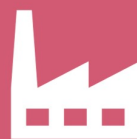


SUNCITY SHEETS PRIVATE LIMITED

Business Scope Profiler Report

D&B D-U-N-S[®] NUMBER: 65-009-5008

Plot No 27A/66- 68, 2nd Floor, Adarsh Society, New ITI Circle, Jodhpur - 342 001, Rajasthan, India.



Scope of the Report

- History and legal background
- Existing operations
- Management background
- Banker's report
- Financial statements and analysis

Information Sources

Information given in this report is compiled on the basis of information obtained from the following sources:

- Annual reports
- Corporate communiqués
- Company website and other public sources

Methodology

Financial information from the audited annual reports of Suncity Sheets Private Limited (hereinafter referred to as 'the Company' or 'SSPL') was studied and analysed for a three-year period i.e. Financial Year (FY) 2019, FY 2020 and FY 2021. Certain information was collated from public sources like Ministry of Corporate Affairs (MCA), trade websites, Company website, etc.

As on 1st April 2019, four companies namely, Suncity Alloys Private Limited, Suncity Metal Private Limited, Suncity Strips Private Limited and Suncity Strips & Tubes Private Limited got merged into SSPL. Thus, the financial statements for FY 2020 & FY 2021 are not comparable with FY 2019.

Date: 27th November 2021

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BUSINESS OVERVIEW

About the Company

Suncity Sheets Private Limited was incorporated on 10th June 1981 as a private limited company under the name of Bhansali Rubber Private Limited. Later, on 10th September 1981 the name of the Company was changed to its present name.

The Company is engaged in manufacturing of stainless-steel pipes, tubes, coils, sheets & circles. Majority of the revenue is derived from coils, tubes & pipes as all the 3 products contributed more than 80% of the topline as on 31st March 2021.

Company Factsheet	
Date of Incorporation	10 th June 1981
Legal Structure	Private Limited Company
Registration Number	U27107GJ1981PTC103940
Hand phone	91 - 7737062301 91 - 9829021107
Webpage	www.suncitysheets.com
Email	info@suncitysheets.com mukesh@suncitysheets.com
Number of employees	296
Annual General Meeting Date	27 th August 2021
Name of the Auditor	K.N. Purohit & Company, Chartered Accountant

Source: Ministry of Corporate Affairs (MCA), Annual report 2021 and Company website

Product/Service Offerings

Product portfolio of the Company includes:

- ❖ Pipes & Tubes
 - Stainless Steel Welded Round Pipes
 - Stainless Steel Welded Rectangular Pipes
 - Stainless Steel Welded Square Pipes
 - Stainless Steel Welded NB Pipes
 - Stainless Steel Welded Oval Pipes
- ❖ Other Products
 - Stainless Steel Coils
 - Stainless Steel Circles
 - Stainless Steel Slitted Coils
 - Stainless Steel Sheets
 - Stainless Steel Sheet Packets

Product Wise Bifurcation of Revenue

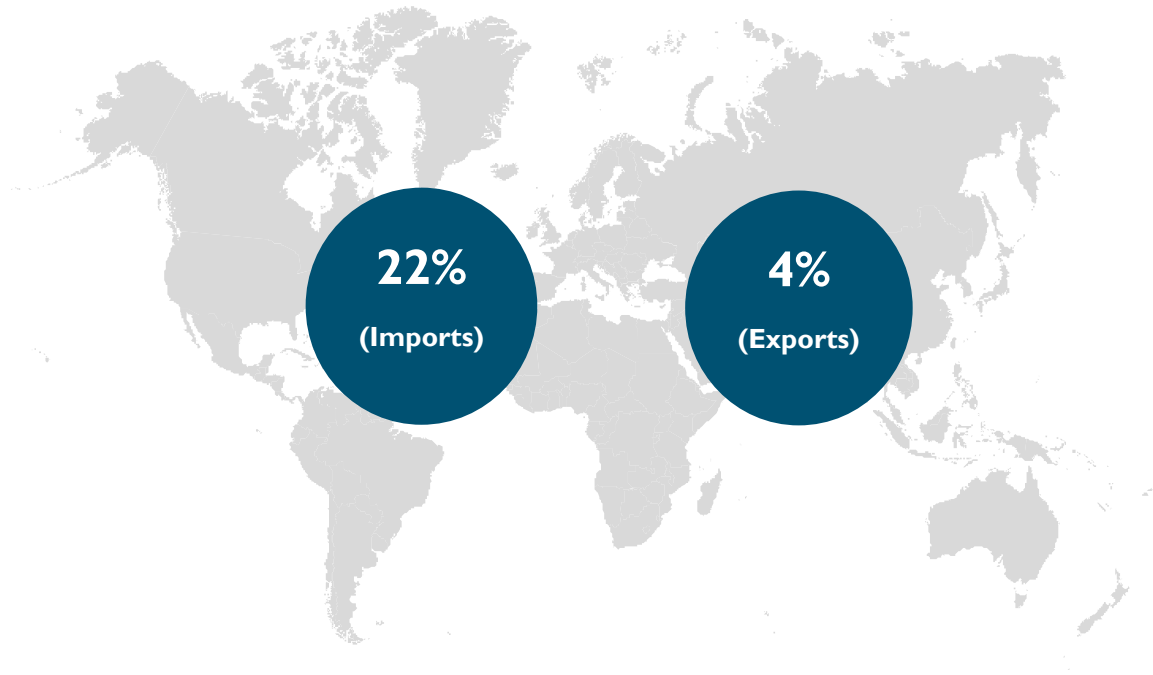
(In percentage)

Product Name	FY 2019	FY 2020	FY 2021
H R S S/C R S S Sheets/S S Coils	54.61	42.47	41.51
S.S Pipe and Tubes	32.74	36.63	39.06
S S Circle Sales	7.81	10.06	12.80
S S Patta Patti	-	8.48	3.73
S S Scrap	2.06	1.62	2.17
Other Products	2.78	0.74	0.73
Total	100.00	100.00	100.00

Source: Company website and as provided by the management

Demand & Supply Information

The Company caters to both the domestic and international markets. In FY 2021, it derived 96% of its revenues from the domestic market whereas remaining 4% from international market.



Supply Information

The Company procures 78% of its raw material requirements from the domestic market whereas the balance is imported. SSPL imports only from China and South Korea.

