MSP STEEL & POWER LIMITED

(An ISO 9001 : 2008, 14001 : 2004 OHSAS 18001 : 2007Certified Company)

Regd. Office : 1, Crooked Lane, Kolkata - 700 069, Phone : 033 2248 5096

CIN No. : L27109WB1968PLC027399

Date: 3rd October, 2018

To,

The Manager,

National Stock Exchange of India Limited

"Exchange Plaza", C-1, Block-G

Bandra- Kurla Complex, Bandra (E)

Mumbai- 400 051

Company Symbol: MSPL

To,

The Manager,

BSE Limited

Phirozee Jeejeebhoy Towers

Dalal Street

Mumbai – 400 001

Scrip Code No.: 532650

Dear Sir,

SUB: Submission of Annual Report for the F.Y 2017-18 with respect to 49th Annual General Meeting

This is to inform you that in accordance with Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015, we hereby enclose Annual Report for the Financial Year 2017-18, duly approved & adopted by the Members of the Company in the 49th Annual General Meeting (AGM), held on Thursday, 27th September, 2018 at 4.00 P.M at Vidya Mandir, 1 Moira Street, Elgin Kolkata 700017.

This is for your information & record.

Thanking you

Yours Faithfully

For MSP Steel & Power Limited

MSP STEEL & POWER LIMITED KOLKATA

Shreya Kar

Company Secretary & Compliance Officer

Mem no: A41041

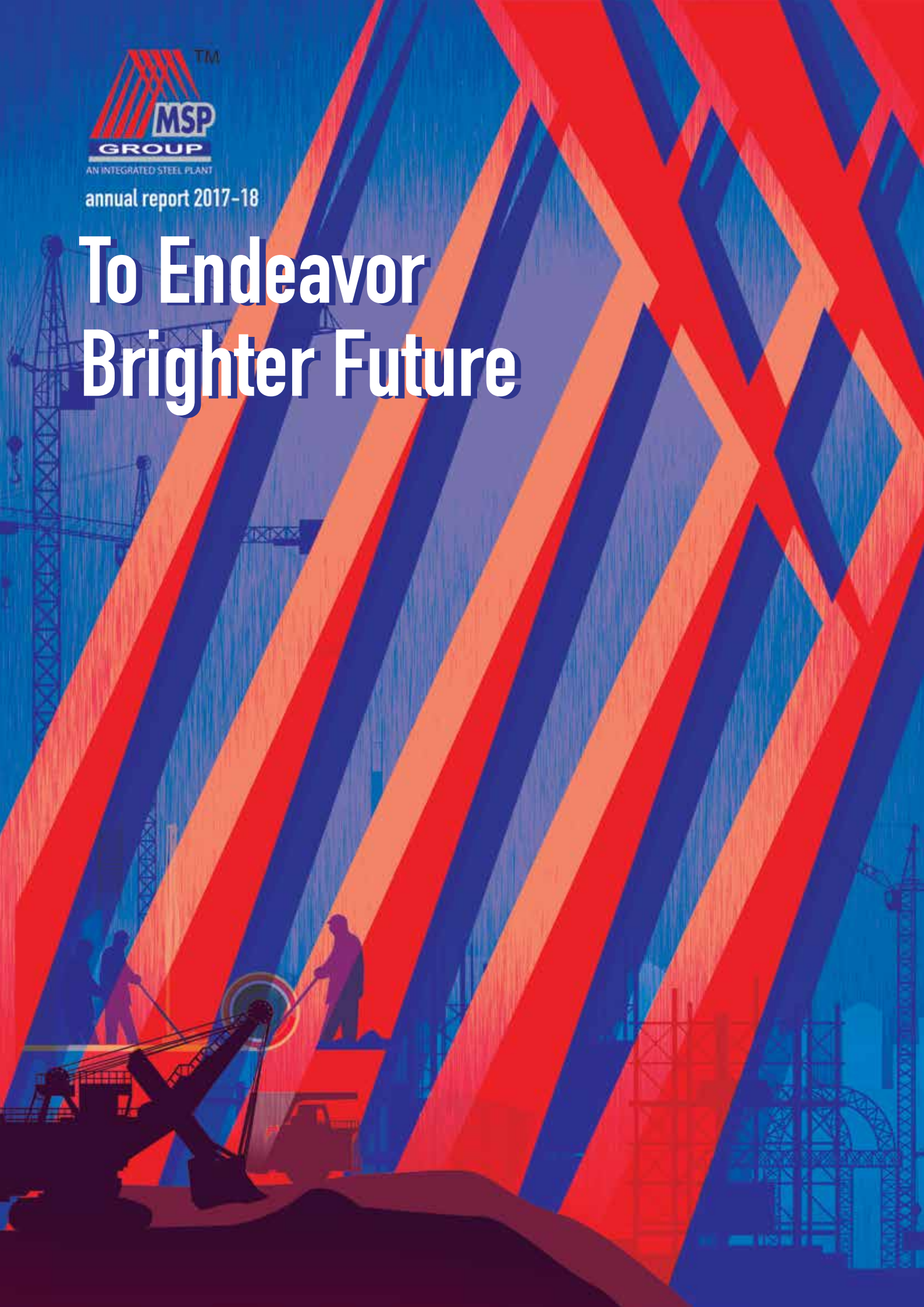
Encl as above

MSP GROUP™

AN INTEGRATED STEEL PLANT

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 Singhi & Co.

COST AUDITOR
Mr. Sambhu Banerjee

SECRETARIAL AUDITOR
M/s PS & Associates

ADDRESS REGISTERED OFFICE
1, Crooked Lane,
Kolkata – 700 069
Ph.No.:033-22483795; Fax No,: 033 22484138

CORPORATE OFFICE
16/S, Block-A, New-Alipore
Kolkata – 700 053
Ph.Nos.: 033-4005 7777/2399 0038/39/80
Fax Nos.:03340057788/23982239
E-mail: investor.contact@msp-steel.com

BANKERS
State Bank of India
Kotak Mahindra Bank
Syndicate Bank
UCO bank
Indian Overseas Bank
Allahabad Bank
Corpoaration 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, Avenue4, 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.

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 Chattisgarh 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 refrms, 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.

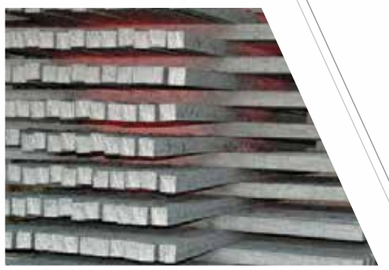
A number of other positive factors arise from the government's thrust on infrastructure building. Social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission (, Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme 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

(₹ in Crores) (₹ in Crores)

Sales	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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2017-2018

Overview

The steel industry has a rich history. It exhibited remarkable technological dynamism and entrepreneurship and enjoyed significant economic, political, and strategic importance. With globalization and emergence of high technology sectors, the industry has lost its clout. The domestic steel industry is riding high on the resurgent economy and rising demand for steel on account of various infrastructure initiatives taken by the Government. Western nations are no longer dominating the industry due to changing costs and diffusion of technology and favorable government policy of the selected high growth developing countries. Steel industry is a 'key' or basic industry and as such it is impossible to exaggerate its importance for the further industrialization of the country. The rapid development of the iron and steel industry is a sinc qua non of economic development for a developing country like India.

INSIGHTS OF MACROECONOMY

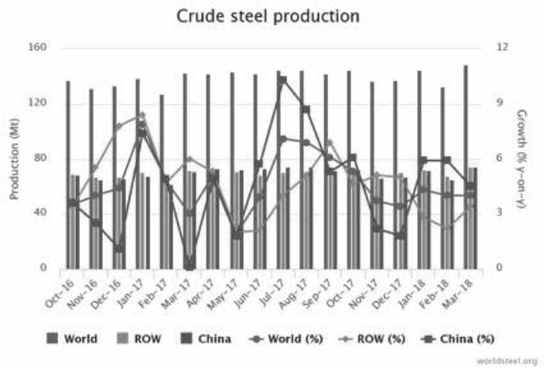
Developed economies outlook remains robust while Developing economies ride the recovery momentum, yet to gain further strength.

Global steel sector has seen significant growth after the turn of present century. The steel demand and the capacity has grown almost threefold over the last two decades. The political risk and possibility of a hard landing that global markets fretted over in the past two years have diminished considerably. Following the expectations of a more resilient global economy, both consumer and entrepreneur confidence has improved further as the marginal propensity to consume and demand for capital spending have gradually picked up, trading and investing activities have been rekindled across the globe, and exports of major countries have increased sharply.

The upswing in the global economy is expected to continue into 2018.Though it has started faltering with steel demand in China moderating, there are some bright spots in the World which raises possibility of revival of growth in the medium to long run. One of the key determinants of future growth will be the economic growth of India and related infrastructure spending.

Global steel production reached 1,691.2 MT for the year 2017, up by 5.3 per cent compared to 2016 when the output was 1,606.3 MT. World crude steel production was 426.6 Mt in the first three months of 2018, up by 4.1% compared to the same period in 2017. Asia produced 294.1 Mt of crude steel, an increase of 4.6% over the first quarter of 2017. The EU produced 43.1 Mt of crude steel in the first quarter of 2018, up by 0.9% compared to the same quarter of 2017. North America's crude steel production in the first three months of 2018 was 29.5 Mt, an increase of 1.9% compared to the first quarter of 2017.

China's crude steel production for March 2018 was 74.0 Mt, an increase of 4.5% compared to March 2017. India produced 9.2 Mt of crude steel in March 2018, up 5.3% on March 2017. Japan produced 9.1 Mt of crude steel in March 2018, an increase of 2.2% compared to March 2017. South Korea's crude steel production was 6.1 Mt in March 2018, an increase of 4.7% on March 2017



At present, China is the largest producer of crude steel in the world, accounting for more than 50 per cent of the production. China continued to be the biggest producer of the commodity in the period under review with a production of 64.9 million tonne, up almost 6 percent from same period last year, according to World Steel Association in its release.

In a major achievement, India has overtaken Japan to become the world's second largest producer of crude steel in February, according to the Steel Users Federation of India (Sufi).

India's crude steel production was up 4.4 per cent and stood at 93.11 million tonnes (mt) for the period April 2017 to February 2018, compared with April 2016 to February 2017, which has helped India to overtake Japan and becomes the second largest producer of crude steel in the world,. Japan dropped to third position to 8.3 million, down 0.5 percent from last year. South Korea's crude steel production for February was 5.4 million, down 2.1 percent on year-on-year basis.

"India bagging the second position ahead of Japan speaks volumes about the right policies undertaken. The government has imposed curb on import pushed local demand with initiatives like "Make in India," implementation of the GST and infrastructure projects, to encourage the domesticmarket

Steel demand in the developed world is expected to increase by 1.8% in 2018 and decelerate to 1.1% in 2019.

The outlook for steel demand in the US remains robust on the back of the strong economic fundamentals – strong consumption and investment due to high confidence, rising income and low interest rates. The manufacturing sector is being supported by a low dollar and increasing investment while rising housing prices and steady non-residential sector growth point to a healthy construction sector. Though the recent tax reform is further expected to boost steel demand through its positive impact on investment, there is some concern over a possible overheating of the economy. The announced infrastructure plan is unlikely to affect steel demand in the short term.

Steel demand in emerging and developing economies (excl. China) is expected to increase by 4.9% and 4.5% in 2018 and 2019 respectively. The mild recovery in Russia and Brazil is expected to continue. Recovery in Russia will be supported by credit expansion, easing monetary policy and improving consumer and business confidence. In early 2017 Brazil started to come out of its deep recession, but uncertainty remains as to the sustainability of this recovery momentum. Furthermore, recovery of construction activities has been slow. In other Latin American countries, recovery is also underway and growth in the region could accelerate if reforms are implemented, but the forthcoming elections lead to uncertainty.

The Indian economy is stabilising from the impact of currency reform and GST implementation and steel demand is expected to accelerate gradually, mainly driven by public investment. Stronger growth is held back by still weak private investment.

CHINESE ECONOMY

The growth of the Chinese economy has continuously enhanced the influence of Hong Kong as a key global capital market. By the end of November 2017, the total market capitalization of the Hong Kong stock market was the fourth largest in the world at around HK$33 trillion. By funds raised from IPOs, Hong Kong ranked the first among global funding centres in 2015 and 2016. Year to date, it still ranks in the first tier among world financial funding centres. The Hong Kong stock market has posted decent gains this year, with the Hang Seng Index up about 30% and outperforming major stock markets around the world. In addition to the positive factors including the comparatively low valuations of related stock markets, the steady rise in China's economy, and the marked improvement in Hong Kong-listed companies' profitability which greatly hinges on the mainland economy's fundamentals, the Federal Reserve's global-leading monetary policy normalization, European Central Bank's steady withdrawal from quantitative easing, and a rebound in global risk appetite have also played affirmative roles. Furthermore, the smoothly functioning mutual stock market access mechanisms known as Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect as well as the increasing need for global asset allocation among Chinese investors have made Hong Kong's capital market more attractive to large amounts of capital from the mainland, thus prompting its re-rating.

Indian steel industry: Overcoming challenges and strengthening itself

It is indeed gratifying for Indian steel industry to have completed FY 2017-2018 with a consumption growth of 7.8%.Coupled with gradual uptick in the economic indicators — GDP, Industrial Production, unemployment rates — the global economy led by the US, the EU, Japan, South Korea and India has forged ahead since the later half of FY18.

The manufacturing PMI exhibited a corresponding rise aligned with all round improvement in the market scenario. Growth of Indian steel exports was significant and India ended the year being a large net exporter of steel. Against finished steel imports of 7.5 MT, the exports were 9.6 MT, yielding a net export of 2.1 MT.

As Indian steel demand is substantially influenced by infrastructure and construction sector which was primarily determined by the growth of investment, the secular decline of GFCF as a percentage of GDP (33.4% in FY 2012-2013 to 28.5% in FY 2017-2018) was very much a worrying factor. There was also no improvement in the share of private corporate sector investment which compensates the shortfall in public investment. The silver lining in this otherwise depressing scenario was provided by the rise in manufacturing sector especially in the steel intensive components since November/ December 2017.

Accordingly, during the first 10 months of FY18, the growth of manufacturing at 4.3% supported IIP to achieve 4.1% rise in the period. The prominent sub segments of manufacturing — manufacture of machinery and equipment, vessels and trailers, other transport and furniture — exhibited growth rates of 5.9%, 11.8%, 12.7% and 7.5%, respectively during the period. As nearly 38% of steel consumption in the country is accounted for by the manufacturing sector in the form of engineering, fabrication, automobile, other transport (railways, ship building, civil aviation, barges and containers) and packaging sub segments, the growth momentum observed in these areas in the recent period brought some cheers to steel fraternity. The industrial use of steel was clearly discernible by more demand for wire rods, structurals and plates.

As the growth of 7.8% consumption was contributed by growth in consumption of Alloy and SS by a large margin of around 24%, the thrust on more industrial use was apparent, although Alloy/SS comprises of only 9.7% of the total steel consumption in the country. Crude steel production in FY18 has reached 102.2 MT, a growth of 4.3% over last year. In order to reach 300 MT of CS production capacity by 2030-31, it would require a 9.4% CAGR during FY19 to FY31 which may be considered high in the current context. The assessment of finished steel availability may be taken as a second alternative. The standard method of calculating finished steel production out of 300MT capacity in FY31 may be taken as 243MT (90% yield from crude to finished and 90% capacity utilisation). The finished steel production in FY18 at 105MT would need an annual average growth rate of 7.2% to reach the target by FY31.

India has achieved a capacity utilisation of 76% in CS in FY18 which can be enhanced to 90% under an enabling market scenario. If the current year sustains the growth momentum in steel demand with a reasonably good market realisation, the scenario may pave way for one or two greenfield steel projects to reach beyond the drawing board.

INDIAN ECONOMY & ITS GDP GROWTH

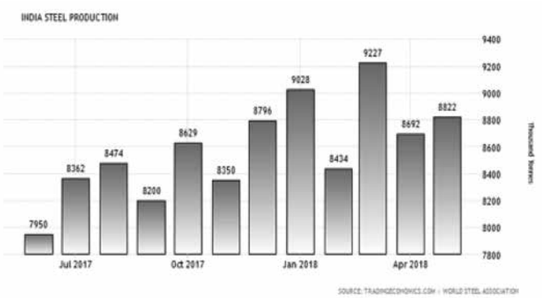
India's economy grew at its fastest in seven quarters in the January-March period, bolstered by strong performance in construction, manufacturing and public services, pointing to a persistent revival trend .

