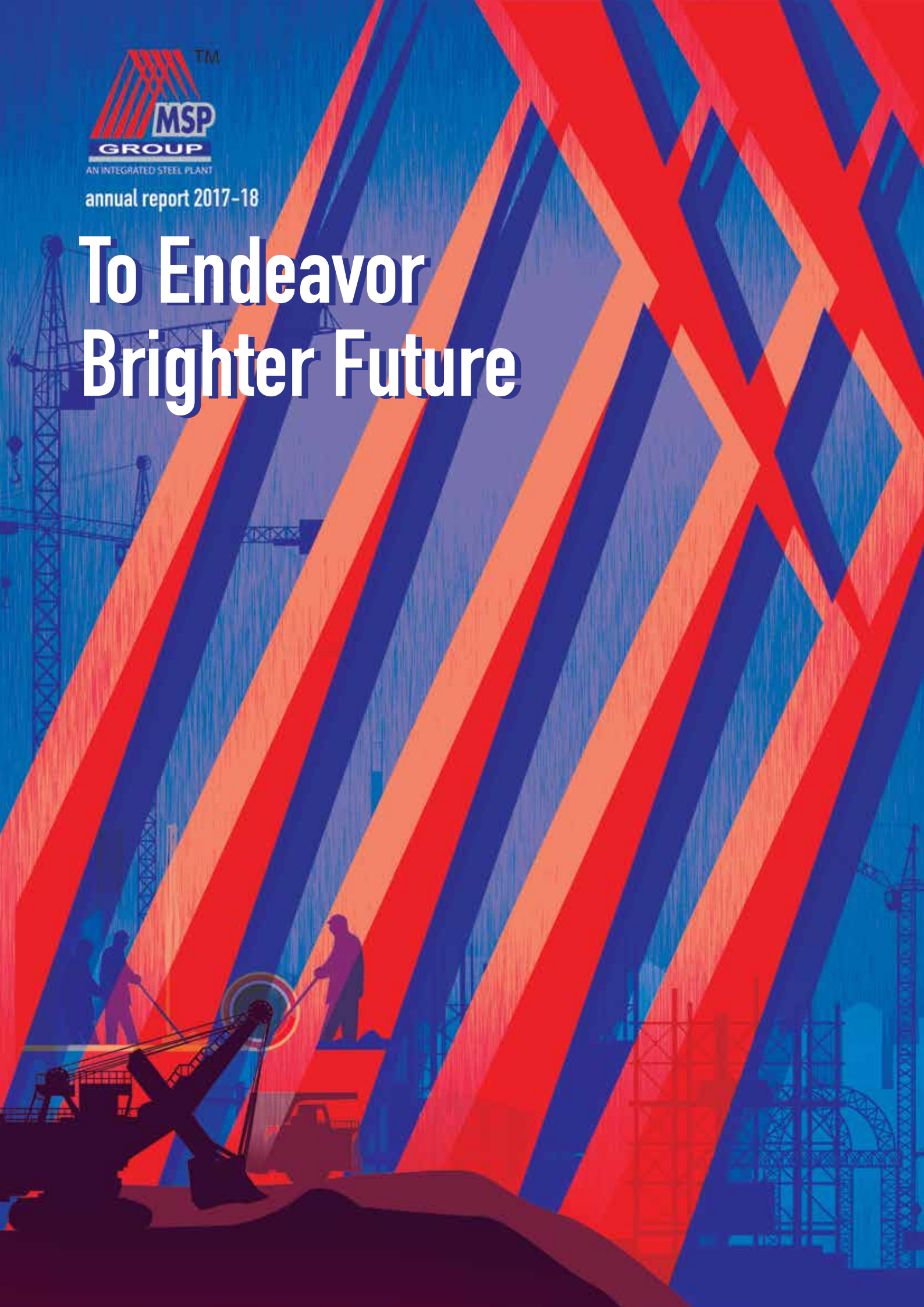




annual report 2017-18

To Endeavor Brighter Future





Vision

To be an Admired &
Leading Steel Producer.