Demand Information

The Company exports only CRSS sheet which is about 4% of the total revenue. All the other products are sold in the domestic market. Exports are only to Brazil.

Source: As provided by the management

Top 5 Customers

Customer	Market	% of Total Revenue
Palak Impex and Ajay Agarwal & Sons	India	5.61
Yogesh Enterprises	India	4.17
Mudit Impex Private Limited	India	1.56
Veer Steel	India	1.15
Hero Industries and Kitchware	India	0.92

Top 5 Suppliers

Supplier	Market	% of Total Purchases
Chromeni Steels Private Limited	India	17.23
Jindal Stainless (Hisar) Ltd and Odisha	India	9.34
Rimjhim Ispat Ltd	India	2.04
Samsung C & T Corporation	Korea	1.62
Steel Authority of India Limited	India	1.46

Source: As provided by the management

About the Group

About Suncity Group

The Company is part of Suncity Group (herewith referred as “the Group”) started its operations in 1992 to manufacture stainless-steel pipes, tubes, coils, sheets & circles. Since then the Group has been advancing firmly and is one of the established players in Rajasthan & Gujarat along with other parts of countries. The Group turnover is more than INR 1,000 crore as on 31st March 2021.

Golden ERA Merchant Private Limited is the affiliate of the Company.

Group companies of SSPL includes:

- ✓ Chromeni Sheets Private Limited
- ✓ Shreenath Textiles
- ✓ Suncity Stainless Steel LLP
- ✓ GR Estate
- ✓ Suncity Stainless LLP
- ✓ Vaid Enterprises Private Limited
- ✓ Yogesh Enterprises
- ✓ Suncity Alloys Private Limited*
- ✓ Suncity Metal Private Limited*
- ✓ Suncity Strips Private Limited*
- ✓ Suncity Strips & Tubes Private Limited*

** All these companies have been merged with Suncity Sheets Private Limited as on 1st April 2019.*

**Source: Annual report 2021 and Company website*

Locations

The Company controls its activities from its corporate office located at Jodhpur, Rajasthan. It has work offices located in Jodhpur (Rajasthan) and Mundra (Kutch), Gujarat. It also has branches located at Maharashtra, Ahmedabad, Indore, Delhi and Kerala.

SSPL has been manufacturing products such as patta/patti, S S Circle, S S pipe & tubes in these two units. The total production capacity of coil rolling is 5,000 MT per month and that of tubes & pipes is 3,500 MT per month (both Jodhpur and Mundra plant). 70% production of coil is used for captive consumption for the use of pipe & tube and circles. SSPL manufactures S S pipe & tubes from size 9 mm to 323 mm (with all industrial grades). Both manufacturing units put together have a 14-acre land with constructed area of about 70,000 square meters. The tube mill is completely equipped with latest tube finishing equipment’s sufficing the industrial needs and international standards.

The Company also has one plant of S S pipe & tubes nearby Mundra Port, Gujrat with an installed capacity of 20,000 MTPA. This plant started its commercial oeperations in February 2020. The Company has acquired 30-acre land in Gujarat for future expansions.

Suncity Sheets Private Limited has its own depo in Ahmedabad (Gujarat), Mumbai (Maharashtra), Trichure (Kerala), Indore (Madhya Pradesh) and Delhi for stocking of finished goods.

Source: Company website and as provided by the management

Awards, Certifications & Accreditations

The Company is an ISO 9001.:2015, ISO 14001:2015, ISO 45001:2018 certified from TUV Nord.

It is also Authorised Economic Operator (AEO) certified organization by Government of India.

Note: Physical copies not available for verification

Source: As provided by the management



MANAGEMENT OVERVIEW

Management Profile

Board of Directors

Director Identification Number (DIN)	Name of Directors	Designation
00383379	Mukesh Agarwal	Managing Director and Chief Executive Officer
00383427	Harish Agarwal	Director
08739807	Shrikishan Agarwal	Director

Key Executives

Name of Executives	Designation
Puneet Tikmani	Head - Production and Plant Manager
Navin Yadav	Head - Administration and General Manager
Dalpat Singh	Head - Human Resources
Diwker Goyal	Head - Finance
Naresh Jain	Export Manager
Nitin Jindal	Marketing Manager
Ankit Daga	Company Secretary

Source: MCA and Company website

Shareholding Pattern

Equity Shares

Shareholding Pattern as on 31st March 2021

List of Shareholders	Shares Held	% Held
Mukesh Agarwal	32,222	19.55
Harish Agarwal	31,473	19.09
Golden ERA Merchant Private Limited	29,596	17.95
Mahaveer Agarwal	25,039	15.19
Ramavtar Agarwal HUF	11,002	6.67
Mahaveer Agarwal HUF	6,405	3.89
Others	29,108	17.66
Total	164,845	100.00

Total Number of Shareholders: 21

Preference Shares

Shareholding Pattern as on 31st March 2021

List of Shareholders	Shares Held	% Held
Harish Agarwal	30,000	100.00
Total	30,000	100.00

Total Number of Shareholder: 1

Source: Annual report 2021



FINANCIAL OVERVIEW

Key Financial Elements

INR in million

Year	FY 2019	FY 2020	FY 2021	CAGR (ln %)
Number of Months	12	12	12	
Revenue	2,879	7,628	8,473	71.55
Net Profit after Tax	86	158	379	109.93
Tangible Networkth	646	1,438	1,858	69.59
Capital Employed	1,197	3,349	3,444	69.62
Total Borrowings	551	1,911	1,586	*
Fixed Assets	564	1,173	1,116	*
Total Investment (Long Term)	6	18	18	*

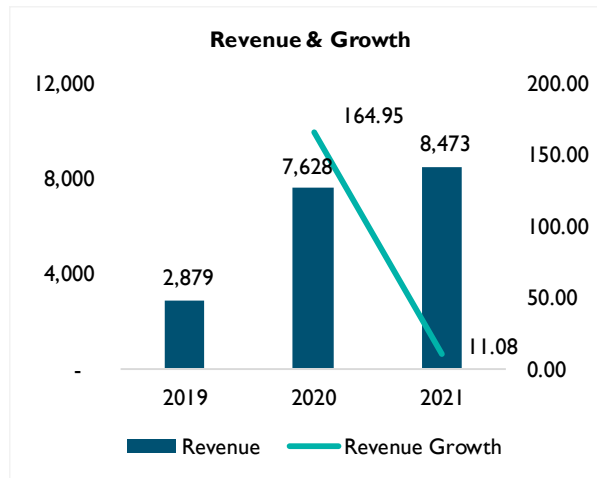
*Compounded Annual Growth Rate (CAGR) cannot be calculated due to uneven / declining trend