The full FY18 growth estimate was revised upward to 6.7 per cent from 6.6 per cent in the second advance estimate. This is in line with the 6.75 per cent growth forecast by the Economic Survey and down from 7.1 per cent in FY17 with the slowdown being attributed to the lingering effect of demonetisation and the rollout of the goods and services tax (GST) in July last year.

Gross domestic product rose a better-than-expected 7.7 per cent in the fourth quarter, retaining India's ranking as the world's fastest-growing major economy, outpacing China by nearlyapercentagepoint.

The economy grew at the highest rate since September quarter of FY17, ahead of the demonetisation drive that began on November 2016. An ET poll of economists had pegged fourth-quarter growth at 7.1-7.5 percent. October-December FY18 growth was revised down to 7 per cent from 7.2 per cent estimated earlier. The economy grew 6.1 per cent in the year ago Marchquarter.

Steel Production in India increased to 8822 Thousand Tonnes in May from 8692 Thousand Tonnes in April of 2018. Steel Production in India averaged 3158.82 Thousand Tonnes from 1980 until 2018, reaching an all time high of 9227 Thousand Tonnes in March of 2018 and a record low of 713 Thousand Tonnes in September of 1980.



OPPURTUNITIES AND THREATS

In a nutshell, with the increasing thrust on the "Make-in-India" vision by the Indian Government under the leadership of Prime Minister Narendra Modi, the Indian steel industry itself will grow and will be in a position to supply the required quantities and grades of steel much needed by the end-users. This also given the fact that the per capita finished steel consumption remains at a dismal 60 kgs, in contrast with the world average of around 220 kgs. The recently formed Global Forum on Excess Steel Capacity has acknowledged India's capacity expansion of steel as a function of growing consumption in the domestic market.

The steel industry is known for being cyclical and reflective of overall market conditions—demand increases during economic booms and plummets during global recessions. One of the serious problems faced by the steel industry has to do with its size. Towards the end of 2014, the supply-demand balance was tipped by an oversupply of steel by China. On one hand, due to over production, the export market of China grew substantially and resulted in it dumping its excess inventory in all other countries. On the other hand, some major producers (such as those in Europe and the United States) halted their manufacturing operations internally to compensate for these cheaper imports from China because they eliminated their operational costs. Another consequence of this excess production is the depletion of the high-quality raw materials needed to produce steel. Using low-quality raw materials in their stead could have detrimental effects by causing environmental pollution.

GOVERNMENT INITIATIVES

The Ease of doing Business, the Economic Survey highlights that India has leapt 30 ranks over its previous rank of 130 in the World Bank's latest Doing Business Report 2018. Credit rating company Moody's Investors Service has also raised India's rating from the lowest investment grade of Baa3 to Baa2.This has been made possible due to a host of measures undertaken by the Government including implementation of the Goods and Services Tax, Insolvency and Bankruptcy Code, and announcement of bank recapitalization. A number of reforms to boost industrial growth include Make in India programme, Start-up India and Intellectual Rights Policy. The Economic Survey listed out Sectoral Initiatives:-

Steel: In order to address dumping of cheap steel imports from China, South Korea and Ukraine, the Government raised customs duty and imposed anti-dumping duty, Minimum Import Price (MIP) on a number of items in February 2016, with a sunset clause of one year. These measures helped the domestic producers and exports recovered. The Government notified anti-dumping duties and Countervailing Duties on various steel products in February 2017.

The Government has rolled out a New Steel Policy in May 2017. Some of the other recent government initiatives in this sector are as follows:

- Government of India's focus on infrastructure and restarting road projects is aiding the boost in demand for steel. Also, further likely acceleration in rural economy and infrastructure is expected to lead to growth in demand for steel.
- The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.
- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US$ 30 million).

Road ahead

- India is expected to overtake Japan to become the world's second largest steel producer soon, and has envisaged achieving 300 MT of annual steel production capacity by 2030.
- Steel consumption is expected to grow 5.7 per cent year-on-year to 92.1 MT in 2018.
- India is expected to become the second largest steel producer in the world by 2018, based on increased capacity addition in anticipation of upcoming demand, and the new steel policy, that has been approved by the Union Cabinet in May 2017, is expected to boost India's steel production.* Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

The housing and construction sector, where major chunk of steel is consumed, shall get a boost with increase in per capita incomes and social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission (by 2022), Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), National Heritage City Development and Augmentation Yojana (HRIDAY), 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) and many others.

BUSINESS OVERVIEW

Performance review of the Company

The operational and financial performance of the Company was satisfactory. The Company is engaged in steel business, which, in context of Indian Accounting Standard prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time. Its brief financial performance for 2017-18 is given below.

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	F.Y. 17-18 (₹ in Lacs)	F.Y. 16-17 (₹ in Lacs)	F.Y. 17-18 (₹ in Lacs)	F.Y. 16-17 (₹ in Lacs)
Revenue from Operations	118794.72	94181.18	118794.72	94181.18
Other Income	261.85	105.16	261.85	105.26
Total Income	119056.57	84,388.74	119056.57	84388.84
Total Expenses (D)	125688.60	94,794.36	125688.60	94809.07
Profit/(Loss) Before Tax	(6632.03)	(10405.62)	(6632.03)	(10420.23)
(E=C-D)	476.24		476.24	-
Add/(Less): Exceptional Items(F)				
Less: Tax Expenses (G)	-	154.05	-	154.05
Income Tax for Earlier Years	(585.27)	(1,199.23)	(585.27)	(1199.23)
Deferred Tax	(5570.52)	(9,360.44)	(5570.52)	(9375.05)
Profit/(Loss) for the Year (E+F-G)	N.A	N.A	1.74	(13.92)
Share of Profit/(Loss) of Associates				

Financial Highlights:

- Total income increased by 26.27% to Rs. 24,770.23 Lacs
- EBITDA increased to Rs.6,632.03 Lacs as compared to P.Y Rs.10,405.62 Lacs
- Loss for the year reduced to Rs.5, 570.52 Lacs as compared to previous year loss of Rs. (9360.44) thereby a fall in the loss percentage by 40.48%

Costs:

Material Cost: Through various internal initiatives, your Company could manage to contain material cost increase by about 1.0% during the year. Your Company had implemented various techniques for internal cost reduction measures.

Revenue

Your company had generated a revenue of Rs.118,794.72 lacs (Gross) which is greater than the previous year due to various bureaucratic reforms and various government policies.

Summary of Balance Sheet is given below:

(Rs. in Lacs)

Particulars	31.03.2018	31.03.2017	Inc/Dec %
Sources of Fund:			
Shareholder's Fund	66,557.28	41,592.56	60.02%
Non- Current Liabilities	58,851.74	86,457.22	(31.93)%
Current Liabilities	51,456.20	50,788.52	1.32%
TOTAL	**176,865.22**	**178,838.30**	**(1.103)%**
Application of Fund:			
Fixed Assets	101,279.01	106,992.80	(5.34)%
Investments	3,346.52	4,811.06	(30.44)%
Loans & Other non- current assets	6,487.66	5,875.82	10.42%
Currents Assets	65,752.03	61,158.62	7.51%
TOTAL	**176,865.22**	**178,838.30**	**(1.103)%**

Risk Management Cycle

The current economic environment in combination with growth ambitions carries with it an evolving set of risks. MSP recognises that these risk need to be managed to protect its customers, employees, shareholders and other stakeholder to achieve its business objective and enable sustainable growth. An integrated system of risk management and internal controls framework has been deployed taking in to account various factors such as size and nature of the inherent risk and the regulatory environment. The risk management framework undergoes continuous improvement to allow management to optimize its management of risk exposures while taking advantage of business opportunities.

The financial situation in the steel sector is very fragile. Large liabilities have been weighing on steelmakers' balance sheets, reducing their margin of manoeuvre to restructure as needed. Continued subdued financial performance in a context of already very fragile balance sheets pose serious risks to the steel sector and could affect other parts of the economy.

Demand growth is mostly consumption-driven as investment continues to be weak, despite the low interest rate environment. Risks to the outlook include economic growth deceleration in some regions, mounting geopolitical uncertainties, increased corporate debt, and low oil price momentum.

A predominant risks in the construction sector, is very much visible in the year.

INTERNAL CONTROLS AND SYSTEMS

The Company's Board of Directors operates an extensive system of internal control. It includes the organisation's plans and policies to ensure orderly and efficient business conduct. The Board has also set up appropriate processes to monitor the relevant external and internal risks. The Company follows the COSO model of internal control system to deal efficiently and effectively with all the five components of Internal Control System, namely:

- Risk assessment
- Control environment
- Control activities
- Information and communication
- Monitoring the activities of the different levels of the organisation

The Company's internal audit is carried out effectively, leading to an independent and systematic assessment of its data, records, performances, and so on with a pre-determined objective. It has the potential to be one of the most influential and value-added services available to the Board. It emphasises on:

- Operational effectiveness and efficiency
- Resource protection
- Reliability of internal and external reporting
- Compliance with applicable laws, regulations and internal policies

Internal audit works as a catalyst for improving an organisation's effectiveness, thus providing insight and recommendations based on analysis and assessments of data and business processes. With its commitment to integrity and accountability, internal audit provides value to governing bodies and senior management as an objective source of independent advice. The organisation promotes independent examination of its plans and the policies, subject to the overall control environment supervision by the Board Level Audit Committee. This leads to accountability and transparency of operations and promotes independent examination. During the year, the Company focused on encouraging independent decision making, documentation of shortcomings of the various processes and departments, and correction of the work processes.

It is supplemented by well-documented policies, guidelines, procedures and regular reviews, which are carried out by the Company's Internal Audit Department. The reports containing significant audit findings are periodically submitted to the Company's management and its Audit Committee.

FINANCIAL MANAGEMENT

The senior management personnel periodically monitors the capital budgeting and subsequent progress of the under-implemented projects. The projects are funded by borrowing from a consortium of banks at competitive rates; the balance is covered by internal accruals and promoter contribution.

The Company's well-trained and highly efficient professionals are responsible for overseeing factory operations as well as the functions of the accounting and finance department. The team ensures that the established organisational procedures laid down by the senior management at a strategic level are followed and translated even in financial results and periodic management reports. Regular audits are conducted to ensure that the proper controls are in place.

STATUTORY COMPLIANCE

The Company's various units offer confirmation to ensure compliance with all statutory requirements. A declaration is then made by the Managing Director at each Board Meeting regarding compliance with the provisions of the various statutes. The Company Secretary, as Compliance Officer, ensures compliance with the SEBI regulations and provisions of the listing agreements.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

Human Resources Department (HRD) works continuously for maintaining healthy working relationships with the workers and other staff members. Prudent people practices lie at the core of MSP Steel's activities. The workforce is created, developed and motivated with a customer-centric, process-based, transparent and agile work culture. The Company's work culture is responsive to business needs and challenges, but gives them a sense professional ownership. It also elicits innovative responses from all. This has made MSP Steel's human resource an admirable and competitive workforce that not only epitomizes the Company's long term vision, but also owns the skills to realise it.

Senior management is easily accessible for counseling and redressal of grievances. HRD continuously strives to maintain and promote harmony and co-ordination among workers, staff and members of the senior management.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

For and on behalf of the Board
Suresh Kumar Agrawal
Chairman

Place: Kolkata
Date: 14th August, 2018

DIRECTOR'S REPORT

Dear Members,

PERFORMANCE

We are pleased to present you the 49th Annual Report of your Company along with the Standalone and Consolidated Audited Financial Statements and the Auditor's Report for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended 31st March, 2018 is summarised below:

Particulars	Standalone		Consolidated	
	F.Y. 17-18 (₹ in Lacs)	F.Y. 16-17 (₹in Lacs)	F.Y. 17-18(₹in Lacs)	F.Y. 16-17(₹ in Lacs)
Revenue from Operations	118794.72	84,283.58	118794.72	84283.58
Other Income	261.85	105.16	261.85	105.26
Total Income	119056.57	84,388.74	119056.57	84388.84
Total Expenses (D)	125688.60	94,794.36	125688.60	94809.07
Profit/(Loss) Before Tax (E=C-D)	(6632.03)	(10405.62)	(6632.03)	(10420.23)
Add/(Less): Exceptional Items(F)	476.24		476.24	-
Less: Tax Expenses (G)				
Income Tax for Earlier Years	-	154.05	-	154.05
Deferred Tax	(585.27)	(1,199.23)	(585.27)	(1199.23)
Profit/(Loss) for the Year (E+F-G)	(5570.52)	(9,360.44)	(5570.52)	(9375.05)
Share of Profit/(Loss) of Associates	N.A	N.A	1.74	(13.92)

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014. Indian Generally Accepted Accounting Principles (GAAP) has been replaced by Ind AS. Accordingly your Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2016 with a transition date of 1st April, 2015 and this financial results alongwith the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and the other accounting principles generally accepted in India. The financial statements for the year ended 31st March, 2016 have been restated to comply with the IND AS to make them comparable.

Indian Accounting Standards shall also be applicable to subsidiary companies, joint ventures or associates of the Company. Hence, the financial statement of MSP Cement Limited, AA EssTradelinks Pvt. Ltd. and Madanpur South Coal Company Limited shall be prepared in accordance to it.

OPERATIONAL PERFORMANCE

The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output The significant increase in global steel prices from November 2017 which began with rise in raw material prices — iron ore, coking coal and scrap — and increase in global oil prices were factors which made it possible for rise in steel consumption by 3.1% from last year. In the current year also till October 2017, the rise in steel consumption for the first 7 months was confined to 4.5%.

India's crude steel production was up 4.4 per cent and stood at 93.11 million tonnes (mt) for the period April 2017 to February 2018, compared with April 2016 to February 2017,which has helped India to overtake Japan and becomes 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 Investments (FDI) to the tune of US$ 10.56 billion in the period April 2000– December 2017.

The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.

Consolidated Results

Your Company has achieved a gross revenue of Rs. 118794.72 Lacs in the financial year 2017-18 as compared to Rs. 84,283.58 Lacs in the previous Financial Year 2016-17. The Management has reduced the cost of production and implemented a strategy which has resulted in decreasing the loss of the Company from Rs.(9,360.44) Lacs incurred during the previous Financial Year to the loss of Rs.**(5570.52) Lacs**

The Management has taken initiative for improving the performance of the Company resulting from optimization of the cost, to focus on yields and productivity.

Consolidated Results

The financial performance of the subsidiary company, associate company and Joint venture are included in the Consolidated financial statement of the Company.

Revenue from Operations on consolidated basis stood at Rs. 118794.72 Lacs for the FY 2017-18. The Company reported a net lossof Rs. (5570.52)Lacs for F.Y. 17-18 as compared to the net loss of Rs. (9375.05) Lacs for the F.Y 2016-17.

Further the statement containing the salient features of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as Annexure-1 to the Director's Report. The Statement provides the detailed performance of the Subsidiaries including associate company and Joint venture.

Operational Highlights

Your Company deals with varied range of products from Pellets, Sponge Iron, MS Billets, TMT Bars, Structural Products, etc, the production details of which is stated below:

Name of the Products	Units	F.Y.17-18	F.Y. 16-17
PELLET	Mt	728900	584993
SPONGE IRON	Mt	309714	328790
MS BILLETS	Mt	275015	256657
TMT BARS	Mt	97185	82279
STRUCTURAL PRODUCTS	Mt	95425	93622
LIGHTSTRUCTURALPRODUCTS	Mt	37807	34507
POWER	Kwh	427499800	342929100

DIVIDEND & RESERVES

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 Directors have restructured its debts under the reconstructing scheme of RBI , hence it is necessaryto conserve and optimise use of resources for betterment of our Company.

No amount was proposed to be carried to any of the reserves for the Financial Year 2017-18.

ALLOTMENT OF EQUITY SHARES & OPTIONALLY CONVERTIBLE DEBENTURES

During the year under review, the Company has allotted 297,315,000 Equity Shares of the Company of face value ₹10/- each at an issue price of Rs.10 per equity share for an amount of Rs. 297.32 crore and 451,790,554 Optionally Convertible Debentures (OCDs) of face value Rs. 10/- each for an amount of ₹451.97 crores to Consortium of Lenders as per the terms of the S4A Scheme.

