles	Office Equipment	Computers	Total - Tangible assets	Computer software
A. Gross carrying amount (at cost or deemed cost)									
As at April 1, 2017	3.76	310.94	3,967.37	5,611.30	71.52	67.58	1.84	10,034.31	-
Additions	-	-	-	0.92	-	1.76	5.84	8.53	11.44
Deletions / Discard	-	150.27	1,729.68	3,033.66	8.78	7.73	0.25	4,930.38	-
As at March 31, 2018	3.76	160.67	2,237.69	2,578.56	62.74	61.61	7.43	5,112.46	11.44
Additions	-	-	-	-	-	0.61	0.12	0.73	-
Deletions / Discard	-	-	-	-	-	-	-	-	-
As at March 31, 2019	3.76	160.67	2,237.69	2,578.56	62.74	62.21	7.55	5,113.19	11.44
B. Depreciation									
Upto March 31, 2017	-	5.54	113.50	360.18	24.50	15.04	0.59	519.34	-
Additions	-	5.54	113.50	334.56	17.45	11.67	1.76	484.48	1.99
Deletions / Discard	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	11.08	227.00	694.74	41.95	26.71	2.35	1,003.83	1.99
Additions	-	5.54	113.50	318.49	9.58	6.45	3.53	457.09	6.13
Deletions / Discard	-	-	-	-	-	-	-	-	-
As at March 31, 2019	-	16.62	340.50	1,013.23	51.53	33.16	5.87	1,460.92	8.12
C. Net Carrying Amount									
As at March 31, 2018	3.76	149.59	2,010.69	1,883.82	20.79	34.90	5.08	4,108.64	9.45
As at March 31, 2019	3.76	144.05	1,897.19	1,565.33	11.21	29.05	1.67	3,652.27	3.32

(1) The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

(2) For details of assets pledged as security refer Note 14.

4B Capital Work-in-Progress (CWIP)*

	CWIP
A. Gross carrying amount (at cost or deemed cost)	
As at April 1, 2017	3,450.01
Additions	-
Capitalised	-
As at March 31, 2018	3,450.01
Additions	-
Capitalised	-
As at March 31, 2019	3,450.01

*It pertains to structural mill project.

SPS STEELS ROLLING MILLS LIMITED
Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

	As at 31 March 2019	As at 31 March 2018
5 Non-current investments		
(a) Investment in equity instruments (at fair value through other comprehensive income)		
<u>Quoted, other than trade</u>		
Andhra Bank 13,697 (31st March 2018 - 13,697) Equity Shares of Rs. 10/- each	3.28	5.70
Central Bank of India 1,523 (31st March 2018 - 1,523) Equity Shares of Rs. 10/- each	0.34	1.10
Total	3.63	6.80
(b) Investment in government securities (at amortised cost)		
National Savings Certificates	0.55	0.55
Total	4.18	7.35
Aggregate carrying value of quoted investments	3.63	6.80
Aggregate market value of quoted Investments	3.63	6.80
Aggregate carrying value of unquoted investments	0.55	0.55
6 Other financial assets		
<u>Non-current</u>		
Deposits with bank	808.40	801.90
Security deposit	983.13	981.78
Total	1,791.53	1,783.67
<u>Current</u>		
Earnest money deposit	38.15	38.15
Total	38.15	38.15

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

7 Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Non-Current		
Capital advances	1.00	1.00
Total	1.00	1.00
Current		
Advances other than capital advances		
- Balances with government authorities	1,565.04	1,234.81
- Advance for supplies	7,814.24	7,983.35
- Advance to employees	427.72	2.65
- Pre-paid expenses	11.13	11.62
Total	9,818.13	9,232.42

8 Inventories

	As at 31 March 2019	As at 31 March 2018
(Valued at lower of cost and net realisable value)		
Raw materials	1,913.44	3,648.12
Work in progress	143.74	115.12
Finished goods	661.60	635.67
Stock in trade	-	6.65
Stores and spares	381.99	424.44
Total	3,100.77	4,830.00

(1) The mode of valuation of inventories has been stated in Note 3(g).

(2) Inventories have been pledged as security against certain bank borrowings of the company as at 31 March 2019 (refer note 15).

(3) Cost of inventory recognised as an expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Cost of materials consumed	27,660.31	32,852.20
Changes in inventories of finished goods and stock-in-trade	-47.91	2,026.05
Stores and spares	2,226.31	2,651.01
Power and fuel consumed	5,825.16	6,278.59

9 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	28,147.43	27,085.69
Doubtful	6,542.31	6,408.20
Less: Allowance for doubtful debts (expected credit loss allowance)(refer note below)	-6,542.31	-6,408.20
Total	28,147.43	27,085.69

Note:

Expected credit loss (ECL):

As a practical expedient, the company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on the ageing of the trade receivables lying in books of accounts. In the current year the company has taken a provision on Allowance for doubtful debts to the tune of INR 134 lakhs against the Trade Receivables lying in the books for more than 4 years. The provision has been made basis pending reconciliations of ledger accounts and pending confirmations from certain Trade Receivables. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

Ageing

Within the credit period
1-90 days past due
91-275 days past due
Over 276 days past due
More than three years

	As at 31 March 2019	As at 31 March 2018
	5,547.44	4,496.75
	1,292.75	766.66
	482.47	3,624.96
	997.12	6,561.24
	26,369.97	18,044.28
	34,689.75	33,493.89

Movement in the expected credit loss allowance

Balance at the beginning of the year
Provision for doubtful debts (net)
Reversal of provision for doubtful debts, net
Balance at the end of the year

	As at 31 March 2019	As at 31 March 2018
	6,408.20	3,520.03
	134.11	2,888.17
	-	-
	6,542.31	6,408.20