Year	FY 2019	FY 2020	FY 2021
Gross Profit Margin (%)	6.32	5.45	7.77
Operating Profit Margin (%)	6.08	4.39	6.48
Net Profit Margin (%)	2.99	2.07	4.47
Return on Tangible Networkth (%)	13.31	10.99	20.40
Return on Capital Employed (%)	16.71	10.60	16.14
Total Debt Equity Ratio (Times)	0.85	1.33	0.85
Interest Coverage Ratio (Times)	6.45	2.71	3.54
Current Ratio (Times)	1.50	1.65	2.09
Working capital cycle (Days)	65	89	91

Refer to annexure for further details

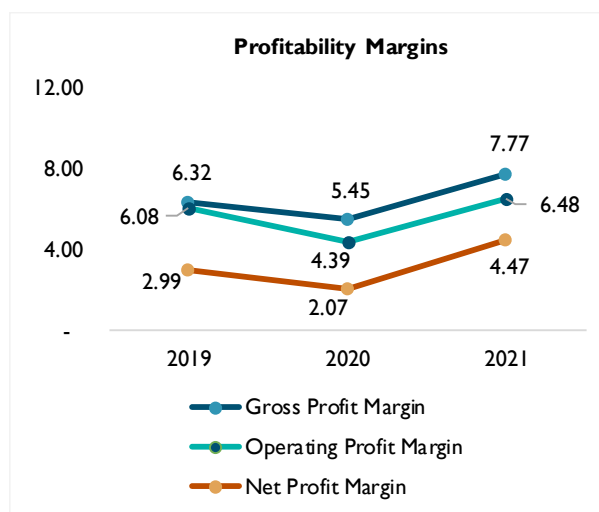
Financial Analysis

Revenue



Revenue of the Company depicted an increasing trend with a CAGR growth of ~72% during the review period. It increased by ~165% in FY 2020 mainly due to merger of group companies into SSPL. The revenue also grew because of increase in customer base and new product additions. The revenue grew further by 11% in FY 2021 due to increase in orders from existing customer base.

Profitability Margins



(As % of revenue)

Particulars	2019	2020	2021
Cost of Materials and Finished Goods Consumed	86.84	89.84	85.71
Other Direct Expenditure	5.66	5.52	5.94
Depreciation/Amortization and Depletion	2.08	1.90	2.51
Interest Expenditure	1.08	1.72	1.85
Salaries and Wages	1.08	1.40	1.76

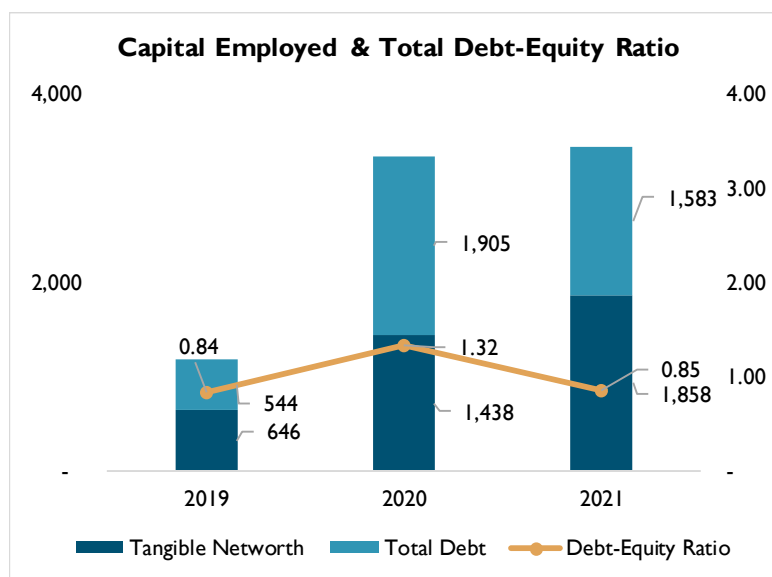
Margins of the Company remained modest and depicted an uneven trend across all levels during the review period. Cost of material & finished goods consumed was the major cost impacting the margins of the Company which constituted on an average ~87% of the total revenue during the review period.

Gross profit margin of the Company declined slightly in FY 2020 mainly due to increase in cost of materials & finished goods consumed on account of merger process. The margins then improved in FY 2021 due to decline in cost of materials & finished goods consumed on account lower raw material cost.

The operating & net profit margins had cascading effect of gross margins. The operating margins declined in FY 2020 due to lower gross margins despite decline in depreciation & fixed cost. The operating margins then improved in FY 2021 due to increased gross margins despite increase in depreciation & fixed cost.

The net profit margins moved in tandem with gross & operating margins with an uneven trend despite y-o-y increasing interest cost.

Capital Employed & Total Debt



Capital Employed comprises tangible network & total debt. It depicted an increase with a CAGR of ~70% during the review period. The capital employed increased in FY 2020 on account of merger process leading to increase in tangible network due to full retention of profit as well as total debt (both short term and long term). It further increased in FY 2021 on mainly account of increase in tangible network due to full retention of profit as there was decline in total debt (both short term and long term).

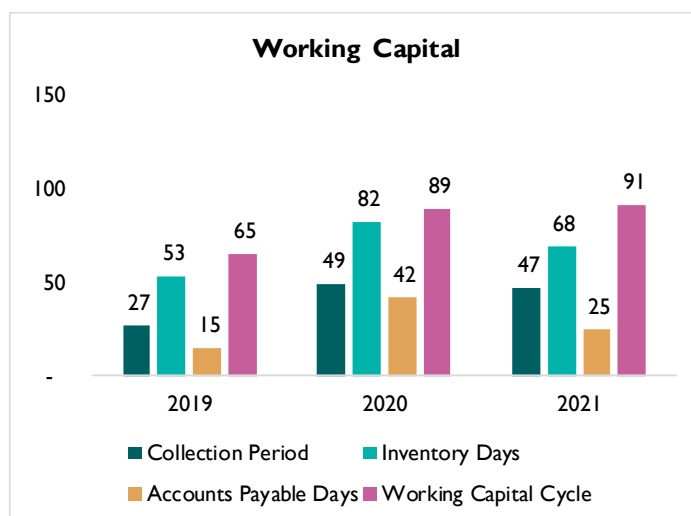
The debt-equity ratio (total debt/tangible network) remained uneven during the review period. It deteriorated from 0.84 times in FY 2019 to 1.32 times in FY 2020 on account of increase in total debt being more than increase in tangible network. It improved and stood below unit in FY 2021 at 0.85 times due to decline in total debt coupled with increase in tangible network.