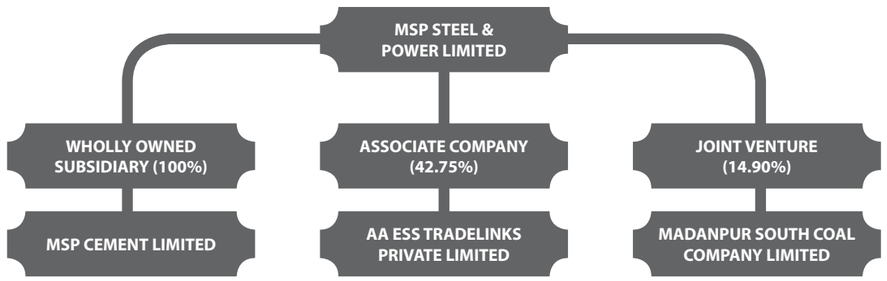
The present paid-up Equity Share Capital of the Company is 385,415,000 which comprises 385,415,000Equity Shares of face value ₹10/- each

TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company along with the interest to Investor Education and Protection Fund, established by the Central Government under the provision of Section 125 of the Companies Act, 2013. In compliance with the above, the Company will transfer unclaimed dividend amount of the Financial Year 2010-11 amounting to Rs.2.52 lacs/- to the Investor Education and Protection Fund.

The details including the last date of claiming unclaimed/unpaid dividend amount are given in our website athttp://mspsteel.com/unpaid-dividend

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES



The statement containing the salient features of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as Annexure-1 to the Director's Report. The Statement provides the detailed performance of the Subsidiaries including associate company and Joint venture.

The list of Subsidiaries and Associates of your Company as on March 31, 2018, forms a part of Form No. MGT-9, Extract of the Annual Return, which is annexed at as Annexure-2 to the Director's Report

• **MSP Cement Limited** is a wholly owned subsidiary of the Company having its Registered Office at Banglapara North Chakradhar Nagar Raigarh- 496001 was incorporated on 2nd June, 2008 for manufacturing and sale of cement and clinker products. The Company is yet to commence its commercial operations.

• **AA ESS Tradelinks Private Limited** associate company of MSP Steel & Power Limited is engaged in trading of industrial oxygen gases.

• **Madanpur South Coal Company Limited** incorporated on 23rd May, 2006, having its registered Office at Raipur, Chattisgarh was formed by the Venture partners MSP Steel & Power Limited, Hindustan Zinc Ltd., Akshay Investment Pvt. Ltd., Chattisgarh Steel & Power Limited and Chattisgarh Electricity Company Ltd with respect to obtain mining rights in respect of the Coal Blocks of Madanpur and use coal for its captive requirements

The details as required under Section 136 of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 regarding the performance and the financial position of the Subsidiary Company, Associate Company and Joint Venture Company forms part of the Consolidated Financial Statement of the Company and applicable Indian Accounting Standards ("Ind AS") for the Financial Year ended 31st March, 2017.

Your Company has formulated a policy for determining 'Material Subsidiary', in terms of the Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The said policy is also available at the Company's website *http://www.mspsteel.com/csr-policy/Policy%20for%20Determining%20Material%20Subsidiaries.pdf*

As per the provisions of section 136 of the Companies Act, 2013 copy of the audited financial statements, including consolidated financial statements, auditor's report along with the relevant documents and separate audit accounts in respects of the subsidiaries shall be kept open for inspection at the Registered office of your Company during working hours on all days except Saturdays, Sundays and public holidays for a period of twenty-one days before the date of Annual General Meeting. Any member willing to obtain a copy of the said financial statements may write to the Company at its Registered office or Corporate Office or visit the below mentioned website link for the same:
http://mspsteel.com/annual-report

PUBLIC DEPOSITS

Your Your Company has not accepted any public deposit during the year under review, within the meaning of provisions of Section 73 of Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rule, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans given, investments made, guarantees given or securities provided are as per the provisions of Section 186 of the Companies Act, 2013 and forms part of the notes to the financial statements provided in this Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, stating the operations of the Company, as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, ("SEBI LODR") is presented in a separate section and forms an integral part of the Annual Report.

CORPORATE GOVERNANCE

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).

A separate section on Corporate Governance as followed by your Company and as stipulated under SEBI LODR, Companies Act, 2013 and relevant rules made there under forms part of the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of the Corporate Governance is attached to the Annual Report
BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Board of Directors

There was no change in the composition of the Board of Directors during the reporting period, howereverin accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Suresh Kumar Agrawal,(DIN: 00587623) Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

Key Managerial Personnel

Following persons are the Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with Rules framed thereunder:

1. Mr. Suresh Kumar Agrawal – Chairman
2. Mr. Saket Agrawal – Managing Director
3. Mr. DhananjayUchit Singh – Executive Director
4. Mr. Kamal Kumar Jain – Chief Financial Officer
5. Ms. Shreya Kar – Company Secretary

Remuneration and other details of the said Key Managerial Personnel for the financial year ended March 31, 2018 are provided in Form No. MGT-9, Extract of the Annual Return which is set out at Annexure -2to the Director's Report.

COMMITTEES OF THE BOARD

The Board of Directors of your Company had constituted four committees for best Corporate Governance Practices and in compliance with the provisions of the Companies Act, 2013 and SEBI LODR comprising of: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and the Stakeholders Relationship Committee.

A detailed note on composition of these Committees, including number of meetings held and attendance during the financial year, have been disclosed separately in the Corporate Governance Report section of this Annual Report.

MEETINGS OF THE BOARD

Meetings of the Board of Directors are scheduled at regular intervals to discuss, decide and approve on various business policies, strategies, financial performance and other matters. The schedule of the meeting are circulated in advance, to ensure proper participation of the Directors in the Meeting. The Board of Directors met eleven times during the financial year 2017-18. The intervening gap between the two consecutive meetings did not exceed one hundred and twenty days as prescribed under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 .

Details of the meetings and attendance of the Board of Directors held during the Financial Year 2017-18 are disclosed in Corporate Governance Report which form part of Annual Report.

FAMILARISATION PROGRAMME OF INDEPENDENT DIRECTORS

In compliance with the requirements of SEBI Listing Regulations, the Company has put in place a familiarization programme for Independent Directors to familiarise them with their role, rights and responsibility as Directors, the operationsof the Company, business overview etc.

The details of thPrograme can be access by weblink :http://mspsteel.com/about-us/corporate-policies

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well evaluation of the working of its various Committees. The performance evaluation of all the Directors was carried out by the Nomination & Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Details pertaining to the evaluation process has been explained in the Corporate Governance Report annexed to the Annual Report.

INDEPENDENT DIRECTORS MEETING

The Independent Directors of the Company should meet at least once during the year pursuant to requirements of Schedule IV of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements)Regulations 2015. A meeting was scheduled on 27.05.2017, without the attendance of non-independent directors and members of the management, interalia, to:

a. Evaluation of performance of non-independent directors and the Board as a whole;

b. Evaluation of performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

c. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties;

d. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethical policy, if any;and

e. ascertain and ensure that the Company has an adequate and functional vigil mechanism.

INDEPENDENCE DECLARATION

The term "Independent Director" as defined under section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms the basis for determining independence of the Directors. The Company has received necessary declarations from Mr. Kapil Deo Pandey, Mr. NavneetJagatramka, Mr. Ashok Kumar Soin and Mrs. Priyanka Tiwari, Independent Directors of your Company that they meet the criteria of independence as laid down in Companies Act, 2013 read with Schedule IV and Rules made there under as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The policy of the Company on appointment and remuneration of Directors as formulated by Nomination and Remuneration Committee, includes criteria for determining qualifications, positive attributes, independence of directors and remuneration for the directors and other perspective as laid down under section 178 of the Companies Act, 2013 and SEBI LODR Regulations, 2015.

As per the policy, the Company should have optimum combination of executive and non-executive directors with at least one woman director. As on 31st March, 2017, the Board consists of 8 Directors of which 6 are Non-Executive Directors, including one woman independent director. The Chairman being the Non-Executive Promoter Director, your company comprises of 4 Independent Director, which is one-half of the total number of directors.

The details of the policy have been included in the Report on Corporate Governance, forming part of the Annual Report and also the same has been uploaded in Company's website http://www.mspsteel.com/corporate-policy.php.

CORPORATE SOCIAL REPSONSIBILITY

In compliance with Section 135 read with Schedule VII of the Companies Act 2013 and rules made there under, your Company has established Corporate Social Responsibility Committee to formulate and monitor Corporate Social Responsibility Policy and also to recommend to the Board the amount of expenditure to be incurred on activities related to betterment of society.

The Company is well aware of its responsibility towards the Society and hence in its previous years had taken efforts to improve the living condition in the vicinity of its plants & surrounding areas. The Company had been continuing its efforts towards the betterment of the society. The Board on the recommendation of CSR committee has formulated a policy on CSR to regulate the Company's activities, amount to be spent on CSR, etc

In terms with the Section 135 Companies Act, 2013 read with Rule 8 of the companies (Corporate Social Responsibility) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 framed under, the Company has to spent 2% of its average net profits of the preceding three financial years for Corporate Social Responsibility activities, due to loss incurred in the previous year and inadequate profit in the preceding three years the amount needed to be spend on CSR activities is inadequate. Irrespective of such situation of inadequate profit or loss, your Company has spent Rs46.79 lacson CSR activities. A report on Corporate Social Responsibility activities for the financial year 2017-18 is attached to this report as Annexure-3

RELATED PARTY TRANSACTIONS

All contracts or arrangements that were entered into by the Company with the related parties as defined under Section 177 of the Companies Act, 2013 during the year were in the ordinary course of business and on arm's length basis. All related party transactions are placed before the Audit Committee for review and approval. Since all related party transactions entered into by the Company were in the Ordinary course of business and were on arm's length basis , Form AOC-2 is not applicable to the Company. The routine related party transactions was placed before the Audit Committee for their omnibus approval

The Company's policy on "materiality of related party transactions" and the process of dealing with such transactions are in line with the amended provisions of the Companies Act, 2013 and SEBI (LODR).

The said policy is also available on the website of the Company and the link for the same is www.mspsteel.com /http://mspsteel.com/related-party-transaction-policy.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(5) of the Companies Act, 2013, your Directors hereby confirms:

(a) that in the preparation of the annual accounts for the FY 2017-18, the applicable Accounting Standards (IND AS) had been followed along with proper explanation relating to material departures;

(b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2018 and of the loss of the company for that period;

(c) that the directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the directors has prepared the annual accounts on a going concern basis;

(e) that the directors has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) that the directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, there are no employees who have drawn remuneration in excess of the limits set out in the said rules.

Disclosures relating to the Remuneration under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure-4 to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information as required under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are given in Annexure-5 to the Board's Report

AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s. Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), were appointed as Statutory Auditors of the Company for a tenure of 1 year by the Members, to hold the office from the conclusion of the 49th Annual General Meeting until the conclusion of the 50th Annual General Meeting to be held the Financial Year 2018-19.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors along with a certificate from them to the effect that their appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and rules made thereunder.

Explanation to Auditor's Comments

The Notes on Financial Statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remarks or disclaimer.to check when we receive the final audit report from Singhi & Co. (CARO)

Internal Auditor

Pursuant to Section 138 of the Companies Act, 2013, your Company has appointed M/s B. Chhawchharia& Co. as Internal Auditor of the Company, to conduct internal audit of the functions and activities of the Company to audit for the period April 2018 to March 2019. Internal Auditor to change. – S.K. Agrawal & Co.

Cost Auditor

As per the Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit), Amendments Rules, 2014, the Company is required to get its Cost Audit done by Cost Accountant in practice every financial year.

The Board of Directors, on the recommendation of Audit Committee, appointed Mr. Sambhu Banerjee, Cost Accountant (Membership No. 9780) to conduct the audit of the cost accounts of the Company for the financial year 2018-19.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Mr. Sambhu Banerjee, Cost Accountants is included in the notice convening the 49th Annual General Meeting.

Secretarial Auditor

Secretarial Audit for the financial year 2017-18 was conducted by M/s. PS Associates, Practicing Company Secretaries,(C.P. No.:3502) as required under section 204 of the Companies Act, 2013 read with relevant Rules made there under. The Secretarial Audit Report for FY 2017-18 is annexed herewith as Annexure-6.The Report does not contain any qualification, reservation or adverse remarks.

The Board of Directors has re-appointed M/s PS Associates, Practicing Company Secretaries, (C.P. No.:3502) as Secretarial Auditor for conducting the Secretarial Audit of the Company for the Financial Year 2018-19

RISK MANAGEMENT

Your Company has an effective and robust Risk Management Frameworkwhich would enable timely identification of risks, assessment and evaluation of the same in line with the overall objectives and set adequate mitigation strategy. The Risk Management Framework is reviewed by the Board and Audit Committee on a periodical basis to oversee that all the critical risk areas that the organisation faces have been identified and assessed and there is an adequate risk management mechanism in place capable of addressing those risks. Further, details on Risk Management Policy are briefed out in the Management Discussion and Analysis Report, forming a part of this Annual Report.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate Internal Financial Control commensurate with the size, scale and complexity of its operation. The Directors of the Company have been entrusted with the overall responsibility to implement and operate the internal financial controls adequately and effectively. The Company has devised appropriate systems and frameworks including proper delegation of authority, ensuring orderly and efficient conduct of business, adherence to policies and procedures, effective IT system including ERP application aligned to business requirements, risk management framework and whistle blower mechanism. This provides the Directors with the reasonable assurance review and control mechanisms

WHISTLE BLOWER POLICY

The Company has implemented whistle blower policy/vigil mechanism as envisaged in Companies Act, 2013 and SEBI LODR to enable directors, employees and stakeholders report about any wrongful conduct, unethical/illegal practices or that could have grave impact on the operations and performance of the business of the Company or any other matter that might cause financial/non-financial loss to the director/employee of the Company or might impact their goodwill. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and is also available at on the website of the Company at http://mspsteel.com/vigil-policy.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The objective of the policy is to prohibit, prevent and address issues of sexual harassment at the workplace.MSPL has established suitable mechanisms to ensure issues related to sexual harassment, are effectively addressed. MSPL believes in providing favorable working environment devoid of discrimination and harassment. Sexual harassment is a form of misconduct that undermines the employment relationship. This policy has striven to prescribe a code of conduct for the employees and all employees have access to the Policy document and are strictly required to abide by it.. Sexual harassment at the work place or other than work place if involving employees is a grave offence and is, therefore, punishable. During the year under review, no complaints were reported to the Board.

A Committee has been constituted by the Management to consider and redress complaints of Sexual Harassment. The Chairman and Members of the Committee are as follows:

Position	Officer in-charge
Presiding Officer	Ms. Shreya Kar
Member -	Mr. Kamal Kumar Jain
Member -	Mr. P.K Dey
Member -	Ms. Mita Das

EXTRACTS OF THE ANNUAL RETURN

An extract of annual return named as provided under sub-section 3 of Section 92 and in line with Section 134(3)(a) of the Companies Act ,2013 MGT-9 has been annexed to the Director's Report as Annexure-2

SIGNIFICANT AND MATERIAL ORDERS

There are no such significant or material orders passed by the regulators or courts or tribunals impacting the going concern status of the company's operation in future.

INVESTOR SERVICES

The Company and its Registrar M/s. Bigshare Services Private Limited who is looking after the physical as well as Demat work and also shareholders correspondence in terms of SEBI direction for having a common Registrar and Share Transfer Agent, endeavored their best to service the Investors satisfactorily.

AWARDS AND RECOGNITIONS

During the year under review, your Company was recognized in various ways/by various institutions and some of the awards presented to the Company are listed below:

The said awards and recognition is also available in the Company's website http://www.mspsteel.com/Awards

CAUTIONARY STATEMENT

Statement in the Board's Report and the Management Discussion & Analysis report describing the Company's Objectives, expectation and forecast may be forward looking within the meaning of applicable securities laws and Regulations. Actual result may differ materially from those expressed in the statement important factors that may influence that company's operational include global and domestic demand and supply conditions & selling prices of finished goods, input availability and prices, changes in government regulating tax laws, economic developments within the country and other parts.

ACKNOWLEDGEMENTS

Your directors take this opportunity to express their deep and sincere gratitude to shareholders, customers, dealers, agents, suppliers, investors, bankers for their continued support and faith during the year. Your Directors place on record a deep sense of appreciation for the commitment shown by the employees at all levels whose contribution was significant to the growth of the Company.

Your directors also thank for the valuable guidance and support given by the Government of India, various State Government Departments, Ministry of Corporate Affairs, Income Tax Authority and all other regulatory authorities for their assistance and co-operation during the year and look forward for the same in the future.