10 Cash and cash equivalents

Balances with banks
- Current accounts
- No lien accounts
Cash on hand
Total

	As at 31 March 2019	As at 31 March 2018
	572.96	944.51
	-	300.00
	8.03	7.65
	581.00	1,252.16

11 Current tax assets (net)

Income tax payments (net of provisions)
Total

	As at 31 March 2019	As at 31 March 2018
	77.99	75.00
	77.99	75.00

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

12 Equity share capital

Authorised

5,00,00,000 (31st March 2017 - 5,00,00,000, 1 April 2016 - 5,00,00,000) Equity Shares of Rs. 10/- each

	As at 31 March 2019	As at 31 March 2018
	5,000.00	5,000.00
	5,000.00	5,000.00

Issued, subscribed and fully paid-up*

4,24,12,920 (31st March 2017 - 4,24,12,920, 1 April 2016 - 4,24,12,920) Equity Shares of Rs.10/- each fully Paid up

	4,241.29	4,241.29
	4,241.29	4,241.29

* 2,83,12,920 equity shares allotted as fully paid up pursuant to a scheme of arrangement approved by the High Court of Calcutta vide approval dated 07th December 2009.

A. Reconciliation of number of equity shares outstanding at the beginning and at the end of the period

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	42,412,920	4,241.29	42,412,920	4,241.29
Add: Issued during the year	-	-	-	-
Balance as at the end of the year	42,412,920	4,241.29	42,412,920	4,241.29

B. Rights, preferences and restrictions attaching to equity shares

The Company has equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the shareholders of equity shares of the company are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding. However, no such preferential amount exists currently.

C. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

Name of the Shareholder	As at 31 March 2019		As at 31 March 2018	
	Number	% of total shares in the class	Number	% of total shares in the class
Cheksons Broking Co. (P) Ltd.	18,692,700	44.07%	18,692,700	44.07%
Techmart Broking Co. (P) Ltd.	15,883,020	37.45%	15,883,020	37.45%

13 Other Equity

Refer statement of changes in equity for detailed movement in equity balance

A. Summary of other equity balance	1 April 2018	Movement during the year	31 March 2019	1 April 2017	Movement during the year
Security premium amount (a)	11,775.17	-	11,775.17	11,775.17	-
Amalgamation reserve (b)	1,108.88	-	1,108.88	1,108.88	-
General reserve (c)	250.00	-	250.00	250.00	-
Retained earnings (d)	-69,916.64	-674.93	-70,591.56	-66,467.85	-3,448.78
Equity instruments through other comprehensive income (e)	-10.88	-3.17	-14.06	-8.14	-2.75
Total	-56,793.48	-678.10	-57,471.58	-53,341.94	-3,451.53

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

B. Nature and purpose of reserves

- (a) **Securities premium amount:** Securities premium account represents the premium received on issue of shares over and above the face value of equity shares. The account is available for utilisation in accordance with the provisions of the Companies Act, 2013.
- (b) **Amalgamation reserve:** Amalgamation reserve represents the unutilized accumulated surplus created at the time of amalgamation of another company with the Company. This reserve is not available for distribution of dividend and is expected to remain invested permanently.
- (c) **General Reserve:** The Company has transferred a portion of the net profit of the company to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.
- (d) **Retained earnings:** This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.
- (e) **Equity instruments through other comprehensive income:** Company has designated an investment in equity instrument at fair value through other comprehensive income in which cumulative changes in fair value of such instrument is accumulated in a separate reserve 'equity instruments through other comprehensive income' within other comprehensive income.

14 Borrowings**14(A) Non-current borrowings****Secured****Loan from bank**

- Term loans
- Less: Current maturities of non-current borrowings
- Working capital Term Loan (WCTL)
- Less: Current maturities of non-current borrowings
- Funded Interest Term Loan (FITL)
- Less: Current maturities of non-current borrowings

Unsecured

- Loans from bodies corporate
- Less: Current maturities of non-current borrowings

Total

	As at 31 March 2019	As at 31 March 2018
- Term loans	187.50	187.50
Less: Current maturities of non-current borrowings	-187.50	-187.50
- Working capital Term Loan (WCTL)	8,845.38	8,845.38
Less: Current maturities of non-current borrowings	-8,845.38	-8,845.38
- Funded Interest Term Loan (FITL)	2,418.54	2,418.54
Less: Current maturities of non-current borrowings	-2,418.54	-2,418.54
Loans from bodies corporate	8,025.63	8,025.63
Less: Current maturities of non-current borrowings	-8,025.63	-8,025.63
Total	-	-

Secured loan

1. Indian Overseas Bank:

Security:

Secured by first charge on block assets other than those exclusively charged to IOB, on pari passu basis with other restructuring lending banks, first Pari-passu charge on current assets of the company, both present & future with other working capital lenders, 2nd pari-passu charge on entire block of assets of the company with other working capital lenders & 2nd Pari- passu charge on current assets with other term lenders, guarantee of the promoter directors of the company and corporate guarantee of group companies.

Repayment terms:

Term loan - Term loan from Indian overseas bank being restructured, carries interest @ base rate plus a spread of 2.25% p. a. and is repayable in 28 structured quarterly instalments varying from Rs. 2,25,000/- to Rs.10,50,000/- beginning from September 2015.

WCTL - WCTL from Indian Overseas Bank carries an interest @ base rate plus a spread of 2.25% p.a. and is repayable in 28 structured quarterly instalments varying from Rs. 1,18,75,000/- to Rs. 5,22,50,000/- beginning from September 2015.

FITL - FITL from Indian overseas bank carries interest @ base rate plus a spread of 0.50% p.a and is repayable in 20 structured quarterly instalments varying from Rs. 90,75,000/- to Rs 1,51,25,000 - beginning from September 2015.