Total Borrowings of the Company include term loans from banks, long term borrowings from financial institutions financial & unsecured borrowings from related parties and short-term working capital loan from banks.

Particulars	2019	2020	2021
Profit after Tax (in INR million)	86	158	379
Less: Dividends (in INR million)	0	0	0
Retention ratio (in %)	100.00	100.00	100.00

(In percentage)

Particulars	2019	2020	2021
Short Term Loans	60.48	49.03	42.45
Long Term Loans	39.52	50.97	57.55
Total Debt	100.00	100.00	100.00

Working Capital Cycle

Operations of the Company remained moderately working capital intensive marked by high inventory days and moderate collection period. Debtors and inventory together constituted ~86% of the total current assets in FY 2021, indicating significant amount of funds being blocked.

Inventory days remained high in the range of 53 to 82 days. The collection period remained moderate in the range of 27 to 49 days during the review period. Currently, working capital requirements are being managed through short-term loans from bank, suppliers' credit and internal accruals. Payable days of the Company remained moderate in the range of 15 to 42 days during the review period ending 31st March 2021.

Liquidity

Particulars	FY 2018	FY 2019	FY 2020
Quick Ratio (Times)	0.72	0.76	1.01
Current Ratio (Times)	1.50	1.65	2.09

The liquidity position of the Company remained adequate marked by its current and quick ratio of 2.09 times and 1.01 times as on 31st March 2021 respectively. Further, the cash & bank balance and current investments stood at INR 51 million & INR 131 million as on 31st March 2021.

Moreover, net cash accruals of the Company improved y-o-y and stood at INR 592 million in FY 2021 which was enough to meet its annual long-term debt obligation of INR 57 million. The net cash flow from operations improved and turned positive which was to the tune of INR 467 million as on 31st March 2021.



ANNEXURES

Bank Details

BANK

Name : State Bank of India

Branch : SME Branch

Address : H-1, AMS Tower
Shastri Nagar
Jodhpur - 342 003
Rajasthan
India

BANKER'S REPORT:

The Company deals with Bank since 1st March 2010.

The Company has availed the following facilities from bank as on 22nd November 2021.

INR in Million			
Name of the Facilities	Amount Sanctioned	Amount Disbursed	Amount Outstanding
Cash credit/working capital demand loan	3	3	3
Non-fund based	5	5	1
Total	8	8	4

The Company has also relationship with following banks

- ✓ Bank of Baroda
- ✓ HDFC Bank Limited
- ✓ DCB Bank

Source: MCA and Annual report 2021

Financial Statements

FISCAL BALANCE SHEET AS ON 31-03-21 (In INR million)			
Cash and Bank	51	Accounts Payable	503
Inventory	1,465	Current Portion of Long-Term Debt	131
TDS and Advance Tax	2	Loans Hire Purchase	3
Accounts Receivable	1,091	Other Payables/Accruals	46
Other Receivables	6	Bank Loans	672
Prepayments	4	Provisions	7
Other Current Assets	92		
Loans and Advances	2		
Investments	131		
Tax Refund	2		
TOTAL CURRENT ASSETS	2,846	TOTAL CURRENT LIABILITIES	1,359
Land and Buildings	342	Loans Unsecured	437
Plant and Equipment	681	Loans Hire Purchase	6
Transportation Vehicles	27	Bank Loans	468
Furniture, Fixtures and Fitting	4	Provisions	4
Office Equipment	2	Current Portion of Long-Term Debt	(131)
Capital work-in-progress	33		
Other Fixed Assets	27		
TOTAL FIXED ASSETS	1,116	TOTAL NON-CURRENT LIABILITIES	784
Other Investments	18	Share Capital	195
TOTAL INVESTMENTS	18	Share Premium	809
Deferred Tax Asset	21	Retained Earnings	974
TOTAL OTHER ASSETS	21		
Other Intangibles	120		
TOTAL INTANGIBLES	120	TOTAL EQUITY	1,978
TOTAL ASSETS	4,121	TOTAL LIABILITIES AND EQUITY	4,121

As on 1st April 2019, four companies namely, Suncity Alloys Private Limited, Suncity Metal Private Limited, Suncity Strips Private Limited and Suncity Strips & Tubes Private Limited got merged into SSPL. Thus, the financial statements for FY 2020 & FY 2021 are not comparable with FY 2019.

PROFIT AND LOSS ACCOUNT (Figures in INR million)			
For the year ended	31-Mar-19	31-Mar-20	31-Mar-21
Number of months	12	12	12
	Fiscal	Fiscal	Fiscal
Revenue	2,879	7,628	8,473
Less: Cost of Revenue	(2,697)	(7,212)	(7,815)
Gross Profit	182	416	658
Other Operating Income*	119	156	231
General Operating Expenses	(66)	(92)	(127)
Depreciation	(60)	(145)	(213)
Net Operating Profit after Depreciation and before Interest	175	335	549
Non-Operating Income**	25	20	7
Total Finance Expenses	(31)	(131)	(157)
Net Profit before Tax	169	224	399
Plus: Extraordinary Items	-	2	-
Net Profit before Taxation and after Extraordinary Items	169	226	399
Income Tax	(83)	(68)	(20)
Net Profit after Tax	86	158	379
Plus Retained Earnings B/F	351	437	595
Retained Earnings C/F	437	595	974

Accounts are audited by K.N. Purohit & Company, Chartered Accountant

*Other operating income comprises of electricity sale, scrap sale, MEIS license and job work received.