For and behalf of the Board
MSP STEEL & POWER LIMITED

Date: 14th August, 2018
Place: Kolkata

Suresh Kumar Agrawal	Manish Agrawal
DIN: 00587623	Din: 00129240
(CHAIRPERSON)	(DIRECTOR)

ANNEXURE 1

FORM AOC-1

"AOC-1(Pursuant to first proviso to sub - section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)"

Statement containing salient features of the financial statement of subsidiaries / associate companies /joint ventures

Part "A" : Subsidiaries

(Rs. In lacs)

1	Name of the Subsidiary	MSP CEMENT LIMITED*
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2017-18
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees(INR)
4	Share Capital	58.89
5	Reserves & Surplus	-
6	Total assets	62.82
7	Total liabilities	62.82
8	Investment	-
9	Turnover	-
10	Profit before taxation	-
11	Provision for taxation	-
12	Profit after taxation	-
13	Proposed Dividend	-
14	% of Shareholding	100.00

* The Subsidiary is yet to commence operation

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/ Joint Ventures	AA ESS TRADELINKS PVT LTD.	MADANPUR SOUTH COAL COMPANY LTD
REPORTING CURRENCY	**RS.**	**RS.**
1. Latest audited Balance Sheet Date	March 31, 2018	March 31, 2018
2. Shares of Associate/ Joint Ventues held by the company on the year end		
Number	46,50,175	94,427
Amount of Investment in Associates / Joint Ventures	2,65,00,000.00	-
Extend of Holding %	42.75%	14.54%

Name of Associates/ Joint Ventures	AA ESS TRADELINKS PVT LTD.	MADANPUR SOUTH COAL COMPANY LTD
REPORTING CURRENCY	**RS.**	**RS.**
3. Description of how there is significant influence	20% of shares	Joint Venture Agreement
4. Reason why the associates/ joint venture is not consolidated	NA	NA
5. Networth attributable to Shareholding as per latest audited Balance Sheet	4,674.44	120.52
6. Profit / Loss for the year		
i. Considered in Consolidation	-0.89	2.63
ii. Not Considered in Consolidation	-	-

For and on behalf of the Board of Directors

Suresh Kumar Agrawal
Chairman (DIN: 00587623)

Manish Agrawal
Director (DIN:00129240)

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

Kolkata
30th May 2018

MEM. No. A41041

ANNEXURE 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	L27109WB1968PLC027399
ii) Registration Date	18/11/1968
iii) Name of the Company	MSP STEEL & POWER LIMITEDiv)
iv) Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v) Address of the Registered office and contact details	"1, Crooked Lane, Kolkata -700 069, Ph. : 33-4005 7777 Fax : +91-33-4005 7799,23982239, Email: investor.contact@mspsteel.com"
vi)Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	"Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Ph. : +91 4023312454/44677312/44677392, Fax : +91 40 23440674"

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of Steel and Steel products	2410	97.38

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	"MSP Cement Limited Banglapara, North Chakradhar Nagar, Raigarh-496001"	U26940CT2008PLC002120	Subsidary Company	100.00%	Section 2(87)
2	"AA ESS Tradelinks Private Limited 13A, Dacres Lane, Kolkata - 700 069"	U51109WB1995PTC072185	Associate Company	42.75%	Section 2(6)
3	"Madanpur South Coal Company Limited (JV) Industrial Growth Centre Siltara, Raipur -493111"	U10300CT2006PLC020006	Jointly Controlled Entity	14.90%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a)Individual/HUF	20,23,240	-	20,23,240	2.30	20,23,240	-	20,23,240	0.52	(1.77)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	6,13,20,260	-	6,13,20,260	69.60	15,83,82,285	-	15,83,82,285	41.09	(28.51)
e) Banks / FI	-	-	-		-	-	-	-	-
f) Any Other…		-	-		-	-	-	-	-
Sub-total (A) (1):-	**6,33,43,500**	**-**	**6,33,43,500**	**71.90**	**16,04,05,525**	**-**	**16,04,05,525**	**41.62**	**(30.28)**
2. Foreign									

a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-		-	-	-	-	-	-
e) Any Other…	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-		-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**6,33,43,500**	**-**	**6,33,43,500**	**71.90**	**16,04,05,525**	**-**	**16,04,05,525**	**41.62**	**(30.28)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	2,54,990	-	2,54,990	0.29	12,88,33,034	-	12,88,33,034	33.43	33.14
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-		-	-	-	-	-
e) Venture Capital Funds	-	-	-		-	-	-	-	-
f) Insurance Companies	-	-	-		-	-	-	-	-
g) FIIs Capital	-	-	-		-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-		-	-	-	-	-
i) Others (specify)	-	-	-		-	-	-	-	-
Sub-total (B)(1):-	**2,54,990**	**-**	**2,54,990**	**0.29**	**12,88,33,034**	**-**	**12,88,33,034**	**33.43**	**33.14**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,67,82,139	-	1,67,82,139	19.05	8,84,93,898	-	8,84,93,898	22.96	3.91
ii)Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	55,72,914	11,937	55,84,851	6.34	53,76,753	11,937	53,88,690	1.40	(4.94)
(ii) Individuals holding nominal share capital in excess of Rs.2 lakhs	18,35,827	51,400	18,87,227	2.14	20,40,112	51,400	20,91,512	0.54	(1.60)
c) Others	2,47,293	-	2,47,293	0.28	2,02,341	-	2,02,341	0.05	(0.23)
Sub-total (B)(2):-	2,44,38,173	63,337	2,45,01,510	27.81	9,61,13,104	63,337	9,61,76,441	24.95	(2.86)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2,46,93,163	63,337	2,47,56,500	28.10	22,49,46,138	63,337	22,50,09,475	58.38	30.28
C. Shares held by Custodian for GDRs & ADRs	-	-	-		-	-	-	-	-
Grand Total (A+B+C)	**8,80,36,663**	**63,337**	**8,81,00,000**	**100**	**38,53,51,663**	**63,337**	**38,54,15,000**	**100**	**(0.00)**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	MSP SPONGE IRON LTD	2,47,36,500	28.08	100.00	2,47,36,500	6.42	100.00	(21.66)
2	ADHUNIK GASES LTD.	55,54,000	6.30	100.00	2,34,79,000	6.09	23.66	(0.21)
3	MSP INFOTECH PVT LTD	72,29,760	8.21	100.00	1,25,29,760	3.25	57.70	(4.96)
4	ILEX PRIVATE LIMITED	41,15,000	4.67	100.00	41,15,000	1.07	100.00	(3.60)
5	B S CONFIN PVT. LTD.	35,30,000	4.01	100.00	35,30,000	0.92	100.00	(3.09)
6	HIGH TIME HOLDINGS PVT. LTD.	30,25,000	3.43	100.00	30,25,000	0.78	100.00	(2.65)
7	EMERALD TRADELINK PVT. LTD.	25,00,000	2.84	100.00	25,00,000	0.65	100.00	(2.19)
8	RAJNATH VYAPAAR PRIVATE LIMITED	25,00,000	2.84	100.00	25,00,000	0.65	100.00	(2.19)
9	AA ESS TRADELINKS PVT. LTD.	19,00,000	2.16	100.00	26,50,000	0.69	71.70	(1.47)
10	DEXO TRADING PVT. LTD.	15,75,000	1.79	100.00	15,75,000	0.41	100.00	(1.38)
11	K. C. TEXOFINE PVT. LTD.	12,15,000	1.38	100.00	87,15,000	2.26	13.94	0.88
12	SIKHAR COMMOTRADE PVT.LTD.	14,40,000	1.63	100.00	2,89,84,056	7.52	4.97	5.89
13	RAJ SECURITIES LTD.	10,00,000	1.14	100.00	52,00,000	1.35	19.23	0.21
14	LARIGO INVESTMENT PRIVATE LIMITED	10,00,000	1.14	-	19,50,000	0.51	-	0.51
15	LARIGO INVESTMENT PRIVATE LIMITED	10,00,000	1.14	100.00	1,20,50,000	3.13	8.30	1.99
16	MSP ROLLING MILLS PVT LTD.			-	44,60,000	1.16	-	
17	PANORAMA COMMERCIAL PVT LTD,.			-	10,00,000	0.26	-	
18	SHREE VINAY FINVEST PVT LTD			-	68,78,543	1.78	-	
19	GILBART MERCHANTS PVT. LTD.			-	85,04,426	2.21	-	
20	KIRAN AGRAWAL	4,86,000	0.55	100.00	4,86,000	0.13	100.00	(0.43)
21	NISHA AGRAWAL	3,36,500	0.38	100.00	3,36,500	0.09	100.00	(0.29)
22	MANISH AGRAWAL	3,09,000	0.35	100.00	3,09,000	0.08	100.00	(0.27)
23	PRANAY AGRAWAL	3,06,000	0.35	100.00	3,06,000	0.08	100.00	(0.27)
24	SAKET AGRAWAL	2,04,000	0.23	100.00	2,04,000	0.05	100.00	(0.18)
25	PURAN MAL AGRAWAL	1,86,620	0.21	100.00	1,86,620	0.05	100.00	(0.16)
26	SURESH KUMAR AGRAWAL	1,41,000	0.16	100.00	1,41,000	0.04	100.00	(0.12)
27	PURAN MAL AGRAWAL (HUF)	29,000	0.03	100.00	29,000	0.01	100.00	(0.03)
28	SURESH KUMAR AGRAWAL (HUF)	25,120	0.03	100.00	25,120	0.01	100.00	(0.02)
	TOTAL :	**6,33,43,500**	**71.90**	**100**	**16,04,05,525**	**41.62**	**100**	**(35.69)**

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	**MSP INFOTECH PVT LTD**							
	At the beginning of the year	7229760	8.21	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	53,00,000	1.38
	At the End of the year			31.03.2018			1,25,29,760	3.25
2	**ADHUNIK GASES LTD**							
	At the beginning of the year	5554000	6.30	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	1,79,25,000	4.65
	At the End of the year			31.03.2018			2,34,79,000	6.09
3	**ILEX PRIVATE LIMITED**							
	At the beginning of the year	4115000	4.67	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	1,46,50,000	3.80
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	1,46,50,000	3.80
	At the End of the year			31.03.2018			41,15,000	1.07
4	**B S CONFIN PVT LTD**							
	At the beginning of the year	3530000	4.01	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	10,32,100	0.27
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	10,32,100	0.27
	At the End of the year			31.03.2018			35,30,000	0.92
5	**HIGH TIME HOLDINGS PVT. LTD.**							
	At the beginning of the year	3025000	3.43	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	1,83,30,000	4.76
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	1,83,30,000	4.76
	At the End of the year			31.03.2018			30,25,000	0.78
6	**EMERALD TRADELINK PVT. LTD.**							
	At the beginning of the year	2500000	2.84	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	6,50,000	0.17
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	6,50,000	0.17
	At the End of the year			31.03.2018			25,00,000	0.65
7	**JAGRAN VYAPAAR PVT. LTD.**							
	At the beginning of the year	0	0.00	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	19,50,000	0.51
	At the End of the year			31.03.2018			19,50,000	0.51
8	**AA ESS TRADELINKS PVT. LTD.**							
	At the beginning of the year	1900000	2.16	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	7,50,000	0.19
	At the End of the year			31.03.2018			26,50,000	0.69
9	**K.C. TEXOFINE PVT. LTD.**							
	At the beginning of the year	1215000	1.38	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	75,00,000	1.95
	At the End of the year			31.03.2018			87,15,000	2.26
10	**RAJ SECURITIES LTD.**							
	At the beginning of the year	1000000	1.14	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	42,00,000	1.09
	At the End of the year			31.03.2018			52,00,000	1.35
11	**LARIGO INVESTMENT PRIVATE LIMITED**							
	At the beginning of the year	1000000	1.14	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	1,10,50,000	2.87
	At the End of the year			31.03.2018			1,20,50,000	3.13
12	**DEXO TRADING PVT. LTD.**							
	At the beginning of the year	1575000	1.79	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	1,61,70,000	4.20
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	1,61,70,000	4.20
	At the End of the year			31.03.2018			15,75,000	0.41
13	**SIKHAR COMMOTRADE PVT. LTD.**							
	At the beginning of the year	1440000	1.63	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	3,49,50,000	9.07
	Decrease due to tranfer to Banks as on 31.03.2018			31.03.2018	Decrease	Transfer	74,05,944	1.92
	At the End of the year			31.03.2018			2,89,84,056	7.52
14	**PANORAMA COMMERCIAL PVT LTD**							
	At the beginning of the year	0	0.00	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	10,00,000	0.26
	At the End of the year			31.03.2018			10,00,000	0.26
15	**MSP ROLLING MILLS PVT LTD**							
	At the beginning of the year	0	0.00	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	44,60,000	1.16
	At the End of the year			31.03.2018			44,60,000	1.16
16	**SHREE VINAY FINVEST PVT. LTD.**							
	At the beginning of the year	78543	0.09	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	68,00,000	1.76
	At the End of the year			31.03.2018			68,78,543	1.78
17	**GILBART MERCHANTS PVT LTD**							
	At the beginning of the year	504426	0.57	1.04.2017				
	Increase due to allotment as on 12.03.2018			12.03.2018	Increase	Allotment	80,00,000	2.08
	At the End of the year			31.03.2018			85,04,426	2.21

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name (top ten Shareholders as on 1.04.2017 & 31.03.2018 is to be provided)	Shareholding at the beginning of the year (1.04.2017)/ End of the Year (31.03.2018)		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	**STATE BANK OF INDIA**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18				
	At the End of the year			31-Mar-18			4,63,34,367	12.02
2	**MOD COMMODEAL PRIVATE LIMITED**							
	At the beginning of the year	313635	0.36	1-Apr-17		TRANSFER & PURSUANT TO S4A SCHEME		
	Decrease due to sale as on 29.09.2017	-	-	29-Sep-17	DECREASE		521	-
	Increase due to allotment as on 12.03.2018	-	-	12-Mar-18	INCREASE		3,11,87,900	8.09
	At the End of the year			31-Mar-18			3,15,01,014	8.17
3	**SHRINGAR MERCANTILE PVT. LTD.**							
	At the beginning of the year	41200	0.05	1-Apr-17	INCREASE	TRANSFER & PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 12.03.2018			12-Mar-18			2,81,70,000	7.31
	At the End of the year			31-Mar-18			2,82,11,200	7.32
4	**ALLAHABAD BANK**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18			1,54,01,434	4.00
	At the End of the year			31-Mar-18			1,54,01,434	4.00
5	**ORIENTAL BANK OF COMMERCE**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18			1,33,56,409	3.47
	At the End of the year			31-Mar-18			1,33,56,409	3.47
6	**UNION BANK OF INDIA**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18			1,30,56,982	3.39
	At the End of the year			31-Mar-18			1,30,56,982	3.39
7	**CORPORATION BANK**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18			84,82,007	2.20
	At the End of the year			31-Mar-18			84,82,007	2.20
8	**ICICI BANK LTD**							
	At the beginning of the year	-	-	1-Apr-17	INCREASE	PURSUANT TO S4A SCHEME		
	Increase due to allotment as on 31.03.2018			31-Mar-18			70,54,764	1.83
	At the End of the year			31-Mar-18			70,54,764	1.83
9	**ANUBHAV VINCOM PRIVATE LIMITED**							
	At the beginning of the year	35,00,000.00	3.97	1-Apr-17	NIL MOMENT			
	At the End of the year			31-Mar-18			35,00,000	0.91
10	**PANCHWATI AGENCIES PVT LTD**							
	At the beginning of the year	35,00,000.00	3.97	1-Apr-17	NIL MOMENT			
	At the End of the year			31-Mar-18			35,00,000	0.91

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	**SURESH KUMAR AGRAWAL**					Nil movement during the year		
	At the beginning of the year	1,41,000	0.16	1-Apr-17	-		1,41,000	0.04
	At the End of the year			31-Mar-18				
2	**MANISH AGRAWAL**					Nil movement during the year		
	At the beginning of the year	3,09,000	0.35	1-Apr-17	-		3,09,000	0.08
	At the End of the year			31-Mar-18				
3	**SAKET AGRAWAL**					Nil movement during the year		
	At the beginning of the year	2,04,000	0.23	1-Apr-17	-		2,04,000	0.05
	At the End of the year			31-Mar-18				
4	**NAVNEET JAGATRAMKA**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
5	**ASHOK KUMAR SOIN**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
6	**PRIYANKA TIWARI**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
7	**DHANANJAY UCHIT SINGH**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
8	**KAPIL DEO PANDEY**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
9	**SHREYA KAR**					Nil movement during the year		
	At the beginning of the year (Appointed as a Company Secretary on 01.05.16)	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				
10	**KAMAL KUMAR JAIN**					Nil movement during the year		
	At the beginning of the year	Nil	Nil	1-Apr-17	-		Nil	Nil
	At the End of the year			31-Mar-18				