All the Loan Accounts with Indian Overseas Bank (including Cash Credit under Short term Borrowings) are classified as NPA since 30.09.2015 by the Bank due to default in repayments and irregularities in those accounts and unrealised interest from July, 2015 has been reversed. The Banks have recalled the Loan amounts & the default in repayment of Loans continues on the Balance Sheet date.

Unsecured loan Body Corporate: The loans are interest free and are taken without any stipulations for repayment.

For current maturities of non-current borrowings refer disclosure under the head other financial liabilities - current (refer note 16)

14(B) Current borrowings

Secured

Working capital loan from banks

	As at 31 March 2019	As at 31 March 2018
	37,401.32	37,401.32
	37,401.32	37,401.32

Nature of security

Secured by hypothecation of Stock-in-Trade, book debts and other current assets of the company at Durgapur unit on pari passu basis with second charge on the company's fixed assets at those units, equitable mortgage of land, promoter directors' guarantees and corporate guarantee of the group companies.

Rate of interest

Working capital loan from bank carries interest @ base rate plus a spread of 2.25% p. a.

SPS STEELS ROLLING MILLS LIMITED
Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

15 Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Non - Current		
Total	-	-
Current		
Current maturities		
- term loan from bank	11,451.42	11,451.42
- loan from body corporate	8,025.63	8,025.63
Liability to MSTC Ltd	17,559.81	18,202.20
Accrued compensation to employees*	23.30	113.30
Total	37,060.15	37,792.54

* Liabilities for accrued compensation to employees includes provision for bonus

16 Provisions

	As at 31 March 2019	As at 31 March 2018
Non-current		
Provisions for employee benefits		
- Provision for gratuity	364.34	319.61
- Provision for leave salary	46.89	45.86
Total	411.22	365.48
Current		
Provisions for employee benefits		
- Provision for gratuity	74.03	62.28
- Provision for leave salary	3.94	5.56
Total	77.97	67.84

17 Trade payables

	As at 31 March 2019	As at 31 March 2018
Dues to Micro And Small Enterprises (as per the intimation received from vendors)		
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year	-	-
b. Interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c. Interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
d. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
e. Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

	As at 31 March 2019	As at 31 March 2018
Dues to others		
- For goods and services	23,194.03	23,283.78
- For other expenses	3,207.14	2,968.18
Total	26,401.17	26,251.96
18 Other liabilities		
Advance from customers	1,910.07	1,873.31
Statutory liabilities	634.17	673.27
Total	2,544.24	2,546.58
19 Revenue from operations		
Sale of products		
- Finished goods	47,290.74	56,257.40
- Traded goods	-	1,770.79
Gross revenue from sale of products and services including GST of Rs.7400.15 lakhs (including excise duty of Rs. 1,554.80 lakhs & GST of Rs. 6573.06 lakhs)	47,290.74	58,028.19
Other operating revenues		
- Sale of raw material/ stores	851.51	1,984.80
Total revenue from operations	48,142.25	60,012.99
20 Other income		
Interest income comprises interest from:		
- Deposits with banks - carried at amortised cost	7.22	45.32
Other non-operating income		
Insurance claim received	-	0.98
Royalty Income	22.64	-
Miscellaneous receipt	20.00	0.20
Total	49.86	46.51
*Refer sub-note to note 9		
21 Cost of materials consumed		
Inventory of raw materials at the beginning of the year	3,648.12	6,769.43
Add: Purchases	25,925.63	29,730.90
	29,573.75	36,500.33
Less: Inventory of raw materials at the end of the year	-1,913.44	-3,648.12
Cost of materials consumed	27,660.31	32,852.20
22 Purchase of traded goods		
Purchase of traded goods	-	1,128.87
Total	-	1,128.87

SPS STEELS ROLLING MILLS LIMITED
Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

	As at 31 March 2019	As at 31 March 2018
23 Change in inventories of finished goods and stock in trade		
Opening stock		
Finished goods	635.67	1,416.39
Traded goods	6.65	1,351.18
Work in progress	115.12	74.10
Excise duty on variation in stock	-	-58.18
Closing inventories		
Finished goods	-661.61	-635.67
Traded goods	-	-6.65
Work in progress	-143.74	-115.12
Total	-47.91	2,026.05
24 Employee benefits expense		
Salaries and wages (including managerial remuneration)	1,090.68	993.84
Contribution to provident and other funds	155.30	184.84
Staff welfare expenses	12.56	9.16
Total	1,258.54	1,187.84
25 Finance costs		
Interest expense		
- on borrowings measured at amortised cost	-	6.17
- others	3.51	15.29
Total	3.51	21.46
26 Other expenses		
Stores and consumables	2,226.31	2,651.01
Power and fuel consumed	5,825.16	6,278.59
Processing Labour Charges	1,243.17	1,149.67
Water charges	24.28	35.27
Rates and taxes	30.55	26.68
Insurance charges	21.74	19.66
Bank charges	1.86	3.47
Rent	25.71	41.17
Repairs and maintenance		
- Buildings	15.50	10.64
- Plant and machinery	15.54	14.45
- Others	156.37	140.56
Security Charges	268.86	200.63
Telephone Expenses	15.21	18.75
Travelling and conveyance	16.06	25.16
Payment to auditor (Refer note 28(a))	1.85	1.85
Legal and professional charges	893.97	362.59
Freight charges	79.71	168.19
Commission on sales	71.60	37.87
Business Promotion Expenses	84.83	319.90
Advertisement expense	669.58	709.68
Allowance for doubtful debts (expense)	134.11	2,888.17
Loss on sale of property, plant and equipment - Net	-	5.82
Miscellaneous expenses	151.99	148.09
Total	11,973.94	15,257.88

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

	Amount in Rs. Lakhs	
	As at 31 March 2019	As at 31 March 2018
(a) Payment to auditor		
As auditor:		
- Statutory audit	1.50	1.50
- Tax audit	0.35	0.35
	1.85	1.85

27 Deferred tax liabilities and assets

	As at 31 March 2019	As at 31 March 2018
Deferred tax assets		
Others	22,539.80	16,288.17
Deferred tax liability		
Property, Plant and Equipment	-498.86	467.35
Net deferred tax asset not recognised in Balance Sheet	22,040.94	16,755.52

The Company has recognised deferred tax assets only to the extent of deferred tax liabilities arising during the year. In assessing the realizability of deferred tax assets, management considers whether some portion or all of deferred tax assets will not be realized. The ultimate realization of deferred tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognized deductible differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates

Considering the probability of availability of future taxable profits in the period in which tax losses expire, deferred tax assets have not been recognized in respect of tax losses carried forward by the Company. Of the above, some tax losses expire at various dates.