**Non-operating income comprises of rent income, interest income, profit on foreign exchange transactions and miscellaneous income

KEY RATIOS			
	2019	2020	2021
GROWTH RATIOS			
Revenue Growth (%)	-	164.95	11.08
Net Profit Growth (%)	-	83.72	139.87
LIQUIDITY RATIOS			
Quick Ratio (Times)	0.72	0.76	1.01
Current Ratio (Times)	1.50	1.65	2.09
SOLVENCY RATIOS			
Interest Coverage Ratio (Times)	6.45	2.71	3.54
Current Liabilities to Inventory (%)	128.68	113.18	92.76
Current Liabilities to Tangible Networth (%)	78.48	127.19	73.14
LEVERAGE			
Total Debt Equity Ratio (Times)	0.85	1.33	0.85
Total Liabilities to Tangible Networth (%)	106.19	192.56	115.34
Fixed Asset to Tangible Networth (%)	87.31	81.57	60.06
EFFICIENCY RATIOS			
Collection Period (Days)	27	49	47
Inventory Days	53	82	68
Accounts Payable Days	15	42	25
Working capital cycle (Days)	65	89	91
Assets to Revenues (%)	46.27	55.15	47.22
Revenues to Net Working Capital (Times)	11.29	6.43	5.70
PROFITABILITY RATIOS			
Gross Profit Margin (%)	6.32	5.45	7.77
Operating Profit Margin (%)	6.08	4.39	6.48
Net Profit Margin (%)	2.99	2.07	4.47
Return on Tangible Networth (%)	13.31	10.99	20.40
Return on Capital Employed (%)	16.71	10.60	16.14
Return on Total Assets (%)	6.46	3.76	9.47

Auditor's Comments and Observations

Observation as per auditor's report for the year ended 31st March 2021

➤ Other Matters

The Company, Suncity Alloys Private Limited, Suncity Metal Private Limited, Suncity Strips Private Limited and Suncity Strips and Tubes Private Limited has been amalgamated into Suncity Sheets Private Limited during the year pursuant to Scheme of Amalgamation approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench vide their order dated 27th September 2019. The allotment of shares to the erstwhile shareholders of the amalgamating Company pending allotment as on the last Balance Sheet date were 95,845 Equity Shares at face value of INR 1,000 each at premium of INR 8,265/-. These shares were allotted during the current year on 27.07.2020.

The Company has initiated litigation against two of its trade receivables, whose dues were outstanding for a substantial period of time. The total amount of dues from them is INR 14 million. The management is of the opinion that since the case is still pending, therefore provision for doubtful debts is not required to be made. The Company has duly reported the details of the case in pending litigation note.

The Company faces uncertainties due to Covid-19 which have impacted the Company starting from the month of March 2021 onwards. Management has assessed the impact of existing and anticipated effects of Covid-19 on the future cash flow projections and has prepared a range of scenarios to estimate financing requirements. The Company has met and expect to meet all the ongoing cash obligations pertaining to lease rentals, debt repayments and any other financial obligations pertaining to lease rentals, debt repayments and any other financial obligations. The unprecedented nature of the pandemic makes the future business environment uncertain, for which the Company will continue to carry out the impact assessment of assets and closely monitor any material changes to future economic conditions.

➤ The Company or the erstwhile companies which had amalgamated into the Company have following pending litigation which may impact its financial position:

- Suncity Alloy Private Limited, which had now been amalgamated into the Company, the Custom Department had issued a show cause in relation to excess DEPB availed against which writ petition has been filed before Hon'ble Rajasthan High Court in SB writ petition no. 5834/2004 by which stay has been granted and the said matter is still pending.
- Suncity Alloys Private Limited, which has now been amalgamated with Suncity Sheets Private Limited had a Cash Credit limit availed with State Bank of Bikaner and Jaipur (Now State Bank of India) which was freezed by Additional Commissioner of Police, Economic Offence Wing, Crime Branch, Mumbai in relation to certain remittance received against sale consideration. SSPL has filed a petition against the said order before Session Court, Mumbai which is pending for adjudication. SSPL is of the view that said demand is not sustainable and hence, do not foresee any liability in this regard.
- Suncity Strips and Tubes Private Limited, has now been amalgamated with Suncity Sheets Private Limited, in the assessment order passed for A.Y. 2016-17 and A.Y. 2017-18 demand of INR 1 million and INR 7 million was raised against which appeal is pending before the Commissioner (Appeals). The demand so raised is not sustainable and SSPL do not foresee any liability in this regard.

- Suncity Sheets Private Limited has made certain supplies to Mittal Corp Limited against which payment had been received. IDBI Bank had sanctioned Line of Credit facility limit to Mittal Corp Limited, out of which payment was received by Suncity Sheets Private Limited. The said supplier had defaulted in payment to IDBI, and the said bank had demanded payment of sums aggregating to INR 1,430 in million for bills discounted, which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jodhpur.
 - Suncity Sheets Private Limited, had filed case against Stamp Duty demand raised by the Office of Superintendent of Stamps, Stamp and Registration Office, Gandhinagar, Gujarat on account of transfer of shares from Suncity Strips & Tubes Private Limited, Suncity Alloys Private Limited, Suncity Metal Private Limited and Suncity Strips Private Limited on amalgamation. The said case is pending and a demand of INR 2 in million has been deposited against the demand of INR 9 in million. The demand due has been recognized as contingent liability.
 - SSPL has made sale to Prince Steel Industries, Jodhpur of INR 13 million and Cook Bright Steel LLP, Jodhpur of INR 1 million, the same has been due for more than a year and Company has filed case in the commercial court for recovery of the same amount due. The management of the Company is of view that the same is recoverable therefore there is no need to make the provision for the same.
 - The Directorate General of GST Intelligence (DGGI), Jaipur has issued a Show Cause Notice to Suncity Sheets Private Limited regarding Service Tax RCM on Ocean Freight amounting to INR 2 million. The case on RCM on Ocean freight has already been struck down various High Courts and the management is of the view that the same Show Cause Notice is also sustainable in their case therefore no contingent liability is being recognized.
- Pursuant to scheme of amalgamation the allotment of shares to the erstwhile shareholders of the amalgamating Company were pending allotment as on the last Balance Sheet date. These 95,845 Equity Shares at face value of INR 1,000 each at premium of INR 8,265 were allotted during the current reporting period on 27th July 2020.

