



Consolidating our Strengths. Progressing with Optimism.

12/13 ANNUAL
REPORT


MSP Steel & Power Limited

FORWARD LOOKING STATEMENTS

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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The background of the entire page is a dark grey. Overlaid on this are several thin, curved, metallic-looking lines that sweep across the frame. At various points where these lines intersect or curve, there are small, reflective, spherical objects that look like polished metal balls or lenses. The overall aesthetic is modern and industrial.

In a developing country like India, steel and power companies have a significant role to play in helping drive economic growth. At MSP, we are aware of our responsibilities and are willing to participate in India's economic development.

In view of this, we are improving our operations and enhancing manufacturing capacities. We scaled up our pellet capacity and reinforced our power plant and beneficiation plant. We also strengthened boosted our steel melting shop. These initiatives helped us grow from strength to strength.

During the financial year 2012-13, our initiatives reaped dividend. We delivered on our last year's promise to cross the ₹ 1,000 crore turnover landmark. This gives us the confidence to look forward to the future with renewed optimism and emerge as a major player in the Indian steel and power market.

We are improving
our operations
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MSP at a Glance

MSP Steel & Power Limited (MSP) is one of the leading and fastest growing steel manufacturers in India. We have a diverse product mix comprising pellets, sponge iron, billet, power, TMT bars and structural products, such as joists, angles, channels and beams. We are fully integrated across the value chain and have our manufacturing facilities in Jamgaon and Raigarh in Chhattisgarh.

EMPOWERING VISION

To unleash the power of our products to help enhance the country's economic growth and the well-being of its citizens.

STRATEGIC MISSION

To rise from a regional player to a leading national player.

VALUES THAT DRIVE OPTIMISM

Sponge iron

	2012-13	2011-12
Production (MT)	2,06,619	1,95,595
Sales (₹ in crore)	84.55	124.73

TMT bars

	2012-13	2011-12
Production (MT)	84,173	75,881
Sales (₹ in crore)	294.01	252.70

Pellets

	2012-13	2011-12
Production (MT)	5,05,015	2,71,118
Sales (₹ in crore)	126.62	7.28

Billets/MS ingots

	2012-13	2011-12
Production (MT)	1,75,110	1,43,371
Sales (₹ in crore)	145.00	59.08

Structural products

	2012-13	2011-12
Production (MT)	39,723	49,501
Sales (₹ in crore)	140.70	167.00

Power

	2012-13	2011-12
Production (KWH)	41,87,47,163	26,97,77,140
Sales (₹ in crore)	32.59	12.04

GROWING FROM STRENGTH TO STRENGTH**2003**

Commissioned operations of 0.10 MTPA DRI plant at Raigarh, Chhattisgarh

2005

Expanded DRI capacity to 0.19 MTPA and billets capacity to 0.10 MTPA

2007

Emerged as a mini-integrated steel player; commenced commercial production of TMT bars, coal washery and captive power plant with installed capacities of 0.08 MTPA, 0.36 MTPA and 24 MW, respectively

2008

Increased the total installed capacity of billets to 0.14 MTPA

2009

Established a pellet plant with a capacity of 0.30 MTPA

2010

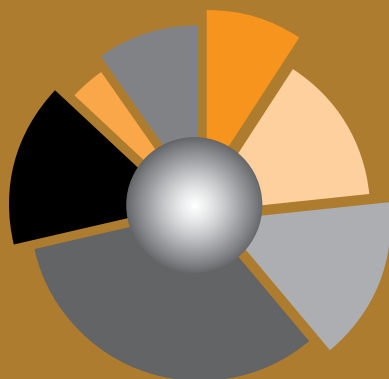
Operationalised greenfield structural rolling mill of 0.13 MTPA capacity

2011

Operationalised an 18 MW power plant and a 0.12 MTPA DRI plant; crossed ₹ 500 crore topline and ₹ 50 crore bottomline

2012

Commissioned 0.60 MTPA pellet capacity, 34 MW power plant and 3.3 MTPA coal washery

REVENUE BREAK-UP IN 2012-13 (%)

Product	Contribution (%)
Sponge Iron	9.36
Pellets	14.01
Structural Products	15.58
TMT Bars	32.47
Billets/MS Ingots	15.65
Power	3.21
Others	9.72

CAPACITIES

Product	Existing capacity
Sponge iron	3,07,500 TPA
Pellets	9,00,000 TPA
Billets	1,41,109 TPA
Constructions bars	80,000 TPA
Structural rolling mill	1,28,000 TPA
Power	76 MW

MARQUEE CLIENT LIST

Over the years, we have been delivering best-in-class products to brand-enhancing clients. Some of our major clients include:

- Bhushan Steel Ltd.
- Prakash Industries Ltd.
- Lloyds Metal & Energy Ltd.
- Ultratech Cement Ltd.
- Montecarlo Ltd.

Chairman's Statement



Even amid economic adversities around the world, the global steel industry exhibited unforeseen resilience. Driven primarily by the performances in the emerging markets, the global steel production during 2012 touched new heights of 1,547.8 megatonnes.