Income taxes**A. Income tax expense recognised in profit or loss**

	As at 31 March 2019	As at 31 March 2018
Current tax		
Current period	-	-
MAT credit entitlement	-	-
	A	-
Deferred tax		
Deferred tax for the year	B	-
Tax expense reported in the statement of	-	-

B. Income tax recognised in other comprehensive income

	As at 31 March 2019	As at 31 March 2018
Deferred tax		
On items that will not be reclassified to profit	-	-
Income tax expense reported in the	-	-

C. Reconciliation of effective tax rate

	As at 31 March 2019	As at 31 March 2018
A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
Profit before tax	-519.66	-3,196.85
Tax using the Indian tax rate @ 30.90% (31st March, 2018: 30.90%)	-160.58	-987.83
Permanent difference	0.76	4.59
Non - deductible expenses for tax purposes	101.28	1,073.99
Unrecognised deferred tax asset and other	47.62	47.62
Effective tax	-10.92	138.38

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

28 Basic and diluted earnings per share (Ind AS 33)

	As at 31 March 2019	As at 31 March 2018
(a) Profit attributable to equity shareholders of the company used in calculating basic	-519.66	-3,196.85
(b) Profit attributable to equity shareholders of the company used in calculating diluted	-519.66	-3,196.85
(c) Weighted average number of ordinary shares outstanding for the purpose of basic earnings	42,412,920	42,412,920
(d) Weighted average number of ordinary shares in computing diluted earnings per share	42,412,920	42,412,920
(g) Earnings per share on profit for the year (Face Value Rs. 10/- per share)		
– Basic [(a)/(c)]	-1.23	-7.54
– Diluted [(b)/(d)]	-1.23	-7.54

29 The company has accumulated losses and its net worth is fully eroded. The Company has incurred losses during the current year as well as in the previous years and Company's current liabilities far exceeded its current assets as at the balance sheet date. However, the financial statements of the Company have been prepared on a going concern basis in spite of negative net-worth. The lenders have initiated CIRP proceeding against the Company under the Insolvency and Bankruptcy Code, 2016 ("Code") on account of default in payment of their dues, which was admitted by The Hon'ble National Company Law Tribunal, Kolkata (NCLT).

Subsequent to the year-end, on April 8, 2019, the NCLT has approved the terms of the Resolution Plan submitted by Shakambhari Ispat and Power Limited ("SIPL"), which provides, inter alia, the acquisition of the Company by SIPL. The approval of the Resolution Plan subsequent to March 31, 2019 has been considered as a non-adjusting event for the purpose of financial statements for the year ended March 31, 2019. Pursuant to such approval of the Resolution Plan, the financial statements for the year ended March 31, 2019 have been prepared on a going concern basis.

SPS STEELS ROLLING MILLS LIMITED
Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

30 Contingent liability and commitments (Ind AS 37)	As at 31 March 2019	As at 31 March 2018
(to the extent not provided for)		
Claims against the company not acknowledged as debts		
(i) Excise matters - in appeal before Commissioner/ CESAT (Net of Deposit)	186.39	186.39
(ii) Excise matters in relation to Durgapur unit demerged from SPS Steel & Power Ltd, in appeal before Commissioner/ CESAT	720.26	720.26
(iii) Excise matters in relation to denial of Cenvat Credit, in appeal before Commissioner	3.34	0.44
(iv) Excise matters in relation to related party valuation, in appeal before Tribunal	0.28	0.28
(v) Excise matters - for difference in Sales as per books & excise records, in appeal before Tribunal	147.79	147.79
(vi) Excise matters - against different Show Cause Notices issued from time to time on the commori dispute involving different periods pertaining to exemption from Excise Duty claim under Notification 108/95 - Appeal under filing.	305.08	310.44
(vii) Excise matters - against different Show Cause Notices issued from time to time on the common dispute involving different periods pertaining to exemption from Excise Duty claim under Notification 108/95- Appeal filed before CCE(A) on 25-07-2017	2.52	2.52
(viii) Excise matters owing to difference of Sales Value as stated in the Trial Balance with the Sales Value as stated in the Excise Return - Appeal filed before Tribunal on 21-08-2015	147.79	147.79
(ix) Excise matters in relation to denial under notification 108/95, in appeal before Commissioner	6.92	6.92
(x) Excise matters in relation to denial of Cenvat Credit on coal, in appeal before Tribunal	37.41	37.41
(xi) Excise matters in relation to related party valuation, in appeal to be filed before Tribunal	4.76	9.38
(xi) Excise matters in relation to related party valuation, in appeal to be filed before Commissioner	12.66	-
(xii) Service Tax - for denial of input credit, in appeal before Commissioner	0.15	0.15
(xiii) Service Tax - for denial of input credit, in appeal before Commissioner	0.60	0.60
(xiii) Service Tax - for denial of input credit, in appeal before CESTAT	73.96	-
(xiv) Central Sales Tax liability - for non-receipt of "C" Form for the F.Y. 2007-08 & F.Y. 2008-09, in appeal pending with Revisional Board	33.19	33.19
(xv) Central Sales Tax liability - for non-receipt of "C" Form for the F.Y. 2005-06, in appeal pending with Revisional Board	192.92	192.92
(xvi) Central Sales Tax liability - for non-receipt of "C" Form for the F.Y. 2011-12, in appeal pending with Revisional Board	23.55	23.55
(xvii) Central Sales Tax liability - for non-receipt of "C" Form for the F.Y. 2012-13 & 2014-15, in appeal pending before Appellate Authority	24.02	24.02
(xviii) Value Added Tax - for disallowance of ITC, levy of purchase tax and other issues for the FY 2011-12, in appeal pending before Revisional Board	309.87	309.87
(xix) Value Added Tax (Tax including penalty) -for disallowance of ITC, levy of purchase tax and other issues for the FY 2012-13 & 2014-15, in appeal pending before Appellate Authority.	401.49	401.49
(xx) Value Added Tax -for Enhancement of Turnover, disallowance of ITC on mismatch, levy of purchase tax and other issues for the FY 2015-16, in appeal pending to be filed.	86.02	-
(xxi) Central Sales Tax liability - for non-receipt of "C" Form & levy of CST on Freight for the F.Y. 2015-16, in appeal pending pending to be filed.	14.21	-
	2,634.95	2,555.41