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year			0	-
i) Principal Amount	1,16,284.34	498.24	0	1,16,782.58
ii) Interest due but not paid	137.37	0	0	137.37
iii) Interest accrued but not due	5.35	0	0	5.35
Total (i+ii+iii)	**1,16,427.06**	**498.24**	**-**	**1,16,925.30**
Change in Indebtedness during the financial year				
Addition	12,007.31	12,980.60	0	24,987.91
Reduction	69,999.53	60.00	0	70,059.53
Net Change	**(57,992.22)**	**12,920.60**	**0**	**(45,071.62)**
Indebtedness at the end of the financial year				
i) Principal Amount	58,015.47	13,418.84	0	71,434.31
ii) Interest due but not paid	419.37	-	0	419.37
iii) Interest accrued but not due	-	-	0	-
Total (i+ii+iii)	**58,434.84**	**13,418.84**	**0**	**71,853.68**

VI. RVI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Mr. Dhananjay Uchit Singh	Mr. Saket Agrawal*	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,00,000	32,90,000	40,90,000
	(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	-	-	-
	Total (A)	**8,00,000**	**32,90,000**	**40,90,000**
	Ceiling as per the Act	As per Schedule V of the Act		

*Calculation of the remuneration excludes amount of incentive during the year

B. Remuneration to other directors *

Sl. no.	Particulars of Remuneration	Mr. Ashok Kumar Soin	Mr. Navneet Jagatramka	Mrs. Priyanka Tiwari	Mr. Kapil Deo Pandey	Total Amount
1	Independent Directors					
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	
	Total (1)	Nil	Nil	Nil	Nil	
2	Other Non-Executive Directors	Mr. Manish Agrawal	Mr. Suresh Kumar Agrawal			
	Fee for attending board / committee meetings	Nil	Nil			
	Commission	Nil	Nil			
	Others, please specify	Nil	Nil			
	Total (2)	Nil	Nil			
	Total (B)=(1+2)	Nil	Nil			
Total Managerial Remuneration						34,00,000
Overall Ceiling as per the Act		As per Schedule V of the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Shreya Kar**	Mr. Kamal Kumar Jain	
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,52,000	22,47,000	22,68,840
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify…	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (C)	**4,52,000**	**22,47,000**	**22,68,840**

** Appointed as a Company secretary w.e.f. 01.05.2016

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	**"NO PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES"**				
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE 3

Corporate Social Responsibility for the F.Y.17-18
(Pursuant to Section 135 of the Companies Act, 2013)

A brief outline of the Company's CSR Policy:
Corporate Social Responsibility is a process whereby the Company integrates social and environmental concerns in their business operations in a way through which a Company achieves a balance of social. Economic and environmental imperatives and at the same time meeting up to the expectations of stakeholders and enhancing shareholders value.

Your Company understands the need of promoting social well being of the weaker section of the society. As a part of initiative under Corporate Social Responsibility the Company has undertaken various projects to promote health, growth development and education in the rural areas.

The CSR Policy of the Company is available at: mspsteel.com/csr-policy/CSR POLICY.pdf

Composition of CSR Committee:

The CSR Committee comprises of the following:
a. Mr. Kapil Deo Pandey - Chairman
b. Mr. Saket Agrawal - Member
c. Mr. Manish Agrawal - Member

Average net profit of the Company in the last three financial years: Rs. (36,165.46) lacs

Prescribed CSR Expenditure (2% of the average net profit for the last three financial years): Rs. (723.31) lacs

Details of CSR spent during the financial year:
Total amount to be spent for the financial year: N.A
Amount unspent, if any: N.A
Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs 1. Local area 2. Specify the state and district where the project or programs was undertaken**	**Amount outlay (budget) project or programs wise (Rs. In lacs)**	**Amount spend on projects or programs Sub heads:**		**Cumulative expenditure upto the F.Y 2016-17 (Rs. In lacs)**	**Amount spend: Direct or through implementing agency**
					Direct expenditure (Rs. In lacs)	**Overheads**		
1.	Eradication of illiteracy	Enhancing education in rural area by setting up a school, renovation of the old school buildings.	Raigarh, Chhattisgarh	21.00	20.28		156.64	Direct
2.	Health	Promoting preventive healthcare	Raigarh, Chhattisgarh	1.00	0.70		50.01	Direct
3.	Infrastructural Development	Rural Development Projects	Raigarh, Chhattisgarh	2.00	1.95		182.38	Direct
4.	Social Activity	Improving Living Conditions	Raigarh, Chhattisgarh	24.00	23.86		174.99	Direct
Total				**48.00**	**46.79**		**564.02**	

ANNEXURE 4

Remuneration

Sl No.	Name of the Director/KMP & Designation	Remuneration of Director/KMP for financial year 2017-18 (Rs. in Lacs)	% increase in remuneration in the F.Y 2016-17	Ratio of Remuneration of each Director/to median remuneration of employees
1	Mr. Saket Agrawal Managing Director	32.90	17.5	243.15
2	Mr. Suresh Kumar Agrawal (Chairman)	26.90	NA	Nil
3	Mr. D.Singh Executive Director	8.00	33	59.13
4	Mr. Manish Agrawal Non- Executive Promoter Director	30.00	NA	Nil
5	Mr. Ashok Kumar Soin Non-Executive Independent Director	Nil	Nil	Nil
6	Mr. Navneet Jagatramka Non-Executive Independent Director	Nil	Nil	Nil
7	Mrs. Priyanka Tiwari Non-Executive Independent Director	Nil	Nil	Nil
8	Mr. Kamal Kumar Jain Chief Financial Offier	22.47	17.27	Not Applicable
9	Ms. Shreya Kar Company Secretary	4.52	36.96	Not Applicable

i. The median remuneration of employees of the Company during the financial year was Rs.13530.5 i.e 2 lacs approx

ii. There have been decrease in the median remuneration as compared to previous year

iii. There were 968 permanent employees on the rolls of Company as on March 31, 2018;

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in FY 2017-18 was 10.15%

v. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees

Notes :
1. The percentage increase in remuneration to Mr. Suresh Kumar Agrawal, as Chairman is not applicable as this being his first year of of receiving remuneration under remuneration policy of the Company

ANNEXURE 5

Conservation of Energy, Technology Absorption, Foreign Exchanges Earning & Outgo:

The Information as per Section 134(3)(m) of the Companies Act, 2013 read with relevant Rules framed thereunder Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo relating to the financial year ended 31st March, 2018 is as follows:

A. Conservation of energy-

i. the steps taken or impact on conservation of energy: The company is always conscious about the need for energy conservation. Continuous monitoring optimization of energy conservation is undertaken at plant level. Online hot charging of billet has been implemented for reduction of Thermal Energy in Structure Mill division.

ii. the steps taken by the company for utilizing alternate sources of energy: Nil

iii. the capital investment on energy conservation equipments: Nil

B. Technology absorption-

i. the efforts made towards technology absorption: No major technology has been adopted by the Company during the year.

ii. the benefits derived like product improvement, cost reduction, product development or import substitution: N.A

iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -

a. the details of technology imported; N.A
b. the year of import; N.A
c. whether the technology been fully absorbed; N.A
d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

iv. the expenditure incurred on Research and Development: The company so has far not carried out any major Research and Development work. The Company shall however undertake Research and Development work as and when required to improve the quality of its products. The company has not incurred any expenditure on this account so far. The Company, however, has a full-fledged laboratory at its integrated steel plant for testing of raw materials and also of the finished products.

C.Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(Rs. In Lacs)

Particulars	2017-18	2016-17
Foreign Exchange earnings		
Export sales*	8,739.41	7,725.39
Foreign Exchange Outgo		
Import – consumables - (stores)	217.72	57.94
Capital goods	-	-
Raw materials	21,162.00	13,170.80
Travelling and others	26.51	31.44
Interest	145.22	132.12

* Export sales includes export made in Indian Rupees.

ANNEXURE 6

SECRETARIAL AUDIT REPORT
for the financial year ended 31st March 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MSP Steel & Power Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MSP Steel & Power Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that 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. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

(v) 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 (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 (SEBI Act) were not applicable to the Company under the financial year under report :

a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

3. The Company is in the business of manufacturing of steel & sponge iron.The following Acts, over and above other laws etc., are applicable to the Company:

- Indian Contract Act,1872
- Factories Act, 1948
- Income Tax Act,1961 and Indirect Tax Laws
- Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rules, 2003
- Environment Protection Act, 1986 and other Environmental Laws.
- All applicable Labour Laws

4. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s) as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:

(i) External Commercial Borrowings were not attracted to the Company under the financial year under report;

(ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;

(iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.

6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned abovesubject to the following: Certain related party transaction(s)entered into by the Company requires prior approval of the Audit Committee. The Register for Related Party Transactions during the year under scrutiny requires updation

7. As per the information and explanation provided by the company, its officers, agents and authorised representation during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any commercial instruments under the financial year under report.

8. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

9. We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

10. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

11. During the audit period, except the events listed below no other events occurred which has any major bearing on the Company:

- The Company had approached the Joint Lender's Forum (JLF) to pursue restructuring of the stressed assets of the Company under the Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") introduced by RBI.The Joint lenders' forum (JLF) of the Company adopted the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India on October 24, 2017 with reference date as July 31, 2017.

The Company has allotted 297,315,000 equity shares of Rs.10 each as per the approval accorded by the shareholders of the Company on March 12, 2018 pursuant to contract(s) without payment being received in cash and Listing approval received from BSE/NSE on March 26, 2018. Trading approval received on March 28, 2018.

The Company Issued 451,970,554 nos. of OCD amounting to Rs. 4,519,705,540/-

For PS & Associates

(Swati Bajaj) **Place : Kolkata Partner**
C.P.No.: 3502, ACS:13216 **Date:14th August, 2018**

ANNEXURE A

To,
The Members,
MSP Steel & Power Limited

Our report of even date is to be read along with this letter:

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

2. We have followed the audit practices and 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, followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

5. 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.

For PS & Associates

(Swati Bajaj) **Place : Kolkata**
Partner **Date : 14th August, 2018**
C.P.No.: 3502, ACS:13216

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

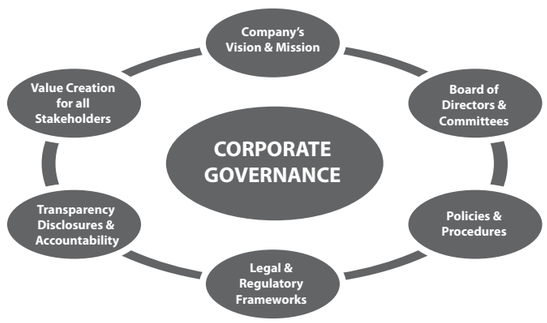
In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as "SEBI Listing Regulations"], a Report on Corporate Governance for the Financial Year 2017-18 is presented below:

MSPL'S PHILOSOPHY ON CORPORATE GOVERNANCE

At MSP Steel & Power Ltd. (MSPL) Corporate Governance is all about creation and enhancement of a long-term trust between the company and its stakeholders by managing the Company's affairs in a manner which ensures accountability, transparency, timely disclosures, ethics and fairness in all the business matters. MSPL believes the highest standard of Corporate Governance can be achieved by merely not drafting the codes but in practicing it in the day- to- day functioning of the your Company and in implementation of the same in business strategy. The Company's true success lies in how it maintains its professionalism combined with practice of good Corporate Governance. Your Company is committed to practice sound Corporate Governance policies and procedures which would not only retain investor trust but also provide oversight to the strategy implementation, risk management and fulfillment of goal and objectives.

The Corporate Governance framework of MSPL is based on following principles:

- An active Board of Directors and Committees with proper size and composition, having high qualifications, experience and expertise in their respective fields;
- Adoption and implementation of the policies and procedures as would be required for timely disclosures of the information and proper functioning of the Company;
- Exercising a robust mechanism and processes that would ensure expedient compliance with all the legal and regulatory frameworks as required by different statutes/ norms/ regulations etc.
- Transparency and accountability at all the levels ensures that the organization is managed and monitored in a responsible manner. Appropriate and timely disclosures for dissemination of information to the stakeholders of the Company.
- Developing policies to strengthen the governance principles and to generate long-term value for stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.
- MSPL is committed to set a balanced corporate governance system which provides the framework for attaining the company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

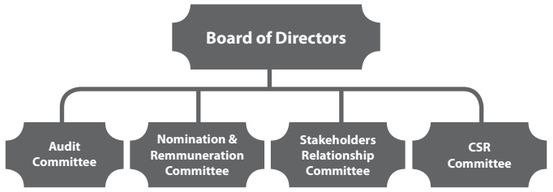


GOVERNANCE STRUCTURE

The Corporate Governance structure at MSP Steel & Power Limited:

I. Board of Directors: The Board of Directors is entrusted with the responsibility of looking after work of the management and performance of the Company. The Directors plays a fiduciary role in reviewing and guiding corporate strategy, major plans of action, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, so as to ensure that Board act in good faith, with due diligence and care, and in the best interest of the shareholders.

II. Committees of the Board: The Board constituted Committees to look after the operation of the Company within a given framework. The Committees of the Board are as follows: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee



I. BOARD OF DIRECTORS

Size and Composition of The Board

The Composition of the Board of Directors('Board') is in conformity with the provisions of the Companies Act, 2013 and rules made thereunder and Regulation 17 of SEBI (Listing Regulations and Disclosure Requirements), Regulations, 2015 ('Listing Regulations')

The Board of your Company has a balanced mix of Executive and Non-Executive Director with half of the Board of the Company comprising of Independent Directors. As on March 31, 2018, the Board comprised of 8 Directors two of whom are Executive Directors, two Non executive Directors and four Independent Directors including a Woman Director. Your Board holds a diverse and highly professional, experienced and competent Directors having knowledge and expertise in industry, finance, law, banking, insurance, management, technology and other allied fields which enables them to carry on their responsibilities and business effectively. The Board reviews its policies and strategies from time to time to ensure that it remains aligned with the business requirements as well as are in the best interest of the stakeholders.

Classification of the Board as on 31st March , 2018 are as follows:

Category	Number of Directors	% of total Number of Directors
Executive Directors	2	25
Non-Executive Independent Directors (including Woman Director)	4	50
Other Non- Executive Directors	2	25
Total	**8**	**100**

Disclosure of inter-se relationships between Directors

None of the Directors are relative of other Directors of the Company except Mr. Saket Agrawal who is the son of Mr. Suresh Kumar Agrawal. The term "relative" is considered as defined under Section 2(77) of the Companies Act, 2013.

Familiarisation Programmes for Board Members

Your Company organised sessions at its various meetings held during the financial year 2017-18 to familiarize the Independent Directors and other Directors about their role and responsibilities, industry outlook, business strategy, Company's operations, products, market, group structure etc. The Program also intends to provide insights about the latest developments in the Company's business, external and internal risks involved in the business and the strategy to minimize the risk. This enables the Directors to get a deep understanding of the Company, its value, culture, structure and purpose and facilitates their active participation in overseeing the Company's Overall functioning.

Board Members are briefed about the updates relevant to the statutory changes in any regulatory laws or frameworks and its impact on the business of the Company. Site visit to the plants and factories are conducted to make the Independent Directors familiar with the manufacturing and operating procedure of different products and processes.

The Company has put up details of the familiarization programme on its website and can be accessed through URL: http://mspsteel.com/familiarization-programmes

Board Meetings

The Board meets at least once in a quarter to review quarterly financial performance, discuss and decide on other items of agenda apart from other regular business matters.

Nine Board Meetings were held during the financial year as against the minimum requirement of four meetings. The Meetings are usually held at the Corporate Office of the Company at 16/S Block-A, NewAlipore, Kolkata – 700053.