Mission

We endeavour to build a strong nation
by believing in ourselves to provide
**the best quality steel at affordable
prices and creating value for all
our stakeholders.**

Core Committee

CHAIRPERSON

Mr. Suresh Kumar Agarwal

BOARD OF DIRECTORS

Mr. Saket Agrawal

Managing and Executive Director

Mr. Dhananjay Uchit Singh

Non- Independent Executive Director

Mr. Manish Agrawal

Non-Independent Non Executive Director

Mr. Kapil Deo Pandey

Non- Executive Independent Director

Mrs. Priyanka Tiwari

Non- Executive Independent Director

Mr. Navneet Jagatramka

Non- Executive Independent Director

Mr. Ashok Kumar Soin

Non- Executive Independent Director

CHIEF FINANCIAL OFFICER

Mr. Kamal Kumar Jain

COMPANY SECRETARY

Ms. Shreya Kar

CHIEF RISK OFFICER

Mr. Amit Agarwal

AUDITORS

STATUTORY AUDITORS

M/s Singh & Co.

COST AUDITOR

Mr. Sambhu Banerjee

SECRETARIAL AUDITOR

M/s PS & Associates

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E-mail: investor.contact@msp-
steel.com

BANKERS

State Bank of India
Kotak Mahindra Bank
Syndicate Bank
UCO bank
Indian Overseas Bank
Allahabad Bank
Corporation Bank
DBS Bank Limited
ICICI Bank Limited
Union Bank of India
Dena Bank
Oriental Bank of Commerce

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad – 500 034
Ph. No.: (040) -2331-2454/2332
Fax No.: (040)-2331-1968
E-mail: einward.ris@karvy.com
Website: www.karvy.com



We rely on global technology so that the nation can rely on us

At MSPL, we have been consistently improving technical excellence to meet global benchmarks, cost and energy efficiencies in our plant at Raigarh. We are relentlessly taking steps in areas of logistics, repairs and maintenance, stores and spares and reduced administrative and other overhead expenses.

A Turnaround Year

On the fast track to building a new India, the MSP Group is now a Rs. 1200 crores turnover enterprise with a wide range of products and a pan India presence. MSP Steel & Power Ltd has set up an integrated steel plant since 2003 at Raigarh, Chhattisgarh with clearance to enhance capacity to 1 million TPA. Today it is an integrated steel plant with backward integrated facilities to manufacture pellet and captive power. Besides, it boasted of facilities like bar and structure mills, coal washery, billet and ferro-alloy units amongst others.

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We believe we can make a **great India by making great steel**

The Government of India, knowing the importance of the steel sector to the country's industrial development has taken a number of steps to further encourage investment and improve the economy. "Make in India" mission is one such long-term initiative, which will help India to be a "Manufacturing Hub" with the help of improved iron and steel production.

Success stems from a constant quest to **create enduring value**

The dynamic performance of Your Company during the financial year 2017-18 has resulted from meeting the market challenges of the previous years head on and overcoming them. The dedication of our team has lead to a steady movement towards the targeted growth of the Company. Your Company is likely to further improve the efficiency and quality of products being manufactured in the coming years with the support of all concerned.



MD's Statement

INNOVATE TO STAY AHEAD

Innovation is not always in big ideas but in small improvements

Steel is the primary metal of infrastructure. Bridges or buildings, automobiles or machinery, it is widely used to impart strength and durability. By suitable additions and processes, it can also exhibit a wide range of properties to suit various applications and operating conditions. Total domestic steel consumption is approximately 83 mt. The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, which domestically targets 300 million tonnes (mt) steel-making capacity and 160 kgs per capita steel consumption by 2030.

World crude steel production as of Financial Year (FY) 2017-18 was 1,689 mt. At 101.4 mt, India ranked second among the world's top steel producing countries, right after China. The 4.4 percent increase in India's crude steel production between April 2017 to February 2018 to reach 93.11 mt has been driven by domestic availability of iron ore, coking coal and cost-effective labour. This has catapulted India to overtake Japan and emerge as the second largest producer of crude steel in the world. According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 10.56 billion in the period April 2000 to December 2017. Surging ahead on the growing momentum of the Indian steel sector, MSPL has shrugged off the steel market slowdown of the past few financial years, and has positioned itself on the fast track towards sustained growth.