31 Corporate Guarantees- Continuation to Note on Contingent Liability

Corporate guarantees of Rs. 59,580 Lacs (31st March 2018 - Rs. 59,580 Lacs Lacs) on behalf of group companies to secure financial assistance extended to them by Bank. The guarantee contracts have not been fair valued as per IND AS 109 which states that the guarantee liability should be measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS and the amount recognised less accumulated liability.

32 Entry Tax amounting to Rs. 364.56 Lacs, disputed in Writ Petition filed in the High Court challenging the constitutional validity. Provision made in the accounts up to 31st March, 2013, amounting to Rs. 149.24 Lacs is also disputed, hence not paid.

33 The lender banks have classified Company's accounts in NPA category on different dates. The company has not made provision in the accounts for the period upto Dec 22, 2017 for interest on borrowings from Banks amounting to INR NIL (Previous year Rs. 4,988 Lakhs). Total of such liability not provided in the accounts, including for earlier years, amounts to INR 30,945.08 Lakhs (Previous year INR 30,945 Lakhs). The lenders have initiated Corporate Insolvency Resolution Process (CIRP) proceedings against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC 2016). The Company was admitted under by the Hon'ble NCLT on December 22, 2017. Pursuant to the Section 14 of the IBC 2016, a moratorium applies on the Corporate Debtor from the insolvency commencement date, i.e post Dec 22, 2017. Hence no interest on the borrowings shall accrue during the post CIRP commencement date of December 22, 2017. The CIRP is still on-going and the moratorium period of CIRP continues to subsist and the matter is sub judice. Basis a claim filed by the financial creditors (excluding related parties) under IBC Code, 2016, amount of INR 1,95,007 lakhs (including interest on borrowings , corporate guarantee and interest thereon) has been admitted. The final determination of the amount payable shall be decided as per the order passed by the Hon'ble NCLT.

34 Pursuant to Award passed in arbitration proceedings, disputes relating to amounts payable to MSTC Ltd. was settled by consent of the parties in the previous year. Settled liability of MSTC Ltd. has been classified as current and non-current in the accounts as per the previous year. As per the terms, interest is payable after payment of settled amount and hence the same is not been provided in the accounts amounting to INR NIL (previous year INR 1705 Lacs). The lenders have initiated Corporate Insolvency Resolution Process (CIRP) proceedings against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC 2016). The Company was admitted under by the Hon'ble NCLT on December 22, 2017. Pursuant to the Section 14 of the IBC 2016, a moratorium applies on the Corporate Debtor from the insolvency commencement date, i.e post Dec 22, 2017. Basis a claim filed by MSTC Ltd. under IBC Code, 2016, amount of INR 28,216.56 lakhs (including interest) has been accordingly admitted. The CIRP is still on-going and the moratorium period of CIRP continues to subsist and the matter is subjudice. Hence the final determination of the amount and payment shall be decided as per the order passed by the Hon'ble NCLT.

35 Pursuant to an agreement with India Factoring and Finance Solutions Pvt. Ltd. (IFFS), dues of Rs. 5.42 crore to the said IFFS has been settled for Rs. 400.00 lakhs payable in monthly instalments up to December, 2017. The said settlement is revocable in case of breach of the terms of settlement and therefore effect of the agreement shall be taken on final payment and discharge of Company's liability. Basis a claim filed by India Factoring and Finance Solutions Pvt. Ltd. (IFFS) under IBC Code, 2016 amount of INR 342.11 lakhs has been accordingly admitted. The CIRP is still on-going and the moratorium period of CIRP continues to subsist and the matter is subjudiced. Hence the final determination of the amount and payment shall be decided as per the order passed by the Hon'ble NCLT.

36 The Company is informed that subsequent to possession taken by the Banks, of the company's unit at Himachal Pradesh with all its fixed and current assets u/s 13(4) of the SARFAESI Act, those assets have been sold through e-auction on 31st August 2015. In absence of any communication from the Banks as regards the amount of sale proceeds received by the Banks upto FY 16-17 , the effects of the sale had not been given in the accounts for the year ended March 2017. However during NCLT proceedings, amount generated from sale of Assets and the distribution of value of the sale proceeds was obtained from Allahabad Bank. Profit / loss being the difference between the sale proceeds and the book value of the assets as on the date of sale has been adjusted on accounts on receipt of information from the Bank. On account of sale of asset, loss of INR 2167.74 lakhs is accounted under exceptional items in the previous year. Correspondingly the loans outstanding from the Banks have been reduced to the extent of the HP Unit Sale Proceeds distributed. Further expense was incurred in connection with the sale process amounting to INR 223.91 lakhs which is charged as prior period error directly to the retained earnings.
No depreciation has been provided in the accounts on assets at the said unit since September, 2015.