Dates on which the Board Meetings were held during the Financial Year 2017-18 are as follows:

Date	Board Strength	Numbers of Directors Present
27th May, 2017	8	6
17th June, 2017	8	6
10th July, 2017	8	6
4th August, 2017	8	6
14th August, 2017	8	5
31st August, 2017	8	6
23rd September, 2017	8	7
14th November, 2017	8	5
23rd January, 2018	8	6
13th February, 2018	8	5
12th March, 2018	8	6

Board Meeting Process of Convention and Conduction

Notice and detailed agenda along with the relevant notes are sent in advance separately to each Director at least seven(7) days prior to the date of meeting to enable the Directors to take an informed decision. In exceptional cases, where it is not practicable to attach any documents to the agenda, the same is tabled at the meeting with the prior approval of Board and/Committees as may be relevant.

As per the requirements of Part A of Schedule II of Listing Regulations and provisions of Companies Act, 2013, the Chairman along with the Board Members review, discuss and decide on the strategies and business plans, annual operating plans and capital budgets as well as updates to the same, investments opportunities and overall working operations of the Company, compliance report of all laws applicable to the Company as well as steps taken to rectify instances of non-compliance,if any. The Board also reviews minutes of the meeting of the Committees of the Board and subsidiary Company, adoption of quarterly and annual financial results of the Company, major accounting provisions and write-offs, related party transactions, loans advanced or borrowed, transactions pertaining to purchase and/or disposal of properties, corporate restructuring, significant or material transactions entered into by the subsidiary company, any material show cause or demand or prosecution and penalty notices, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, any issue which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company non-payment for the goods sold by the Company, transactions that involve substantial payment towards goodwill, brand equity, or intellectual property, steps taken by the management to minimize the risks of adverse exchange rate movement that may have have negative impact on the Company, significant labour problems s and their proposed solutions, information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Company Secretary and Chief Financial Officer.

The Company Secretary attends all the meetings of the Board and its Committees to advise and assure on compliance with applicable laws and governance principles.

Recording of the minutes of proceedings at Board and Committee meetings

The Company Secretary records minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/ Committees within in 15 days of the meeting for their comments. The final minutes are entered in the Minutes Book within 30days from conclusion of the meeting signed respectively by the Chairman of the meeting.

Compliance

The Company Secretary, while preparing the notes, agenda, and minutes of the meeting(s), is responsible to ensure adherence to all applicable laws and regulations, including SEBI (LODR) Regulations, 2015, the Companies Act, 2013 read with rules issued thereunder, as applicable and Secretarial Standard-1 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India.

Attendance of the Directors at Board Meetings, the last Annual General Meeting and number of other Directorships and Chairmanships/Memberships of each Director in various companies:

The details of the attendance of the Directors at the Board Meetings held during the financial year 2017-18 and at the last Annual

General Meeting (AGM), as well as the number of Directorships, Committee Chairmanships and Memberships held by them in other Public Companies and number of shares held by non-executive directors are stated below:

Name of Director	Category	Attendance at Board Meeting during 17-18	Attendance at 48th AGM	Directorship in other listed companies (Including MSPL)	Chairmanship of Committees in other Companies (Including MSPL)*	Membership of Committees in other Companies (Including MSPL)*	Shareholding in the Company as on 31.03.2018**
Mr. Suresh Kumar Agrawal	Chairman/ NED/PD	11/11	Yes	2	0	0	141000
Mr. Dhananjay Uchit Singh	ED	5/11	Yes	1	0	0	0
Mr. Manish Agrawal	NED/PD	11/11	Yes	2	0	4	309000
Mr. Saket Agrawal	Managing Director, ED/PD	10/11	Yes	1	0	2	N.A
Mr. Navneet Jagatramka	ID	5/11	No	1	0	1	0
Mr. Ashok Kumar Soin	ID	4/11	No	1	0	0	0
Mrs. Priyanka Tiwari	ID	9/11	No	2	4	0	0
Mr. Kapil Deo Pandey	ID	9/11	Yes	1	1	2	0

Notes:

 # NED: Non-Executive Director, ED: Executive Director, PD: Promoter Director, ID: Non-Executive Independent Director

** In accordance with the Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, only Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies (whether listed or not) have been considered.*

*** Disclosure of Shareholding of Non- Executive Directors.*

Performance Evaluation

Pursuant to the provisions of the Companies Act 2013 and Listing Regulations, the Nomination and Remuneration Committee in consultation with the Board of Directors has formulated a framework containing the process criteria for evaluation of the performance of the Board, its Committees and individual directors including Independent Directors.

The Board for the financial year ended carried out an annual evaluation of its own performance, the Independent Directors as well as workings of the Committees. The Nomination and Remuneration Committee has also carried out evaluation of every Director's Performance. The evaluation process focused on various aspects such as composition of the Board and its Committees, execution and performance of specific duties and obligations, level of work contribution and engagement of Directors. The entire Board of Directors reviewed the performance of individual Independent Director, excluding the Director being evaluated on basis of the following parameters:

- Their participation in the Board and Committees of the Board in which they are chairpersons or members;
- Devoting sufficient time and attention for balanced and proper functioning of the Company
- Their ability to keep themselves well informed about the Company and the external environment;
- Their ability to keep a check on corporate governance practice of the Company
- Refraining from any action that would lead to loss of their independence;

The Independent Directors had met separately on 13.02.2017 without the attendance of Non Independent Directors and members of management to review the performance of Non Independent Directors, the Board as a whole and the Chairperson of the Company on the basis of various parameters as mentioned in the Evaluation policy of the Company.

Remuneration Policy

A policy on determining remuneration to be paid to the Executive Directors, Non- Executive Directors and the Independent Directors has been framed by Nomination and Remuneration Committee. The remuneration paid to the Directors of the Company is approved by the Board on recommendation of Nomination and remuneration Committee. The remuneration strategy is performance linked and in consonance with the existing industry practice.

Remuneration to Executive Director

Remuneration to the Executive Directors are paid on monthly basis which includes fixed components and a variable performance incentive. Annual Increments done for the financial year if any, is based on the performance evaluation done by the Nomination and Remuneration of the Committee or otherwise. As the Company was suffering losses during the financial year, the Executive Directors were paid in accordance with the slab prescribed under Schedule V of the Companies Act, 2013. Approval of the shareholders were accorded wherever required as per the provisions of the Act and Listing Regulations.

Remuneration to Non- Executive Directors including Independent Directors

A Non- Executive Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. Fees and compensation, if any paid to Non-Executive Directors and/or Independent Directors, is fixed by Board of Directors and is approved by Shareholders.

An Independent Director may receive remuneration by way of fee in conformity with the provisions of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the shareholders as recommended by the Committee and the Board.
During the year no sitting fee is paid to any Non- Executive Director for attending the meeting of the Board of Directors or a Committee thereof.

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the company. The Company does not have any Stock Option Scheme for its Executive or Non-executive Directors. There are no separate provisions for notice period or severance fees.

The details of the remuneration paid to Directors for the financial year 2017-18 are as follows:

Name	Salary (Rs.) per month	Perquisite/ Benefit, etc. (fixed component)	Performance Linked Incentive	Period of Contract From
Mr. Saket Agrawal (Managing Director- Executive Director)	30.00 lacs	NIL	2.90 lacs	14.11.2014
Mr. Dhananjay Uchit Singh (Executive Director)	6.00	NIL	2.00lacs	21.09.2015
Mr. Manish Agrawal (Non-executive Promoter Director)	30.00 lacs	NIL	NIL	

II. BOARD COMMITTEES

The Board Committees play a crucial role in strengthening the Corporate Governance practice and have been constituted to deal the specific areas and activities which concern the Company and requires a closer view. The Board Committees meet at regular intervals and take necessary steps to perform its duties as entrusted by the Board. The minutes of the Committee Meetings are placed before the Board for noting. The Composition of the Board Committees is also available on the website of the Company at www.mspsteel.com.

The Board currently has four Committees:

A. Audit Committee
B. Nomination & Remuneration Committee
C. Stakeholders' Relationship Committee
D. Corporate Social Responsibility Committee

A. AUDIT COMMITTEE

The Audit Committee is entrusted with the responsibility of overseeing financial reporting process and disclosures, review financial statements, internal audit reports, related party transactions, financial and risk management policies, auditors qualifications etc. All the members of the Committees are financially literate having adequate knowledge of Accounts, audit, finance, taxation and governance . The composition, power, role and terms of reference are in line with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

The Committee as on 31st March, 2018, comprised of four (4) Directors of which three(3) Directors are independent. Mrs. Priyanka Tiwari, is the chairperson of the Committee and has Mr. Kapil Deo Pandey, Mr. Saket Agrawal, Mr. Navneet Jagatramka as its members.

Meetings and Attendance

During the Financial Year 2017-18,the Audit Committee met five times on 27th May, 2017, 17th June, 2017, 14th August, 2017 , 14th November, 2017 and 13th February, 2018. The time gap between any two meetings did not exceed one hundred and twenty days. Mr. Kapil Deo Pandey attended the last AGM of the Company held on 23rd September, 2017 on behalf of the Chairperson of the Committee. The details of the attendance of the member is as under:

Name	Category	Position	Number of Meetings	
			Held	Attended
Mrs. Priyanka Tiwari	Independent Director	Chairperson	5	5
Mr. Navneet Jagatramka	Independent Director	Member	5	3
Mr. Kapil Deo Pandey	Independent Director	Member	5	3
Mr. Saket Agrawal	Executive Director	Member	5	4

Role of Audit Committee

The role of Audit Committee includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;

2.Recommending for appointment, remuneration and terms of appointment of auditors;

3. Approval for payment to Statutory Auditors for any other services;

4. reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval ;

5.reviewing, with the management, the quarterly financial statements before submission to the Baord;
6.reviewing and monitoring the auditor's independence and performance, and effectiveness of auditors process;

7.reviewing, approving and subsequently modifying the statement of related party transactions of the Company with the related parties;

8.scrutinising inter-corporate loans and investments of the Company;

9.evaluating the internal financial controls and risk management systems and adequacy of internal audit function;

10.discussing with the statutory auditor and internal auditor about the scope of the audit and post -audit discussion on the area of concern;

11.reviewing the functioning of whistle blower mechanism;

12.looking in to the reasons for substantial default in payment to the creditors or shareholder;

13.approval of appointment of Chief Financial officer after assessing the qualifications, experience and background of the candidate;

14.reviewing management discussion and analysis of the financial condition and results of operations;

15.reviewing and discussing on internal audit reports relating to internal control weakness;

16.reviewing the internal control weakness as per the letter issued by the statutory auditors and as stated in Internal Audit Report;

17.reviewing the the appointment, removal and terms of remuneration of Chief Internal Auditor;

18.carrying out such other function as directed by the Board from time to time and /or enforced by any statutory notification, amendments as may be applicable.

The meetings of the Audit Committee are also attended by the Chief Financial Officer and Company Secretary Statutory Auditor and Internal Auditor are the permanent invitees to the Committee Meetings. The draft of the minutes of each meeting are placed before the Board for their consideration.

B. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee as formed by the Board is in conformity the Listing Regulations and Companies Act, 2013, with all the Directors being Non-Executive and fifty percent of them being Independent Directors. As on 31st March, 2018 the Committee comprises of three Non-Executive Director of which two are Independent Directors.

Meetings and Attendance

The Committee met twice during the financial year 2017-18, on 17th June, 2017 and 14th August, 2017. The details of the attendance of the members is as under:

Name	Category	Position	Number of Meetings	
			Held	**Attended**
Mr. Kapil Deo Pandey	Independent Director	Chairperson	2	2
Mr. Navneet Jagatramka	Independent Director	Member	2	0
Mr. Manish Agrawal	Non-Executive Director	Member	2	2

Role of Nomination and Remuneration Committee

The roles and responsibilities of the Committees as specified in SEBI(LODR) Regulations, 2015 and Companies Act, 2013 includes the following:

1. formulate criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

2. formulate criteria for evaluation of Board's and Director's performance and to evaluate performance of every Directors ;

3. devise policy on Board's Diversity;

4. identify persons who are qualified to become Directors and who may be appointed in senior management in
with the criteria laid down, and recommend to the Board their appointment and removal;

5. to ensure that the level of composition of remuneration is reasonable enough to retain and motivate Directors, KMPs and other employees and at the same time ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks;

6. place necessary reports before the Chairman after completion of evaluation process;

7. carrying out such other function as directed by the Board from time to time and /or enforced by any statutory notification, amendments as may be applicable.

The performance evaluation criteria as formulated by the Committee is stated under the "Performance Evaluation" section of the Corporate Governance Report.

C.STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee is constituted to specifically look into the mechanism of redressal of grievances of shareholders and other stake holders and review the work of Registrar and Transfer agent of the Company and other share related issues. The Committee comprises of three Directors. Mr. Kapil Deo Pandey, Independent Director is Chairman of the Committee.

Meetings and Attendance

During the year under review the Committee met six times on the following dates: 27th May, 2017; 17th June, 2016; 10th July, 2017;14th August, 2017, 23rd January, 2018;13th February, 2018. The attendance of the Stakeholders Relationship Committee are as follows:

Name	Category	Position	Number of Meetings	
			Held	**Attended**
Mr. Kapil Deo Pandey	Independent Director	Chairman	6	5
Mr.Manish Agrawal	Non-Executive Director	Member	6	6
Mr. Saket Agrawal	Executive Director	Member	6	5

Role of Stakeholders' Relationship Committee

The role and responsibility of the Committee includes the following:

1. review the quarterly and half yearly reports as submitted by the Registrar and Share Transfer Agents of the Company;

2. consider and resolve the grievance of the security holders of the Company related to transfer of shares, non-receipt of annual report,non- receipt of declared dividends, etc.;

3. approve transfer and transmission of shares and issue of duplicate share certificates;

4. to carry out such other duties as may be delegated by the Board from time to time.

Compliance Officer

Ms. Shreya Kar, Company Secretary acts as the Compliance Officer of the Company for complying with requirements of SEBI Regulations and submission of necessary information to the Stock Exchanges as and when required.

Investor Grievance Redressal

Number of complaints received and resolved during the financial year 2017-18 are stated as under:

Nature of Complaint	Complaints Received	Complaints Resolved	Complaints Pending
Non- Receipt of Securities	1	1	Nil
Consolidation/ Split of Securities	0	0	Nil
Rematerialisation/ Dematerialisation of shares	0	0	Nil
Others	5	5	Nil

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee consists of three Directors of which Mr. Manish Agrawal, Non- Executive Director is Chairperson of the Committee with Mr. Saket Agrawal and Mr. Kapil Deo Pandey as its member.

Meetings and Attendance

The CSR Committee met on 13.02.18 to recommend and monitor on the CSR activities of the Company. The attendance of the members are as follows:

Name	Category	Position	Number of Meetings	
			Held	**Attended**
Mr.Manish Agrawal	Non-Executive Director	Chairman	1	1
Mr. Kapil Deo Pandey	Independent Director	Member	1	1
Mr. Saket Agrawal	Executive Director	Member	1	1

Role of CSR Committee:

The Committee performs the following functions:
review the CSR policy of the Company and indicate the activities that needs to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
recommend on the amount of expenditure to be incurred on the activities and monitor the CSR activities of the Company;

The Company has in place CSR Policy as formulated by the Committee and approved by the Board of Directors. The CSR Policy of the Company is available on the website of the Company at www.mspsteel.com and can be accessed through the link: (Web link: http://www.mspsteel.com/csr-policy/CSR%20POLICY.pdf). The details of the expenditure incurred by the Company in the CSR activities during the financial year is annexed to the Directors Report.

DISCLOSURES:

a) Related Party Transactions

All the related party transactions as defined under Sec188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations and entered during the financial year were in the ordinary course of business and on arms length basis. There were no significant material transactions entered with the related parties which were in conflict with the interest of the Company. The list of the related party transactions is disclosed under the notes forming part of the Financial Statement in accordance with IND AS. A statement of the transactions entered with related parties into by the Company is placed for review before the Audit Committee. The Board of the Directors has laid down a policy on dealing with the material related party transactions pursuant to the provisions of the Companies Act,2013 and SEBI (LODR) Regulations,2015. The same is posted on website of the Company http://mspsteel.com/related-party-transaction-policy

b) Details of Non-compliances by the Company

There were no non-compliance by the Company during the year under review neither any penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on matter related to capital markets, during the last three years.

c) Whistle Blower Policy/Vigil Mechanism

Whistle Blower Mechanism has been established by the Company for Directors and Employees to freely communicate about illegal or unethical practices or suspected/actual fraud or violation of Code of Conduct of the Company. The whistle blower policy/vigil mechanism also provides safeguard against victimization of persons and make provisions for direct access to the chairperson of the Audit Committee.