Over the years your company, MSPL, has mastered the range of expertise to make steel products based on customer requirements. Today MSPL is recognized as one of the premier producers of secondary steel, as well as the most reliable. It is a reputation that has been assiduously built since setting up an integrated steel plant at Raigarh of Chhattisgarh in 2003. Today, the Group also has smaller units in Keonjhar of Orissa, Burdwan of West Bengal and Chandrapur of Maharashtra giving your company the flexibility to produce and market across India, while remaining close to sources of supply or demand. Your Company today can truly claim to be an integrated manufacturer with a diversified product portfolio ranging from Pellets, Sponge Iron and MS Billets to Structural Products and TMT Bars. Corresponding manufacturing facilities include bar and structure mills, billet and ferro-alloy units, supported by captive coal washery, captive power plant, mining operations etc. The wide and growing acceptance of the MSP brand has propelled the MSP group into a nearly Rs. 1,200 crore enterprise today. The present financial year 2017-18 has been remarkable in this context as your company has achieved a gross income of Rs. 119,056.57 Lacs in the financial year 2017-18 as compared to Rs. 84,388.74 Lacs marking a record growth of nearly 27%. The revenue growth was visible across almost

all product lines.

However, with increasing cost pressures, top-line growth in itself is not enough. thereby incurring a percentage increase of 33%.

To combat the rise in raw material and labour prices, the Management has taken initiatives for improving the performance of your Company by focusing on yields and productivity. This was despite the fact that there was significant increase in raw material prices — iron ore, coking coal and scrap, as well as in global oil prices, during the latter half of the financial year. Since Your Company's performance was based on structural improvements, we are confident that this recovery will continue through succeeding quarters and your Company will soon return to the profit path as investments of previous years begin to yield higher returns.

For this reason, the Board of Directors of the Company have not recommended any dividend for Equity as well as for 6% Non-Cumulative Redeemable Preference Shares as the Company has incurred losses for the F.Y. 2017-18. Further the debts of the Company have been restructured by its lenders in accordance with the relevant Reserve Bank of India ("RBI") guidelines, hence it is necessary to conserve and optimise use of resources for the ongoing betterment of Your Company. During the year under review, Your Company has allotted 297,315,000 Equity Shares of the Company of face value Rs.10/- each at an issue price of Rs.10 per equity share for an amount of Rs. 297.32 crore out of which Rs.128.58 Crs was transferred from the promoter group to the consortium of lenders and 451,790,554 Optionally Convertible Debentures (OCDs) of face value Rs. 10/- each for an amount of Rs. 451.97 crores to Consortium of Lenders as per the terms of the restructuring Agreement. The present paid-up Equity Share Capital of the Company is 385,415,000 which comprises 385,415,000 Equity Shares of face value Rs. 10/- each. The Directors of the Company have been entrusted with the overall responsibility to implement and operate the internal financial controls adequately and effectively.

Corporate Governance aims at creating ethical value that is not only profitable for the business but also aims at enhancing an organization's brand and reputation. Your Company is committed to achieve highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI).


Apart from improving its operational performance and product value, Your Company also succeeded in setting high standards in terms of human value.

In Corporate Governance the focus was on creating ethical value that is not only profitable for the business but also aims at enhancing an organization's brand and reputation through comprehensive whistle blower policy, Anti-Sexual Harassment Policy. The Management also remained

conscious of its responsibility towards the Society. Despite adverse conditions, Your Company continued to invest in Social causes, spending Rs. 46.79 lacs on CSR activities during FY 17-18. Most of this expense was in improving conditions of people living close to our plant and maintaining a harmonious relationship with people and nature. The details of literacy drives, preventive healthcare, infrastructure development and improvement of living conditions for the underprivileged undertaken by Your Company in primarily Raigarh of Chhattisgarh are given in the annual report.

To end on a personal note, it is my firm belief that in this day and age business is not so much about machines as it is about people. As technologies grow more sophisticated, they demand more from those who manage them. Successful companies are not those who only produce efficiently but those who can constantly innovate to stay ahead. It is innovation that drives efficiency and moves products up the value chain. At MSPL we therefore lay great stress on discovering new ideas and finding imaginative solutions even in everyday, routine problems. Eventually I believe we are in the business of creating value that helps build better products, better lives and a better India for tomorrow. We pledge to continue in our quest.

Saket Agrawal
Managing Director



In building a better India,
we begin by building better lives

Corporate Social Responsibility

Making a Difference

MSP is a people oriented organization. The Company strongly believes that it can only prosper if its employees grow with it socially, economically and culturally.

MSP helps in combating to social challenges like education, healthcare, women empowerment, rural upliftment and creating new work opportunities etc., for the society.