37 Segment information

The business of the company falls under a single operating segment i.e. manufacturing and trading of iron and steel products. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

(a) Revenue from operations

Particulars	As at	As at
	31 March 2019	31 March 2018
within India	48,142.25	60,012.99
outside India	-	-
Total	48,142.25	60,012.99

(b) Non-current assets

All Non-current assets are located in India.

(c) Customer contributing more than 10% of Revenue

Revenue from single external customer is approximately Rs. 6,478.71 Lakhs representing 12.12% of company's total revenue for the year ended 31 March 2019. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

38 Disclosure as per Ind AS 17 'Leases'

Operating leases - Leases as lessee

The Company's significant leasing arrangements are in respect of operating leases of land for commercial use (factory and office). Lease rent for the year has been charged to the Statement of Profit and Loss and included under 'Rates and taxes'/'Rent' in Note 26.

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

39 Employee Benefits**(a) Defined contribution plans:**

Contribution to defined contribution plans, recognised as expense for the year are as under:

Particulars	As at	As at
	31 March 2019	31 March 2018
Employer's contribution to Provident Fund and ESIC	88.06	78.02

(b) Defined benefit plans:

Statement of Assets and Liabilities for defined benefit obligation

	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net defined benefit obligation	50.83	51.43	438.36	381.89
Net defined benefit asset	-	-	-	-
Total employee benefit liabilities	50.83	51.43	438.36	381.89
Non-current	46.89	45.86	364.34	319.61
Current	3.94	5.56	74.03	62.28

Defined benefits - Gratuity (Unfunded)

The Company has a defined benefit gratuity plan. The provisions are made in accordance with Payment of Gratuity Act 1972, as amended up to date. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of Rs. 10 lakhs on superannuation, resignation, termination, disablement or on death. The maximum ceiling of Rs. 10 lakhs has been recommended for enhancement to Rs. 20 lakhs by the Report of the 3rd Pay Revision Committee appointed by the GOI. The Company has carried out actuarial valuation of gratuity benefit considering the enhanced ceiling.

These defined benefit plans expose the Company to actuarial risks, interest risk and market (investment) risk.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, expense recognised in statement of Profit and Loss, actuarial assumptions and other information.

Reconciliation of the net defined benefit (asset)/ liability:

(i) Reconciliation of present value of defined benefit obligation	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
(a) Balance at the beginning of the year	51.43	25.31	381.89	354.54
(b) Current service cost	2.45	10.39	36.12	30.54
(c) Interest cost	3.96	1.85	29.41	25.95
(d) Past service cost	-	-	-	17.95
(e) Actuarial (gains)/ losses recognised in other comprehensive income				
- demographic assumptions	-	-	-	-
- financial assumptions	0.83	-1.79	7.20	-12.58
- experience adjustment	-5.52	21.92	10.29	0.03
(f) Benefits paid	-2.32	-6.26	-26.54	-34.54
(g) Balance at the end of the year	50.83	51.43	438.36	381.89
(ii) Expense recognised in Profit or Loss	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
(a) Current service cost	2.45	10.39	36.12	30.54
(b) Interest cost	3.96	1.85	29.41	25.95
(c) Past service cost	-	-	-	17.95
(d) Actuarial (gains) / losses	-4.69	20.13	-	-
Amount charged to Profit or Loss	1.72	32.37	65.53	74.45
(iii) Remeasurements recognised in Other Comprehensive Income	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
(a) Actuarial loss/ (gain) arising on defined benefit obligation from				
- demographic assumptions	-	-	-	-
- financial assumptions	-	-	7.20	-12.58
- experience adjustment	-	-	10.29	0.03
(b) Actual return on plan asset less interest on plan asset	-	-	-	-
Amount recognised in Other Comprehensive Income	-	-	17.49	-12.55
(iv) Reconciliation of present value of plan assets	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
(a) Balance at the beginning of the year	-	-	-	-
(b) Investment Income	-	-	-	-
(c) Return on Plan Assets, excluding amount recognised in Net Interest Expense	-	-	-	-
(d) Contributions by the employer	2.32	6.26	26.54	34.54
(e) Benefits paid	-2.32	-6.26	-26.54	-34.54
(f) Balance at the end of the year	-	-	-	-

SPS STEELS ROLLING MILLS LIMITED
Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

(v) Actuarial assumptions

	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Discount rate (in %)	7.50%	7.70%	7.50%	7.70%
Expected rate of salary increase (in %)	5.00%	5.00%	5.00%	5.00%
Retirement age (years)	58	58	58	58
Average future service (years)	16.12	17.02	16.12	17.02

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).

(vi) Sensitivity analysis

	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Defined benefit obligation on discount rate plus 100 basis points	55.36	47.16	477.75	417.65
Defined benefit obligation on salary growth rate plus 100 basis points	46.44	56.83	402.67	349.37
Defined benefit obligation on attrition rate plus 50 basis points	49.90	52.52	430.22	373.67
Defined benefit obligation on mortality rate plus 50 basis points	50.67	51.63	437.00	380.43
Defined benefit obligation on discount rate minus 100 basis points	46.88	56.37	404.36	351.10
Defined benefit obligation on salary growth rate minus 100 basis points	55.80	46.71	478.02	418.68
Defined benefit obligation on attrition rate minus 50 basis points	51.67	50.21	445.66	389.25
Defined benefit obligation on mortality rate minus 50 basis points	50.99	51.22	439.70	383.32

(vii) Weighted average duration of defined benefit obligation (based on discounted cash flow)