Source: Annual report 2021

Contingent Liabilities as on 31st March 2021

- A. Letter of Credits: The Company has taken LC' for payment of imports made by it. The outstanding LC Account Balance as on 31.03.2021 is INR 450,519,126.86 (USD 6,129,120) against PO released but material not received.
- B. The demand has been raised by Office of Superintendent of Stamps, Stamp and Registration Office, Gandhinagar, Gujarat on account of transfer of shares from Suncity Strips & Tubes Private Limited, Suncity Alloys Private Limited, Suncity Metal Private Limited and Suncity Strips Private Limited on amalgamation of INR 9 in million. SSPL has filed case against the said order and also deposited 25% of demand amount i.e. of INR 2 million. The balance amount of demand amounting to INR 7 million is being recognized as contingent liability.
- C. Suncity Alloy Private Limited, which had now been amalgamated into SSPL, the Custom Department had issued a show cause in relation to excess DEPB availed against which writ petition has been filed before Hon'ble Rajasthan High Court in SB writ petition no. 5834/2004 by which stay has been granted and the said matter is still pending.
- D. Suncity Alloys Private Limited, which has now been amalgamated with SSPL had a Cash Credit limit availed with State Bank of Bikaner and Jaipur (Now State Bank of India) which was freezed by Additional Commissioner of Police, Economic Offence Wing, Crime Branch, Mumbai in relation to certain remittance received against sale consideration. SSPL has filed a petition against the said order before Session Court, Mumbai which is pending for adjudication. The Company is of the view that said demand is not sustainable and hence, do not foresee any liability in this regard.
- E. Suncity Strips and Tubes Private Limited, has now been amalgamated with SSPL, in the assessment order passed for A.Y. 2016-17 and A.Y. 2017-18 demand of INR 1 million and INR 7 million was raised against which appeal is pending before the Commissioner (Appeals). The demand so raised is not sustainable and the Company do not foresee any liability in this regard.
- F. Suncity Sheets Private Limited has made certain supplies to M/s Mittal Corp Limited against which payment had been received. IDBI Bank had sanctioned Line of Credit facility limit to M/s Mittal Corp Limited, out of which payment was received by Suncity Sheets Private Limited. The said supplier had defaulted in payment to IDBI, and the said bank had demanded payment of sums aggregating to INR 14 million for bills discounted, which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jodhpur.
- G. Suncity Sheets Private Limited, had filed case against Stamp Duty demand raised by the Office of Superintendent of Stamps, Stamp and Registration Office, Gandhinagar, Gujarat on account of transfer of shares from Suncity Strips & Tubes Private Limited, Suncity Alloys Private Limited, Suncity Metal Private Limited and Suncity Strips Private Limited on amalgamation. The said case is pending and a demand of INR 2 million has been deposited against the demand of INR 9 million. The demand due has been recognized as contingent liability.
- H. SSPL has made sale to Prince Steel Industries, Jodhpur of INR 13 million and Cook Bright Steel LLP, Jodhpur of INR 1 million the same has been due for more than a year and SSPL has filed case in the commercial court for recovery of the same amount due. The management of the Company is of view that the same is recoverable therefore there is no need to make the provision for the same.

- I. The Directorate General of GST Intelligence (DGGI), Jaipur has issued a Show Cause Notice to Suncity Sheets Private Limited regarding Service Tax RCM on Ocean Freight amounting to INR 2 million. The case on RCM on Ocean freight has already been struck down various High Courts and the management is of the view that the same Show Cause Notice is also sustainable in their case therefore no contingent liability is being recognized.

Source: Annual report 2021

Observation as per auditor's report for the year ended 31st March 2020➤ **Other Matters**

- Suncity Alloys Private Limited, Suncity Metal Private Limited, Suncity Strips Private Limited and Suncity Strips and Tubes Private Limited has been amalgamated in to Suncity Sheets Private Limited during the year pursuant to Scheme of Amalgamation approved by Hon'ble National Company Law Tribunal, Ahmedabad Bench vide their order dated 27th September 2019. Pursuant to scheme of amalgamation Inter Company holdings of 14,100 Equity Shares held by Suncity Alloys Private Limited and 58,900 Equity Shares held by Suncity Strips Private Limited in the Company got cancelled. Inter-Company holdings of Preference Shares of 10,000 Preference Shares held each by Suncity Metal Private Limited and Suncity Strips Private Limited also got cancelled on account of such amalgamation. The allotment of shares to the erstwhile shareholders of the amalgamating company pending allotment as on the Balance Sheet date were 95,845 Equity Shares at face value of INR 1,000/- each at premium of INR 8,265/-. These shares were allotted on 27.07.2020. The shares which were to be issued as consideration pursuant to amalgamation and pending for allotment as on 31st March 2020, has been shown under the heading Share Suspend.
 - The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020 onwards. As a result of which the revenues are impacted. Management has assessed the impact of existing and anticipated effects of COVID-19 on the future cash flow projections and has prepared a range of scenarios to estimate financing requirements. The Company has met and expect to meet all the ongoing cash obligations pertaining to lease rentals, debt repayments and any other financial obligations. The unprecedented nature of the pandemic makes the future business environment uncertain, for which the Company will continue to carry out the impact assessment of assets and closely monitor any material changes to future economic conditions.
- The Company or the erstwhile companies which had amalgamated into the Company have following pending litigation which may impact its financial position:
- Suncity Alloy Private Limited, which had now been amalgamated into SSPL, the Custom Department had issued a show cause in relation to excess DEPB availed against which writ petition has been filed before Hon'ble Rajasthan High Court in SB writ petition no. 5834/2004 by which stay has been granted and the said matter is still pending.
 - Suncity Alloys Private Limited, which has now been amalgamated with SSPL had a Cash Credit limit availed with State Bank of Bikaner and Jaipur (Now State Bank of India) which was frozen by Additional Commissioner of Police, Economic Offence Wing, Crime Branch, Mumbai in relation to certain remittance received against sale consideration. The Company has filed a petition against the said order before Session Court, Mumbai which is pending for adjudication. The Company is of the view that said demand is not sustainable and hence, do not foresee any liability in this regard.
 - Suncity Strips and Tubes Private Limited in the assessment order passed for A.Y. 2016-17 and A.Y. 2017-18 demand of INR 1 million and INR 7 million was raised against which appeal is pending before the Commissioner (Appeals). The demand so raised is not sustainable and the Company do not foresee any liability in this regard.
 - Suncity Sheets Private Limited has made certain supplies to Mittal Corp Limited against which payment had been received. IDBI Bank had sanctioned Line of Credit facility limit to Mittal Corp Limited, out of which payment was received by Suncity Sheets Private Limited. The said

supplier had defaulted in payment to IDBI, and the said bank had demanded payment of sums aggregating to INR 14 million for bills discounted, which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jodhpur.