The Audit Committee oversees the working of vigil mechanism and reviews on a periodical basis the policy and functioning of the same.The details of the policy has been displayed at the Company's website at www.mspsteel.com http://mspsteel.com/vigil-policy. A brief on the policy is also given in the Director's Report.

d) Compliance with mandatory Requirements

The Company has complied with all mandatory requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Non- mandatory items of Corporate Governance

Your Company has also ensured the implementation of non – mandatory items such as:

- Separate posts of Chairperson and MD & CEO and re-imbursement of expenses in the performance of duties
- Unmodified audit Opinions/Reporting
- The internal auditor reports directly to the Audit Committee

e) Subsidiary Companies

MSP Cement Limited is the wholly owned subsidiary of the Company and the Audited Annual Report of the subsidiary company are placed and reviewed by Audit Committee and Board. Policy for determining material subsidiaries is displayed on the website of the Company www.mspsteel.com/Company Info/Corporate Policies/Policy.

GOVERNANCE CODE

Code of Conduct

A Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors of the Company and Senior Management Personnel of the Company. This code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. A copy of the same is available on the Company's website www.mspsteel.com (Web link: http://mspsteel.com/code-of-conduct). All the members of the Board and Senior Management Personnel have affirmed compliance to the Code of Conduct.

Code of Conduct for Prevention of Insider Trading

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a code of practices and procedures for fair disclosure of unpublished price sensitive information to facilitate fair disclosure of events and occurrences that could impact price discovery in the market for its securities.

MEANS OF COMMUNICATION WITH SHAREHOLDERS

a) Financial Results:

The Quarterly/ Annual Financial Results are submitted to the Stock Exchanges immediately after they are approved by the Board. The un-audited quarterly financial results (Standalone) are submitted within forty-five days from the end of the quarter. The Audited Financial Results (Standalone & Consolidated) are submitted within sixty days from the end of he financial year. Details of the approval and submission of results are given below:

Financial Results	Date of Approval	Date of Submission
Un-audited Financial Results for the quarter ended 30th June, 2017	14th August, 2017	14th August, 2017
Un-audited Financial Results for the quarter ended 30th September, 2017	14th November, 2017	14th November, 2017
Un-audited Financial Results for the quarter ended 31st December, 2017	13th February, 2018	13th February, 2018
Financial Results for the year ended 31st March,2018	27th May, 2018	27th May, 2018

b) Publication of Financial Results:

The financial results of the Company are published within 48 hours of the conclusion of the Board Meeting in which they are approved, in one English newspaper and one vernacular newspaper of the region where Registered Office of the Company is situated. The results were generally published in the Business Standard in English and Arthik Lipi or Kalantar, in Bengali (a regional daily newspaper) during the financial year 16-17.

c) Website:

The financial results, annual reports, official news releases and presentations made to institutional investors or to the analysts, if any along with any additional information are posted on website of the Company at www.mspsteel.com. There is a separate section " Investors" for shareholders information with sub-head " Financial Results" on the website of our Company whereby copy of the Financial results for the respective quarters are posted.

GENERAL BODY MEETINGS

a) Annual General Meetings

The details of the date, time and venue of the last three Annual General Meetings(AGM) are given below:

AGM	Financial Year	Date & Time	Venue	Details of Special Resolution Passed
46th AGM	F.Y. 2014-15	September 21, 2015 at 2.30 PM	Rotary Sadan 94/2 Chowringhee Road, Kolkata – 700 020	•To approve the Corporate Debt Restructuring package between the Company and the lenders of the Company. • To restructure loan as per provision of 62(3) of the companies Act, 2013. •To issue and offer 6% non-cumulative,non-convertible Redeemable Preference Shares u/s 55 and 62 of the Companies Act, 2013.
47th AGM	F.Y. 2015-16	September 22, 2016 at 3.30PM	Rotary Sadan 94/2 Chowringhee Road, Kolkata 700 020	Maintenance of Registers of Members at a place other than registered office of the Company.
48th AGM	F.Y. 2016-17	September 23, 2017 at 12.30PM	Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700017	•Increase in the Authorised Share Capital and •Reclassification of 6% Redeemable Non-cumulative Preference Shares to 6% Compulsorily Convertible Preference Shares •Approval for conversion of debt into Optionally Convertible Debentures (OCDs) of the Company pursuant to implementation •Ratification of Remuneration payable to Mr. Sambhu Banerjee, appointed as Cost Auditors of the Company for the F.Y. 2017-18 consequential amendments to Memorandum of Association of the Company ("CCPS"), and allotment of Equity Shares upon Conversion of CCPS of the Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") for the Company by its Lenders

b) Postal Ballot

No resolution was passed through postal ballot neither any of the resolution is proposed to be conducted through postal ballot. However, resolution if any, is required to be passed through the same shall be in Compliance with the Companies Act, 2013 and Listing Regulations.

GENERAL SHAREHOLDERS INFORMATION

a) 49th Annual General Meeting (AGM) for the Financial Year 2017-18

Day, Date and Time	thursday, 27th September 2018, 4PM
Venue	Vidya Mandir , 1 moira street, kolkata 700017
Book Closure Date	Book Closure 22.08.18 till 27.09.18
Dividend Payment Date	

b) Financial Year:

Tentative dates for the financial year 2018-19:

First Quarter Results	Held on 14th August, 2018
Second Quarter Results	On or before 14th November, 2018
Third Quarter Results	On or before 14th February, 2019
Annual Results	On or before 30th May, 2019
AGM for the year ended 2019	On or before 30th September, 2019

c) Dividend

The Board of Directors did not declare any dividend for the financial year 2017-18 as your company had inadequate profit.

Dividend History for the last 7 Years

Year of Declaration of Dividend	Date of Declaration of Dividend	Amount declared per share
2010-11	19th September, 2011	50p per equity share
2011-12	18th September, 2012	25p per equity share
2012-13	No Dividend declared	Nil
2013-14	No Dividend declared	Nil
2014-15	No Dividend declared	Nil
2015-16	No Dividend declared	Nil
2016-17	No Dividend declared	Nil

Unclaimed Dividend/Shares

Pursuant to the provisions of Section 124 of the Companies Act,2013, any money transferred to the unpaid dividend account, if, remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with interest, if any, accrued thereon to the Investor Education and Protection Fund established by the Central Government under Section 125 of the Companies Act, 2013.

Details of Unclaimed Dividend and due dates for transfer are as follows as on March 31, 2018:

d) Details of Stock Exchanges at which shares are listed

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (E),	50p per equity share
Mumbai - 400 051	MSPL	25p per equity share
BSE Limited (BSE)	P J Towers, Dalal Street, Mumbai - 400 001	532650
2013-14	No Dividend declared	Nil
2014-15	No Dividend declared	Nil
2015-16	No Dividend declared	Nil
2016-17	No Dividend declared	Nil

The Company has paid Annual Listing Fees to NSE and BSE for the financial year 2018-19.

e) Market Price Data

Market price data-during each month in Financial Year 2017-18 are:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-17	15.40	12.80	15.10	12.80
May-17	17.73	12.63	17.60	12.85
Jun-17	16.80	13.85	16.85	13.40
Jul-17	17.50	14.25	17.70	14.00
Aug-17	23.20	14.90	23.45	14.85
Sep-17	16.35	14.15	16.85	14.20
Oct-17	18.25	14.00	18.20	14.00
Nov-17	18.75	14.95	18.55	15.00
Dec-17	23.75	17.50	23.55	17.40
Jan-18	29.10	20.60	28.95	20.80
Feb-18	26.50	19.90	26.80	19.95
Mar-18	22.45	16.30	22.35	15.90

f) Comparison Chart

Chart A: MSPL' Performance in comparison with BSE Sensex
TO BE DONE

Chart B: MSPL' Performance in comparison with NSE Nifty 50
TO BE DONE

g) Registrar and ShareTransfer Agents:

Karvy Computershare Private Limited provides Registry and Share Transfer services to the Company and continues to hold requisite certificate as Category – I RTA vide SEBI Registration No.INR000000221 issued by Securities Exchange Board of India.

Contact Information:
Address: 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

h) Share Transfer System

The Board has has delegated the power of transfer of shares to the Karvy Computershare Pvt. Ltd. the Registrars and Share Transfer Agent (RTA)of the Company. The transfer of shares is processed and completed by the RTA within a period of fifteen days provided the documents are proper. In compliance with the Listing Agreement, a Company Secretary in practice audits the system of share transfer every six months and a Certificate to that effect is issued.

k) Distribution of Shareholding as on 31st March, 2018

Sl No.	Category	Cases	% of Cases	No. of Shares.	% Shareh-olding
1	upto 1 - 5000	8,223	79.50	1,386,406	0.36
2	5001 - 10000	960	9.32	835,674	0.22
3	10001 - 20000	508	4.99	823,982	0.21
4	20001 - 30000	182	1.79	483,742	0.12
5	30001 - 40000	77	0.75	280,025	0.07
6	40001 - 50000	78	0.73	360,442	0.10
7	50001 - 100000	126	1.18	921,375	0.25
8	100001 & ABOVE	178	1.74	380,323,354	98.67
	Total:	**10,332**	**100.00**	**3,854,150,000**	**100.00**

Shareholding Pattern for the year ended 31st March, 2018

Category	No. of Shares Held	% of Holding
Promoter Individuals	2,023,240	2.30
Promoters Body Corporates	158,382,285	69.60
Bodies Corporates	88,493,898	22.96
HUF	-	-
Resident Individuals	7,480,202	1.94
Banks	128,833,034	33.43
NBFC	100	0.00
Non-Resident Indians	145,388	0.04
NRI Non-Repatriation	44,963	0.01
Clearing Members	11,890	0.00
Total	**3,854,150,000**	**100.00**

Pledge of Shares :- the existing shares of the promoters are pledge , holding of the pldeged shares are given below:

Category	Category of Share-holder	No of Shareh-olders	No of fully paid up equity shares held	Number of Locked in Shares		Number of Shares pledged or otherwise encum-bered	
				No.	As a % of total Sha-res held	No.	As a % of total Sha-res held
(A)	Promoter & Promoter Group	29	160405525	97062025	60.51	63343500	39.49
(B)	Public	9959	225009475	204951001	91.09		
(C)	Non Promoter-Non Public						
(C1)	Shares unde-rlying DRs	0	0	0	0.00		
(C2)	Shares held by Employes Trusts	0	0	0	0.00		
	Total:	**9988**	**385415000**	**302013026**		**63343500**	**39.49**

l) Dematerialization of shares

The shares are regularly traded in dematerialized form to facilitate demateraillization of shares the Company has entered into arrangement with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 99.54% of the total equity shares, are held in dematerialized form and 0.46% of the Equity Shares are held in physical form. The register of Members is being maintained by the RTA in electronic form. The demateriaiilization requests received, if any, during the year were confirmed within 21 days.

m)Plant Location

Village & PO: Jamgaon, Dist: - Raigarh, Chhattisgarh

n) Address for Correspondence:

Registered Office	Corporate Office	For Investor Query
1, Crooked Lane, Kolkata – 700 069	16/S Block- A, New Alipore, Kolkata- 700053	Ms. Shreya Kar
Ph. No.: 033-22483795	Ph.No.: 033-40057777	Ph.No.:033-40057777
Fax No.: 033-22484138	Fax No.: 033-40057788	Email-id: shreya.kar@mspsteel.com

For and behalf of the Board
MSP STEEL & POWER LIMITED

Date: 30th May, 2018
Place: Kolkata

Suresh Kumar Agrawal
DIN: 00587623
(CHAIRMAN)

Manish Agrawal
Din: 00129240
(DIRECTOR)

Auditors' Certificate on Corporate Governance to the members of MSP Steel & Power Limited

To the members of

MSP Steel & Power Limited

1. We, Singhi & Co., Chartered Accountants, the statutory auditors of MSP Steel & Power Limited ("The Company"), have examined the compliance of conditions of corporate governance by the company, for the year ended March 31, 2018 as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46 (2) and para C and D of Schedule V of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither as audit nor an expression of opinion on the financial statements of the company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance note on certification of corporate governance issued by Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under section 143 (10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the guidance note on report or certificate for special purpose issued by ICAI which requires that we comply with ethical requirements of the code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Singhi & Co.
Chartered Accountants
Firm Registration No.302049E

(Shrenik Mehta) Partner
Membership No. 063769

Place: Kolkata
Dated: 30th May, 2018

Declaration Affirming Compliance With The Code Of Conduct

As required under Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board Management and Senior Management Personnel have affirmed compliance with the code of conduct for the Financial Year 2017-18.

For MSP Steel & Power Limited

Place : Kolkata **Suresh Kumar Agrawal**
Date: 30th May, 2018 **Chairperson**

CEO & CFO Certification

The Board of Directors MSP Steel & Power Limited
1, Crooked Lane, Kolkata- 700 069

In pursuance of provisions regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we, Suresh Kumar Agrawal, Chairperson and Kamal Kumar Jain, Chief Financial Officer, responsible for the finance function certify that:

a) We have reviewed the financial statements and cash flow statements for the year ended 31st March, 2017 and to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for the establishing and maintaining internal control systems for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

d) We have indicated to the auditors and the audit committee that:-

i. There have been no significant changes in internal control over financial reporting during the year.

ii. The significant changes in accounting policies arising from the adoption of the Indian Accounting Standards have been discussed and approved by the auditors and Audit Committee.

iii. There have been no instances of significant fraud of which we have become aware.

Place: Kolkata **Suresh Kumar Agrawal** **Kamal Kumar Jain**
Date: 30th May, 2018 **Chairperson** **Chief Financial Officer**

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the members of
MSP Steel & Power Limited
Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying Standalone Ind AS financial statements ("Financial Statement") of MSP STEEL & POWER LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2.The Company's Board of Directors 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 financial position, 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 the Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India.

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 judgments 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the order issued under section 143 (11) of the Act.
We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative announcements issued by Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, 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 March 31, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

7. The financial statement of the Company for the year ended March 31, 2017, prepared in accordance with companies (Indian Accounting Standard) Rules, 2015 was audited by another firm of Chartered Accountants who, vide their report dated May 27, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

9. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:

a.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. 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as stated in note 36 to the financial statement;

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.

IV. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018.

For Singhi& Co.,
Chartered Accountants
Firm's Registration No. 302049E

(Shrenik Mehta)
Partner
Membership No.063769
Place: Kolkata
Date: May 30, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 8 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to statutory audit of MSP STEEL & POWER LIMITED for the year ended March 31, 2018)

We report that:

i. In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c. 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 as shown in note no. 2 of the financial statements except freehold land gross value of INR 6.51 lakh (Net carrying amount INR. 6.51 lakh) titles for which is pending registration.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

iii. According to the information and explanations given to us :

a. The Company has granted loans to two companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

b. The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. However, the payment of interest has not been regular.

iv. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provision of section 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the Company.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the 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:

a.The Company is regular in depositing undisputed statutory dues including Provident fund, Employee's state insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, cess, Goods and Service tax and Other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance Income tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Goods and Service tax, cess, and Other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable except as below:

Nature of Statute	Nature of Dues	Amount (Rs. In lacs)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	19.02	2002-03, 2005-06, 2006-07, 2008-09 and 2009-10

b. According to the information and explanation given to us, the dues of Sales tax, Service tax, Income tax, Value added tax and duty of excise and cess, which have not been deposited on account of any dispute and the forum where the dispute is pending as at March 31, 2018 are as under :-

Nature of Statute	Nature of Dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where the Dispute is Pending
Central Excise Act, 1944	Excise Duty	1,119.57	2006-07 to 2015-16.	Chief Commissioner-Raipur
	Excise Duty	23.12	2009-10	Additional Deputy Commissioner -Bilaspur
The Finance Act 1994	Service Tax	182.62	2014-15	ITAT

Income Tax Act, 1961	Income Tax	383.78	2004-05, 2007-08, 2010-11, 2011-12	Assessing Officer (rectification)
	Income Tax	295.29	2010-11, 2013-14, 2014-15	Commissioner of Income Tax (Appeals)
Central Sales Tax	Central Sales Tax	29.18	2009-10	CESTAT, New Delhi
	Central Sales Tax	92.01	2010-13	Additional Commissioner of Sales tax

viii. The Company has defaulted in repayment of dues to Banks during the Financial Year 2017-18. However, the Joint lenders' forum (JLF) of the Company adopted the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India on October 24, 2017 with reference date as July 31, 2017. (Refer Note 45 of the Financial Statements.)