Dear Shareowners,

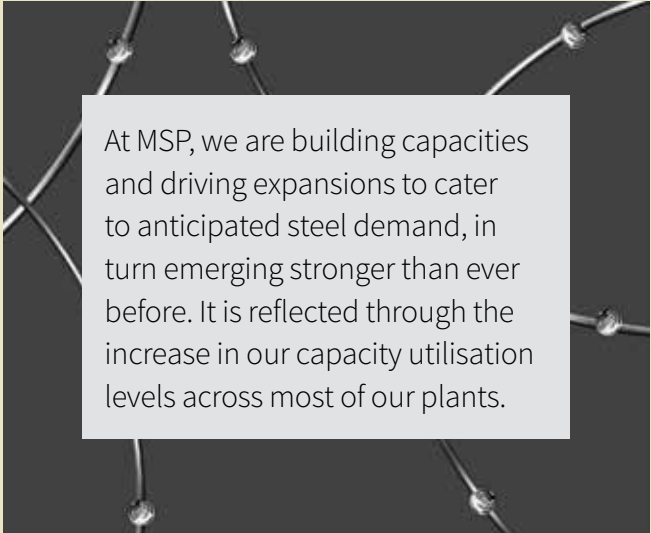
During 2012-13, the world economy strived to return to a path of stable development. Most of the emerging economies exhibited resilience and experienced moderate growth. The developed economies, however, experienced contradictory conditions. While the US showed accelerated growth, most of the nations in the Eurozone encountered adversities. India's economy also countered headwinds emanating from the global economic conditions. The result was a demand slowdown across sectors, which is unlikely to recover soon.

Even amid economic adversities around the world, the global steel industry exhibited unforeseen resilience. Driven primarily by the performances in the emerging markets, the global steel production during 2012 touched new heights of 1,547.8 megatonnes. However, there were production hiccups in the European Union due to persistent debt crisis and economic slowdown.

India's steel industry, the fourth largest steel producer in the world, is poised to grow in the near future. The country's per capita steel consumption almost doubled from 29 kgs in 2001 to 57 kgs in 2011, while its global counterpart grew by less than 50% over the same period. Allocation of USD1 trillion for the infrastructure development in the Twelfth Five Year Plan and optimism building on macro-economic indicators are helping to keep the steel industry's spirit high. Moreover, India is well positioned to produce one of the lowest-cost steels globally.

At MSP, we are building capacities and driving expansions to cater to anticipated steel demand, in turn emerging stronger than ever before. It is reflected through the increase in our capacity utilisation levels across most of our plants. This will help to position us as the most competitive player in the steel industry, offering superior quality and value-added products to the customers.

Focused on our roadmap to emerge as one of the leading national players, we have designed a business plan to develop a million tonne integrated steel production capacity. Stringent quality control, technological developments and operational efficiency are helping us enhance operational excellence.



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Human resource lays the foundation of our success. We follow and inculcate best human resource practices, driving employee commitment and attracting quality. This approach helped us to achieve a lower employee attrition rate compared to industry standards. I would like to express my sincere gratitude for the unwavering support of our stakeholders and customers throughout our journey.

With best wishes,

Puranmal Agrawal

Chairman



Strength Builds. Optimism Drives.

At MSP , our initiatives during the year reflected our strength and optimism. We commercialised our expanded capacities in the pellet plant, coal washery, power plant and steel melting shop plant. We accomplished the milestone of timely execution of projects to increase operational margins. It also helped us survive the adverse business conditions and look at the future with renewed optimism.

PELLET PLANT [6 LAC TONNES]

Being one of India's major pellet manufacturing players, we successfully scaled up our pellet capacity. It turned out to be a significant step forward, as it helped diversify our raw material source. We commercialised the pellet plant during the first quarter of 2012-13, increasing the total pellet capacity to 9 lac tonnes. Of the total produced steel, 64.72% was used for captive consumption, while the rest was sold in the domestic market. Our step to commercialise the pellet plant helped to save ₹ 1,500 (approx) per tonne of steel produced.

BENEFICIATION PLANT [9 LAC TONNES]

With the installation of a beneficiation plant, iron ore fines have been procured and beneficiated to manufacture pellets. This has brought down steel production cost to some extent.

POWER PLANT [34 MW]

During the first quarter of 2012-13, we commissioned a 34 MW power plant, which helped increase the total capacity to 76 MW. This plant will cater to our captive consumption and help increase sale of units to external merchants, ultimately reducing production cost. Around 31% of the total power produced is sold to outside merchants at an average realisation price of ₹ 4 per unit.

STEEL MELTING SHOP [1 LAC TONNES]

Enhanced steel melting shop (SMS) capacity will help increase billet production.

Determined Consolidation

During the year, we concentrated on integrating our operations to achieve efficiency par excellence. Our focused approach reaped benefits, as capacity utilisation rates across most of our plants increased.

CAPACITY UTILISATION RATE (%)

Plant	2012-13	2011-12	Growth (YoY*)
Sponge iron	67.19	63.61	5.63
Steel melting shop	100.00	99.49	0.51
TMT	98.00	94.62	3.57
Power	80.00	73.78	8.43
Structural products	40.00	38.67	3.44

* Year-on-year