- Pursuant to scheme of amalgamation Inter Company holding of 14,100 Equity Shares held by Suncity Alloys Private Limited and 58,900 Equity Shares held by Suncity Strips Private Limited in the Company got cancelled. Inter-Company holding of Preference Shares of 10,000 Preference Shares hold each by Suncity Metal Private Limited and Suncity Strips Private Limited also got cancelled on account of such amalgamation. The allotment of shares to the erstwhile shareholder of the amalgamating company pending allotment as on the Balance Sheet date were 95,845 Equity Shares at face value of INR 1,000 each at premium of INR 8,265 where pending allotment and were allotted on 27.07.2020.
- In Auditor opinion and to the best of my information and according to examination of books of account including other relevant documents and explanations given to auditor, the particulars given in the said Form No. 3CD are true and correct subject to the following observations/qualifications, if any:

SN		
1	Creditors under Micro, Small and Medium Enterprises Development Act, 2006 are not ascertainable.	The information regarding applicability of MSMED Act, 2006 to the various suppliers/parties is not available with the assessee, hence information as required vide clause 22 of Chapter V of MSMED Act, 2006 is not been given.
2	Records produced for verification of payments through account payee cheque were not sufficient	The assessee has not made any payments exceeding the limit in section 40A(3)/269SS/269T in Cash. However, it is not possible for auditor to verify whether the payments in excess the specified limit in section 40A(3)/269SS/269T have been made otherwise than by account payee cheque or account payee bank draft, as the necessary evidence are not in possession of the assessee.

Source: Annual report 2020

Contingent Liabilities as on 31st March 2020

- A. Letter of Credits: The Company has taken LC' for payment of imports made by it. The outstanding LC Account Balance as on 31.03.2020 is INR 844 million as confirmed by the bank.
- B. Suncity Alloy Private Limited, which had now been amalgamated into SSPL, the Custom Department had issued a show cause in relation to excess DEPB availed against which writ petition has been filed before Hon'ble Rajasthan High Court in SB writ petition no. 5834/2004 by which stay has been granted and the said matter is still pending.
- C. Suncity Alloys Private Limited, which has now been amalgamated with SSPL had a Cash Credit limit availed with State Bank of Bikaner and Jaipur (Now State Bank of India) which was freezed by Additional Commissioner of Police, Economic Offence Wing, Crime Branch, Mumbai in relation to certain remittance received against sale consideration. The Company has filed a petition against the said order before Session Court, Mumbai which is pending for adjudication. The Company is of the view that said demand is not sustainable and hence, do not foresee any liability in this regard.
- D. In the case of Suncity Strips and Tubes Private Limited, has now been amalgamated with the Company, in the assessment order passed for A.Y. 2016-17 and A.Y. 2017-18 demand of INR 1 million and INR 7 million was raised against which appeal is pending before the Commissioner (Appeals). The demand so raised is not sustainable and the Company do not foresee any liability in this regard.
- E. Suncity Sheets Private Limited has made certain supplies to Mittal Corp Limited against which payment had been received. IDBI Bank had sanctioned Line of Credit facility limit to Mittal Corp Limited, out of which payment was received by Suncity Sheets Private Limited. The said supplier had defaulted in payment to IDBI, and the said bank had demanded payment of sums aggregating to INR 14 million for bills discounted, which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jaipur.

Source: Annual report 2020

Observation as per auditor's report for the year ended 31st March 2019

- The Company or the erstwhile companies which had amalgamated into the Company have following pending litigation which may impact its financial position:
- IDBI Bank had sanctioned Line of Credit facility limit to various vendors of Mittal Corp Limited, and accordingly such Bill Discounting Facility (VBD) was availed by the Company for which the said supplier had defaulted in payment to IDBI. IDBI, has accordingly demanded payment of sums aggregating to INR 14 million on account of such bills discounted which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jaipur.
 - The Company had received certain advance against export orders, in 2011 and supplies were to be made within 180 days. However, the buyer had cancelled the order, after making deduction, the balance amount was being refunded back through proper banking channel with proper intimation to the bank. ICICI Bank had reported overdue advance payments for which enquiry was initiated by Director of Enforcement for contravention of Regulation 16 of the Foreign Exchange Management (Exports of Goods and Services) Regulations, 2000, which provides for shipment of goods within one year from date of receipt of advance and refund after period of one year be made only after approval of Reserve Bank of India. The application of the RBI has been made which is still pending.

Source: Annual report 2019

Contingent Liabilities as on 31st March 2019

- a) Letter of Credits: Company has taken LCs for payment of imports made by it. The outstanding LC account balance as on 31.03.2019 is USD 5277553.20/- as confirmed by the bank.
- b) Litigations:
- IDBI Bank had sanctioned Line of Credit facility limit to various vendors of Mittal Corp Limited, and accordingly such Bill Discounting Facility (VBD) was availed by the Company for which the said supplier had defaulted in payment to IDBI. IDBI, has accordingly demanded payment of sums aggregating to INR 14 million on account of such bills discounted which is being disputed by the Company and petition has been filed before Rajasthan State Commercial Court (District Level), Jaipur.
 - The Company had received certain advance against export orders, in 2011 and supplies were to be made within 180 days. However, the buyer had cancelled the order, after making deduction, the balance amount was being refunded back through proper banking channel with proper intimation to the bank. ICICI Bank had reported overdue advance payments for which enquiry was initiated by Director of Enforcement for contravention of Regulation 16 of the Foreign Exchange Management (Exports of Goods and Services) Regulations, 2000, which provides for shipment of goods within one year from date of receipt of advance and refund after period of one year be made only after approval of Reserve Bank of India. The application of the RBI has been made which is still pending.
 - The Company had received certain advance against export orders, in 2011 and supplies to be made within 180 days. However ultimately the buyer had cancelled the orders, after making deductions, the balance amount was being refunded back to the buyer through proper banking channel with proper.