	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
In years	9	9	9	9

(viii) Maturity profile of defined benefit

	Leave Encashment		Gratuity	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Within the next 12 months	3.94	5.56	74.03	62.28
Between 1 and 5 years	12.67	12.37	114.51	101.24
Between 5 and 10 years	22.92	22.11	174.91	156.14
More than 10 years	70.35	82.14	610.21	578.32

40 Related Party Disclosures

Key Management Personnel (KMP)	Nature of Relationship
Mr. Bipin Kumar Vohra	Chairman & Managing Director (CMD)
Mr. Arjun Kumar Santhalia	Executive Director (ED)
Mr. Sudesh Kumar Agarwal	Executive Director (ED)

Enterprises owned or significantly influenced by key management personnel or their relatives

Aftek Traders Private Ltd
Ashoka Industries Ltd
Bengal India Global Infrastructure Ltd
Bengal Recycles & Fabricators Pvt. Ltd
Cheksons Broking Co. Pvt. Ltd
Dark Security Consultants Pvt. Ltd
Dytron Marketing Services Pvt. Ltd
Indo American Electricals Ltd
KIT SPS Real Estate Development Ltd
Rolex Commercial Co. Pvt. Ltd
Shriramrathi Steels Pvt. Ltd
SPS Arts & Entertainment Ltd
SPS Ispat & Power Ltd
SPS Metal Cast & Alloys Ltd
SPS Mortex Ferro Alloys Ltd
SPS Shipping Ltd
SPS Steels Ltd
SPS Tours & Hotels Pvt. Ltd
R S Uniagro Pvt. Ltd
Suraj Fabrics Industries Ltd
Techmart Broking Co. Pvt. Ltd
TT Rail Links Limited

The following transactions were carried out with related parties in the ordinary course of business:

Nature of transaction	Name of related party	Transaction for the year ended	
		31/03/2019	31/03/2018
Purchase of Goods	Shriramrathi Steels Pvt. Ltd	-	5.58
	SPS Metal Cast & Alloys Ltd	-	9,867.91
Sale of Goods	SPS Metal Cast & Alloys Ltd	-	2,228.85
Receiving of Service	Bengal Recyclers & Fabricators Pvt. Ltd	0.88	42.26
	Darks Security Consultants Pvt. Ltd	288.70	238.22
	Mr. Sudesh Kumar Agarwal	14.40	14.40
Guarantee & Collaterals	Bengal India Global Infrastructure Ltd	-	-10,405.00
	Indo American Electricals Limited	-	-5,334.00
	Rutt Deen Private Ltd	-	-4,000.00
	Suraj Fabrics Industries Ltd	-	620.00
	SPS Steels Ltd.	-	2,000.00
Advances & Deposits Received/(Paid) (Net)	Bengal India Global Infrastructure Ltd.	-	58.22
	Rolex Commercial Co. Pvt. Ltd	-	-639.57
	SPS Ispat & Power Ltd	-	-160.02
	SPS Steels Ltd.	-	-5.00
	Techmart Broking Company Pvt. Ltd	-	-0.20

SPS STEELS ROLLING MILLS LIMITED

Notes to the financial statements for the year ended 31 March 2019 (Continued)

Amount in Rs. Lakhs

Outstanding balances:

Name of related party	Balance for the year ended	
	31/03/2019	31/03/2018
Aftek Traders Pvt. Ltd.	1.02	1.02
Ashoka Industries Ltd	-0.01	-0.01
Bengal India Global Infrastructure Ltd	19.26	19.26
Bengal Recyclers & Fabricators Pvt. Ltd	-15.50	-14.62
Darks Security Consultants Pvt. Ltd	-24.03	-23.77
Dytron Marketing Services Pvt. Ltd.	-5.06	-5.06
Indo American Electricals Limited	-0.04	-0.04
KIT SPS Real Estate Development Ltd.	0.21	0.21
Rolex Commercial Co. Pvt. Ltd	-1,410.72	-1,410.72
R S Uniagro Pvt. Ltd.	2.79	2.79
Shriramrathi Steels Pvt. Ltd	-98.76	-98.76
SPS Steels Ltd.	-169.66	-169.66
SPS Ispat & Power Ltd	-5,971.99	-5,971.99
SPS Metal Cast & Alloys Ltd	-605.94	-605.94
Suraj Fabrics Industries Ltd	11.29	11.29
Techmart Broking Company Pvt. Ltd	-570.93	-570.93
TT Rail Links Limited	8.96	8.96
Guarantee & Collaterals		
Bengal India Global Infrastructure Ltd	54,960.00	54,960.00
Suraj Fabrics Industries Ltd	2,620.00	2,620.00
SPS Steels Ltd.	2,000.00	2,000.00
Investments:		
Indo American Electricals Ltd.	1.30	1.30
SPS Metal Cast & Alloys Ltd.	1.50	1.50

Terms and conditions of transactions with related parties

The purchase from related party are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions during last financial year. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

Note: Transaction with related party has been disclosed in respect of the parties with whom relationship exists as on the Balance Sheet date.

41 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Company's principal financial liabilities comprises of borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include investments, trade receivables, cash and cash equivalents, loans and other financial assets that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which is periodically approved by the board of directors.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with bank and investments. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

Particulars	Year ended 31st March 2019		Year ended 31st March 2018	
	%	Amount	%	Amount
Revenue from a top customer	12.31%	5,925.96	10.80%	6,478.71
Revenue from top five customers	41.87%	20,159.18	32.75%	19,653.93

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars

<u>As at 31 March 2019</u>	Less than 1 year	1-5 years	> 5 years	Total
Borrowings	37,401.32	-	-	37,401.32
Trade payables	26,401.17	-	-	26,401.17
Other financial liabilities	37,060.15	-	-	37,060.15
	100,862.64	-	-	100,862.64
<u>As at 31 March 2018</u>	Less than 1 year	1-5 years	> 5 years	Total
Borrowings	37,401.32	-	-	37,401.32
Trade payables	26,251.96	-	-	26,251.96
Other financial liabilities	37,792.54	-	-	37,792.54
	101,445.82	-	-	101,445.82

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, payables and borrowings.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Particulars	31 March 2019	31 March 2018
Fixed rate instruments		
Financial assets	808.40	801.90
Financial liabilities	-48,852.74	-65,944.82
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

(b) Equity price risks

The Company is not exposed to equity risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

(c) Currency risk

The Company does not have currency risks since it is not exposed to any foreign currency transaction.