Chairman's Statement

GROWTH BY VALUE CREATION

**Success stems from a constant
quest to create enduring value**

Dear Shareholders,

Steel is a cyclical industry which goes through peaks and troughs of demand. The world over, the last few years have been marked by excess supply, mainly due to large scale exports from China which supplies half the world's steel. This resulted in downward pressure on prices that left both primary and secondary steel producers struggling to manage profitability.

In this context, the year under review appears to have marked a turn in the cycle, at least as far as India is concerned. In crude steel, production expanded to the extent that India overtook Japan to become the world's second largest producer of crude steel with consumption growth of 7.8%. Coupled with steady improvement of both global and domestic economies the Indian steel story is poised to leap ahead.

In economic terms, Indian macro indicators remained healthy though not outstanding. During the year under review there was some overhang of demonetisation as well as negative impact of the more recent GST implementation that pegged back demand and limited private investment. In our view however, the Government of India has successfully undertaken some long pending policy and structural measures which positively impact long term growth and global competitiveness.

Despite the tepid situation in private investment, the secondary steel industry in India was encouraged by growth in sectors where it is most in demand. The manufacturing sector, which accounts for about 38% of steel consumption, appeared to be on the road to revival. An example is the scorching demand for consumption

of Alloy and SS which recorded 24% growth, Sub segments of manufacturing — such as machinery and equipment, vessels and trailers, other transport and furniture — also exhibited growth rates of 5.9%, 11.8%, 12.7% and 7.5%, respectively.

In global terms, despite its rising stature as second only to China, the Indian steel industry still a long way to grow. Per capita finished steel consumption in the country is a meagre 60 kgs as compared to the global average of around 220 kgs. Fortunately, India is moving in the right direction with incentives such as "Make-in-India", financial sector reforms, friendlier business and industry policies, and rising global ratings. Specifically for the steel industry, which has to battle cheap steel imports from China, South Korea and Ukraine, higher customs duty and anti-dumping tariffs have also provided relief. Most significant perhaps has been the approval of the National Steel Policy in May 2017, which seeks to create a globally competitive steel industry in India with a target of 300 million tonnes by 2030.

A number of other positive factors arise from the government's thrust on infrastructure building. Social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission, Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme for Small & Medium Towns, National Heritage City Development and Augmentation Yojana, Bharatmala project, 24x7 Power for All initiative (by 2019), Development of Industrial Corridors & National Investment & Manufacturing Zones, 75,000 MW Clean-Energy initiative (by 2022) are some initiatives that are expected to give a fillip to the steel industry in the coming decade. The various macro factors are expected to give a natural boost to your company's products. Given the integrated nature of our operations

we believe we are well placed to take advantage of emerging opportunities. With a strong focus on cost optimisation, efficiency, quality improvement and flexibility to customer needs, we are today a reputed player in various segments. Our efforts at keeping abreast global technologies and adapting them for local conditions and markets is now widely recognised by discerning buyers.

At your Company we have always believed that enduring growth comes from creating enduring value. This value derives from not only the technology and raw materials we command, but from the strength and commitment of those associated with us. We are confident that going ahead we will continue to meet expectations of all our stakeholders, customers and employees as well as the larger society, by providing enduring value.

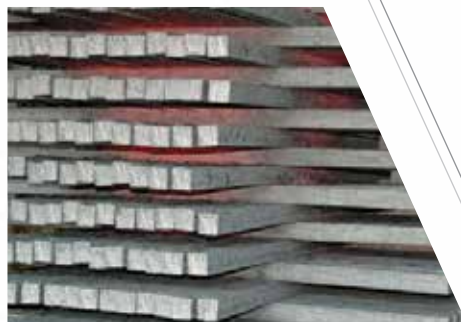
With best wishes,

Suresh Kumar Agrawal
Chairman

Products



MSP STRUCTURALS



MS BILLETS



TMT BARS



FERRO ALLOYS



PELLET



CAPTIVE POWER PLANTS



CAPTIVE COAL WASHERY



MINING

Highlights 2017-18

Sales	(₹ in Crores)	(₹ in Crores)
	2017-18	2016-17
Pellet	172.33	79.66
Sponge Iron	80.95	112.44
Billet	160.60	108.95
TMT	301.25	202.54
STR	411.32	315.14
Power	25.43	12.49

Capacity Utilisation (%)	2017-18
Pellet	80.99
Sponge Iron	100.72
Billet	87.28
TMT	92.56
STR	79.31
Power	71.02

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2017–2018