Source: Annual report 2019

Location Details

Address	Location Type	Size of Premises (Square Feet)
Khasara No. 719, min 1-12 Sirsapur, North West Delhi Delhi – 110 042 Delhi India	Sales Office	5,000
Office No.3, Second Floor, A-48 Wazirpur Industrial Area Delhi -110 052 Delhi India	Branch	-
503/2, 520/P2 Guntha, Gundala Gandhidham - Mundra Highway Mundra (Kutch) - 370 421 Gujarat India	Plant	11,152
4/A/1 Jay Ambe Estate, Near Navneet Prakashan, Opposite Himmat Singh, Patel Residence Sukhramnagar, Rakhiyal Ahmedabad - 380 023 Gujarat India	Branch	5,000
6/242B, Mundoor Thrissur - 680 541 Kerala India	Branch	-
6/242, C-D Medical College Road, Mundur Thrissur - 680 541 Kerala India	-	4,950
47, Balkrishna Niwas, 2 nd Floor Office No. 80, C.P. Tank Mumbai - 400 004 Maharashtra India	Branch	-
Shripal Industrial Estate 2, Near Shipla Hotel Navghar Road, Bhayander East Thane – 401 105 Maharashtra India	Branch	5,000
71 Bardan Mandi 8, Palda Indore - 452 010 Madhya Pradesh India	Branch	-

SP-862-864 & 866-867, 4 th Phase Boranada Industrial Area Jodhpur - 342 012 Rajasthan India	Plant	-
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Source: Company website and as provided by the management

Group Details

Affiliate

Company Name	% Held
Golden ERA Merchant Private Limited	17.95

Group Companies

Company Name	Legal Structure
Chromeni Sheets Private Limited	Private Limited Company
Shreenath Textiles	Proprietorship Concern
Suncity Stainless Steel LLP	Limited Liability Partnership
GR Estate	Proprietorship Concern
Suncity Stainless LLP	Limited Liability Partnership
Vaid Enterprises Private Limited	Private Limited Company
Yogesh Enterprises	-

Source: Annual report 2021 and Company website

SIC Codes

SIC Codes	Description
3069-1008	Manufactures sheets, hard rubber
3312-0601	Manufactures pipes, iron and steel
3312-0600	Manufactures pipes and tubes
3317-0000	Manufactures steel pipe and tubes
3312-0802	Manufactures stainless steel

GLOSSARY OF KEY RATIOS & COMPUTATION

KEY FINANCIAL RATIOS	FORMULAE
GROWTH RATIOS	
Revenue Growth (%)	% change in revenue in the current year over the previous year
Net Profit Growth (%)	% change in net profit in the current year over the previous year
PROFITABILITY RATIOS	
Gross Profit Margin (%)	$(\text{Net Revenue} - \text{Direct Expenditure} / \text{Net Revenue}) * 100$
Operating Profit Margin (%)	$(\text{Operating Profit} / \text{Net Revenue}) * 100$
Net Profit Margin (%)	$(\text{Net Profit after Tax} / \text{Net Revenue}) * 100$
Return on Tangible Network (%)	$(\text{Net Profit after Tax} / \text{Tangible Network}) * 100$
Return on Average Tangible Network (%)	$(\text{Net Profit After Tax} / \text{Average Tangible Network}) * 100$
Return on Capital Employed (%)	$(\text{Earnings before Interest and Tax} / \text{Capital Employed}) * 100$
Return on Average Capital Employed (%)	$(\text{Earnings before Interest and Tax} / \text{Average Capital Employed}) * 100$
Return on Fixed Assets (%)	$(\text{Net Profit after Tax} / \text{Fixed Assets}) * 100$
Return on Total Assets (%)	$(\text{Net Profit after Tax} / (\text{Current Assets} + \text{Other Tangible Assets})) * 100$
LIQUIDITY RATIOS	
Quick Ratio (Times)	$(\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses} - \text{Unbilled revenue}) / \text{Current Liabilities}$
Current Ratio (Times)	$\text{Current Assets} / \text{Current Liabilities}$
TURNOVER RATIOS	
Inventory Turnover Ratio (Times)	$(\text{Direct Expenditure} - \text{Repairs \& Maintenance} - \text{Plant \& Machinery}) / \text{Total Inventory}$
Fixed Assets Turnover Ratio (Times)	$\text{Net Revenue} / \text{Fixed Assets}$
SOLVENCY RATIOS	
Long Term Debt Equity Ratio (Times)	$\text{Long Term Loans} / \text{Tangible Network}$
Total Debt Equity Ratio (Times)	$\text{Total borrowings (Long term} + \text{Short term)} / \text{Tangible Network}$
Total Liabilities to Tangible Network (%)	$\{(\text{Current Liabilities} + \text{Non-Current Liabilities}) / \text{Tangible Network}\} * 100$
Interest Coverage Ratio (Times)	$\text{Earnings before Interest and Tax} / \text{Interest Expenditure}$

EFFICIENCY RATIOS	
Payment Period (Days)	Accounts Payable/Total Purchases * 365
Average Payment Period (Days)	Average Accounts Payable/Total Purchases * 365
Collection Period (Days)	Accounts Receivables/Net Revenue *365
Average Collection Period (Days)	Average Accounts Receivable/Net Revenue *365
WORKING CAPITAL RATIOS	
Current Liabilities to Tangible Networth (%)	Current Liabilities/Tangible Networth *100
Working Capital Turnover Ratio (Times)	Net Revenue/(Current Assets - Current Liabilities)
Inventory Days	365/Inventory Turnover Ratio
Working Capital Cycle	Collection Period (days) + Inventory Holding (Days) - Payment Period (Days)
OTHER KEY FINANCIAL TERMS	
Direct Expenditure	Cost of material consumed or traded, salaries & wages, freight inward, job work charges, royalties/technical fees and other expenses directly related to manufacturing/rendering of services.
Operating Profit	Measure of profit or loss earned/incurred after charging all direct expenses plus indirect expenses from revenue and other operating income pertaining to core business activities. Taken as EBIT - non-operating income
Net Profit	Measure of net profit or loss earned/incurred after considering all incomes and expenses including interest expenditure and taxes.
Working Capital	Current Assets - Current Liabilities
Tangible Networth	Working Capital + Other Tangible Assets - Non-Current Liabilities
Capital Employed	Tangible Networth + (Long term Borrowings + Short term Borrowings) + Minority Interests
Total Borrowings	Long Term (Secured & Unsecured) Loans + Short Term (Secured & Unsecured) Loans

CURRENCY: All amounts in this report are in local currency unless otherwise stated.

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