42 Capital management (Ind AS 1)

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Company's equity share capital comprises of 4,24,12,290 shares as on 31st March, 2019 (4,24,12,290 shares as on 31st March, 2018) of Rs. 10 each aggregating to Rs. 4,241.23 as on 31st March, 2019 (Rs. 4,241.23 as on 31st March, 2018). Other equity aggregates to Rs. 55,576.30 (Rs. 56,793.48 as on 31st March, 2018)

Its total debt is Rs. 56,878.37 as on 31st March 2019 (Rs. 56,878.37 as on 31st March, 2018)

43 Financial instruments and related disclosures

43.1 Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchange in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The management assessed that trade receivables, cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of there instruments.

The company uses the discounted cash flow techniques (in relation to interest-bearing borrowings and loans) which involves determination of present value of expected receipt/payment discounted using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair value so determined is classified as Level 2.

43.2 Financial instruments by category

The following table shows fair values of financial assets and liabilities, including their levels in financial hierarchy, together with the carrying amounts shown in the statement of financial position.

	Note No.	As at 31st March 2019		As at 31st March 2018	
		Carrying	Fair value	Carrying	Fair value
			Level 3		Level 3
A. Financial assets:					
a) Measured at amortised cost					
Investments	5	0.55	-	0.55	-
Other financial assets	6	1,829.68	-	1,821.82	-
Trade receivables	9	28,147.43	-	27,085.69	-
Cash and cash equivalents	10	581.00	-	1,252.16	-
b) Measured at fair value through other comprehensive income					
Investments	5	3.63	3.63	6.80	6.80
B. Financial liabilities:					
a) Measured at amortised cost					
Borrowings	14	37,401.32	-	37,401.32	-
Other financial liabilities	15	37,060.15	-	37,792.54	-
Trade payables	17	26,401.17	-	26,251.96	-

45 Previous year figures have been reclassified / regrouped wherever necessary to correspond to this year's figures.

As per our report of even date attached
For Uttam Agarwal & Associates
Chartered Accountants
FRN: 322455E

For and on behalf of the Board

CA Gaurav Agarwal
Partner
Membership No: 307455

Deepak Kumar Agarwal
Director
DIN : 00646153

Sanjay Kumar Chowdhary
Director
DIN : 08402623

Place: Kolkata
Dated: 22nd July, 2019

Binod Kumar Agrawal
Chief Financial Officer

Ashutosh Sharma
Company Secretary

SPS Steels Rolling Mills Limited

Regd. Office: - "Diamond Heritage", 16, Strand Road, 5th Floor, Room No H 523 A, Kolkata-700001

Corporate Office: "Diamond Prestige" 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017

Website- www.spsgroup.co.in, **E-Mail:** compliance@shakambharigroup.in, **Phone:** 033-6625 5252

CIN - L51909WB198111PLC034409

ATTENDENCE SLIP

Registered Folio No./DP ID & Client ID:

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Number of Shares Held:

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I hereby record my presence at the 37th Annual General Meeting of the Company on Monday , 30th September 2019 at 11.30 A.M. at "Diamond Prestige" 41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017.

Name of the member/proxy

Signature of the member/proxy

Note: Please fill this attendance slip and hand it over at the entrance of the meeting hall .Members are requested to bring their copies of Annual Report at the Meeting Hall

SPS Steels Rolling Mills Limited

Regd. Office: - “Diamond Heritage”,16, Strand Road,5th Floor, Room No H 523 A, Kolkata-700001

Corporate Office: “Diamond Prestige”41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017

Website- www.spsgroup.co.in, **E-Mail:** compliance@shakambhargroup.in, **Phone:** 033-6625 5252

CIN - L51909WB198111PLC034409

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):	
Registered address :	
E-mail ID :	
Folio No/ DP ID-Client ID:	

I/ We, being the member (s) of Shares of the above named company, hereby appoint:

1	Name	
	Address	
	Email Id	
	Signature	Or failing him
2	Name	
	Address	
	Email Id	
	Signature	Or failing him
3	Name	
	Address	
	Email Id	
	Signature	Or failing him

as my/ our proxy to attend and vote for me/us and on my/ our behalf at the 37th Annual General Meeting of the Company on Monday , 30th September 2019 at 11.30 A.M. at “Diamond Prestige”41 A, A.J.C Bose Road, 7th Floor, Kolkata-700017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional*	
		For	Against

ORDINARY BUSINESS

1.	To receive, consider and adopt the Financial Statements of the company for the financial year ended March 31, 2019.		
2.	Appoint a director in place of Mr. Ramabatar Agarwal who retires by rotation and being eligible, seeks re-appointment.		
3.	Appointment of M/s. Uttam Agarwal & Associates , Chartered Accountants having registration no. 322455E		

SPECIAL BUSINESS

4.	Appointment of Mr. Deepak Kumar Agarwal as Managing Director and fixing of remuneration.		
5.	Appointment of Mrs. Priyanka Goenka (DIN 08489182) as an Independent Director		
6.	To fix the remuneration of M/s B.G. Chowdhury & Co, Cost Auditor of the Company for the Financial Year ending March 31, 2019.		

Signed this..... Day of 2019.

Affix Revenue Stamp

Signature of Shareholder:

Signature of Proxyholder(s):

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxy need not be a member of the company.
2. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of member(s) in above box before submission.