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. Based on the information and explanations given by the management, the Company has not raised any money by way of initial public offer, further public offer and debt instruments.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and 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 Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

xiv. According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares 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, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Singhi& Co.,
Chartered Accountants
Firm's Registration No. 302049E

(Shrenik Mehta)
Partner
Membership No. 063769

Place: Kolkata
Date: May 30, 2018

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 9(f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to the internal financial control under clause (i) of sub-section 3 of section 143 of the Act of MSP STEEL & POWER LIMITED for the year ended March 31, 2018, we report that:

1. We have audited the internal financial controls over financial reporting of MSP STEEL & POWER LIMITED ("the Company") as of March 31, 2018 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

2. 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

3. 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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Singhi& Co.,
Chartered Accountants
Firm's Registration No. 302049E

(Shrenik Mehta)
Partner
Membership No.063769

Place: Kolkata
Date: May 30, 2018

To the members of
MSP Steel & Power Limited
Report on the Consolidated Ind AS Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of MSP STEEL & POWER LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), its Associate and Joint venture, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility For the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associate and Joint Venture 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 the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its Associate and Joint Venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its Associate and Joint Venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative announcements issued by Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence

about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in the sub-paragraph of the other matters below,is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the Subsidiary and its Associate and Joint Venture referred to below in the other matters paragraph, the aforesaid Consolidated Ind AS 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 Consolidated state of affairs of the Group, its Associate and Joint venture as at March 31, 2018, and their Consolidated Loss (including Consolidated total comprehensive income), their Consolidated cash flows and the Consolidated statementof changes in equity for the year ended on that date.

OTHER MATTERS

8. We did not audit the financial statements / financial information of subsidiary whose financial statements / financial information reflect total assets of Rs. 62.82 lakh and net assets of Rs. 58.07 Lakh as at March 31, 2018, total revenue of Rs. Nil, total comprehensive income of Rs. Nil (comprising profit and other comprehensive income) as considered in the statement. Further, we did not audit the financial statements of the Associate and the Joint Venture whose share of total comprehensive Income considered for consolidation is Rs. 972.54 lakh and Rs.1.33 lakh respectively. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, the Associate and the Joint Venture are based solely on the report of other auditors.

Our opinion on the statement is not modified in respect of the above matter with regard to our reliance on the work done and the reports of the other auditors.

9. The Consolidated IND AS financial statement of the Company for the year ended March 31, 2017 prepared in accordance with companies (Indian Accounting Standard) Rules, 2015 was audited by another firm of Chartered Accountants who, vide their report dated May 27, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of the aforementioned matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on the separate financial statements and the other financial information of the subsidiary, Associate and Joint Venture, referred to in the 'other matter' paragraph above, we report, to the extent applicable that:

a) We /other auditors whose reports we have relied upon, 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 of the aforesaid Consolidated Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to the preparation of aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the Consolidated Ind AS financial statements.

d) In our Indian opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of statutory auditors of its subsidiary company, Associate company and Joint Venture, none of the directors of Group's Companies, it's Associate and Joint Venture is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls refer to our separate Report in "Annexure A", which is based on the audit reports of the Holding Company and its subsidiary company, Associate Company and Joint Venture incorporated in India.

g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the Subsidiary, Associate and Joint Venture, as noted in the 'Other matter' paragraph:

i. The Consolidated Ind AS financial statements has disclosed the impact of pending litigations on the Consolidated financial position of the Group as stated in Note 36 to the Consolidated financial statement;

ii. The Group 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.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended 31st March 2018.

For Singhi& Co.,
Chartered Accountants
Firm's Registration No. 302049E

(Shrenik Mehta)
Partner
Membership No. 063769

Place: Kolkata
Date: May 30, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 10 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date in respect to the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") of MSP Steel & Power Company Limited for the year ended March 31, 2018, we report that:

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company. Based on comments made by the independent auditors of the Subsidiary company, its Associate and Its Joint Venture which are incorporated in India (covered entities) with respect to the internal financial controls over financial reporting as required in terms of sub-section (3)(i) of section 143 of the Act, we report as under:

Management's responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and the covered entities are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Holding Company's and covered entities 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 system 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 judgment, 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 and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 authorizations of management and directors of the company; and(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Holding Company, its Subsidiary company, its Associate and its Joint Venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2018, based on the internal control over financial reporting criteria established by the Holding 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.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over

financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to this the Subsidiary Company and the Associate Company and the Joint Venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such Subsidiary and Associate and Joint Venture incorporated in India.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Shrenik Mehta)
Partner
Membership No. 063769

Place: Kolkata
Date: May 30, 2018

FINANCIAL STATEMENTS

MSP Steel & Power Limited
Standalone Balance Sheet as at 31st March, 2018

(₹in Lacs)

Sl. No.	Particulars	Note No.	As as 31st March, 2018	As as 31st March, 2017
A	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3	1,01,259.41	1,06,992.80
	(b) Capital Work in Progress	3	19.60	-
	(c) Financial Assets			
	(i) Investments	4	3,346.52	4,811.06
	(ii) Loans	5	280.14	275.77
	(iii) Other Financial Assets	6	280.70	271.62
	(d) Deferred Tax Assets (Net)	7	5,828.38	5,251.32
	(e) Income Tax Assets (Net)	8	98.44	77.11
			1,11,113.19	**1,17,679.68**
2	**Current Assets**			
	(a) Inventories	9	35,114.76	29,601.65
	(b) Financial Assets			
	(i) Trade Receivables	10	10,377.50	13,561.28
	(ii) Cash and Cash equivalents	11	1,349.54	739.97
	(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
	(iv) Loans	5	934.44	889.22
	(v) Other Financial Assets	6	137.31	85.87
	(c) Other Current Asset	13	15,062.68	15,524.46
			65,752.03	61,158.62
	TOTAL ASSETS		**1,76,865.22**	**1,78,838.30**
B	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share capital	14	38,541.50	8,810.00
	(b) Other Equity	15	28,015.78	32,782.56
			66,557.28	**41,592.56**
2	**LIABILITIES**			
	Non-Current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings	16	58,773.33	86,380.22
	(b) Provisions	17	78.41	77.00
			58,851.74	86,457.22
3	**Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	25,383.59	26,096.51
	(ii) Trade Payables	19	18,397.51	11,932.62
	(iii) Other Financial Liabilities	20	6,306.51	9,722.06
	(b) Other Current Liabilities	21	1,337.90	2,983.85
	(c) Provisions	17	30.69	53.48
			51,456.20	50,788.52
	TOTAL EQUITY AND LIABILITIES		**1,76,865.22**	**1,78,838.30**

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited
Statement of Standalone Profit and Loss for the year ended 31st March, 2018

(₹in Lacs)

Particulars	Notes	As as 31st March, 2018	As as 31st March, 2017
INCOME			
Revenue from Operations	22	1,18,794.72	94,181.18
Other Income	23	261.85	105.16
Total (I)		**1,19,056.57**	**94,286.34**
EXPENSES			
Cost of Materials Consumed	24	86,868.03	59,429.04
Purchase of Stock in Trade	25	-	44.90
Changes in Inventories of Finished Goods, By-products and Work in Progress	26	(765.93)	2,387.69
Excise Duty			
Employee Benefits Expenses	27	2,757.67	9,248.70
Finance Costs	28	3,323.61	2,843.47
Depreciation and Amortization Expenses	29	12,922.27	12,323.62
Other Expenses	30	5,692.03	5,642.15
Total (II)		**14,890.92**	**12,772.39**
Profit/(Loss) before Exceptional Item and Tax (I-II)		(6,632.03)	(10,405.62)
Exceptional Items (Gain)/Loss	31	(476.24)	-
Profit Before Tax		(6,155.79)	(10,405.62)
Tax Expenses	32		
Current Tax		-	154.05
Deferred Tax		(585.27)	(1,199.23)
Total Tax Expenses		(585.27)	(1,045.18)
Profit/(Loss) for the Year		**(5,570.52)**	**(9,360.44)**
Other Comprehensive Income	34		
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		26.32	(50.49)
(b) Equity Instruments through Other Comprehensive Income		3.89	152.43
(ii) Income taxes on items that will not be reclassified to profit or loss		(8.21)	-

Total Comprehensive Income for the period		**(5,548.52)**	**(9,258.50)**
Earnings per equity share of face value of ₹10/- each	34		
Basic (₹)		(5.79)	(10.64)
Diluted (₹)		(5.79)	(10.64)

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited

Standalone Cash Flow Statement for the year ended 31st March, 2018

(₹in Lacs)

	Particulars	Year ended 31st March,2018	Year ended 31st March,2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before taxes	(6,155.79)	(10,405.62)
	Adjustments for:		
	Depreciation	5,692.03	5,642.15
	Interest on loans, deposits etc.	(179.54)	(102.89)
	Interest Expenses	11,730.90	11,420.33
	Preference Share Liability Recognised	509.72	443.23
	Debenture Liability Recognised	45.32	-
	Other Finance Expenses	636.33	460.06
	Provision for Doubtful debts/ Advances/ Deposits and Claims	781.97	-
	Gain on derecognition of Financial Liability as per S4A Scheme	(1,900.99)	-
	Impairment of Investment in Associate	1,424.75	-
	(Profit) / Loss on sale of property, plant & equipment (net)	(26.23)	0.02
	Loss on Sale of Investments (Net)	13.68	-
	Dividend Income	(0.05)	(0.01)
	Operating Profit before working capital changes	**12,572.10**	**7,457.27**
	Movement in Working Capital for:		
	(Increase)/ Decrease in Trade & Other Receivables	2,845.11	(3,305.13)
	(Increase)/ Decrease in Inventories	(5,513.11)	(2,334.03)
	Increase/ (Decrease) in Trade & Other Payables	4,817.32	5,634.12
	Increase/ (Decrease) in Provisions	4.95	(14.40)
	Cash generated from Operations	14,726.37	7,437.83
	Less: Direct Taxes Paid	21.33	163.31
	Net Cash generated from Operating Activities	14,705.04	7,274.52

B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant & equipment [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(30.41)	(0.62)
	Discard / Sale of property, plant & equipment	52.04	4.13
	Loss on Sale of property, plant & equipment	26.23	(0.02)
	Sale of Investments	30.01	-
	Interest received	96.99	83.42
	Dividends received	0.05	0.01
	Net cash used in investing activities	174.91	86.91

(₹in Lacs)

		Year ended 31st March,2018	Year ended 31st March,2017
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Long Term Borrowings Received/ (paid) (Net)	(2,476.56)	(1,067.03)
	Short Term Borrowings Received/ (paid) (Net)	(805.28)	674.20
	Interest Paid	(8,323.63)	(5,220.55)
	Other Finance Expenses Paid	(636.33)	(460.06)
	Net cash generated in financing activities	(12,241.80)	(6,073.44)
	Net (Decrease) in Cash and Cash equivalents (A+B+C)	2,638.28	1,287.99
	Cash and Cash equivalents as at the beginning of the year	1,767.76	479.77
	Cash and Cash equivalents as at the end of the year *	4,406.04	1,767.76

(₹in Lacs)

		Year ended 31st March,2018	Year ended 31st March,2017
*	Components of Cash and Cash equivalents		
	Cash on hand	23.07	13.17
	With Scheduled Banks on Current Account	1,326.47	726.80
	Earmarked Balances with Banks	3,056.50	1,027.79
		4,406.04	1,767.76

Significant Accounting Policies 1
Key accounting estimates and judgements 2

The accompanying notes are an integral part of these standalone financial statements.

The amendments to Ind AS 7 Cash Flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non- cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

(₹in Lacs)

Particulars	31st March 2017	Cash Flow	Non Cash Changes				31st March 2018
			Foreign Exchange Movement	Other Changes (Refer Note 45)	Interest Expenses	Interest Paid	
Long Term Borrowings*	90,686.07	(2,726.65)	(26.56)	(45,197.05)	8,800.20	(5,485.29)	46,050.72
Other Financial Liabilities	142.72	276.65					419.37
Borrowings - Current	26,096.51	(805.28)	-	-	2,930.70	(2,838.34)	25,383.59
	1,16,925.30	(3,255.28)	(26.56)	(45,197.05)	11,730.90	(8,323.63)	71,853.68

* Long term borrowings include current maturities and exclude the Liability Component of Compound Financial Instruments

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited

Standalone Statement of Changes in Equity for the year ended 31st March, 2018

(₹in Lacs)

A.	Equity Share Capital		
	Particulars	As at 31st March, 2018	As at 31st March, 2017
	As at the beginning of the year	8,810.00	8,810.00
	Change in equity share capital	29,731.50	-
	As at the end of the year	38,541.50	8,810.00

(₹in Lacs)

B.	Other Equity							
	Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
		Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehen sive Income	Effective portion of Cash Flow Hedges	
	Balance as at 1st April, 2016	15,055.59	(3,934.28)		30,837.69	37.70	10.62	42,007.32
	Profit/ (Loss) for the year	-	(9,360.44)		-	-	-	(9,360.44)
	Remeasurement benefits Gain/(Loss) (Net of tax)	-	(50.49)		-			(50.49)
	Fair Value of Equity Instrument through FVOCI					152.43		152.43
	Other Movement during the year	-	44.69		-	-	(10.95)	33.74
	Balance as at 31st March, 2017	15,055.59	(13,300.52)	-	30,837.69	190.13	(0.33)	32,782.56
	Balance as at 1st April, 2017	15,055.59	(13,300.52)	-	30,837.69	190.13	(0.33)	32,782.56
	Profit/ (Loss) for the year		(5,570.52)					(5,570.52)
	Remeasurement benefits Gain/(Loss) (Net of tax)		18.11					18.11
	Fair Value of Equity Instrument through FVOCI					3.89		3.89
	Conversion of NCPS to CCPS (Refer note 45)			32,844.49	(30,837.69)			2,006.80

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Conversion of CCPS to Equity (Refer note 45)			(29,731.50)				(29,731.50)
Issue of OCD				28,506.44			28,506.44
Other Movement during the year		(0.33)				0.33	-
Balance as at 31st March, 2018	15,055.59	(18,853.26)	3,112.99	28,506.44	194.02	-	28,015.78
Other Movement during the year		(0.33)				0.33	-
Balance as at 31st March, 2018	15,055.59	(18,110.20)		28,506.44	1,168.05	-	29,732.87

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited

Notes to the Financial Statements for the year ended 31st March, 2018

Significant Accounting Policies

Company Background

MSP Steel & Power Limited ("the Company") is a public limited Company incorporated in India with its registered office in Kolkata, West Bengal, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is engaged in the manufacture and sale of iron and steel products and generation of power. The Company has a manufacturing plant at Raigarh, Chhattisgarh, India.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation of financial statements

1.1.1. Compliance with Ind-AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

1.1.2. Classification of current and non-current

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 Ind AS 1 - Presentation of financial Statements and Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

1.1.3. Historical Cost Convention

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

√ Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;"

√ defined benefit plans - plan assets measured at fair value;"

1.2. Summary of Significant Accounting Policies

A. Property, Plant and Equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets located in India, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of Assets	Years
Factory Building	30 years
Other Building	30 to 60 years
Plant & Machinery	8 to 40 years
Vehicle	8 to 10 years
Office Equipment	5 to 6 years
Furniture & Fixtures	10 years

Freehold land is not depreciated.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

De-recognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

B. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

C. Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax /value added tax/goods and service tax (GST) are excluded from revenue.

• Sale of Products: Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, while the Company retains neither continuing managerial involvement nor effective control over the products sold.

√ Interest and dividends: Interest income is recognized using effective interest method. Dividend income is recognized when the right to receive payments established.

D. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the acquisition/construction of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

E. Inventories

Raw materials, work-in-progress, finished goods, stores, spares, components, consumables and stock-in trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

By-product is valued at net realisable value.

In determining the cost of raw materials first in first out (FIFO) cost method is used. In determining the cost of stock-in-trade, stores, spares, components, consumables and other inventories weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

F. 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.

F.1. Financial Assets

• Initial recognition and measurement: The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

√ Subsequent measurement: For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

√ The Company's business model for managing the financial asset and

√ The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

√ Financial assets measured at amortized cost

√ Financial assets measured at fair value through other comprehensive income (FVTOCI)

√ Financial assets measured at fair value through profit or loss (FVTPL)

√ Financial assets measured at amortized cost: A financial asset is measured at the amortized cost if both the following conditions are met:

√ The Company's business model objective for managing the financial asset is to hold financial assets 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.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

• Financial assets measured at FVTOCI :

A financial asset is measured at FVTOCI if both of the following conditions are met:

√ The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the 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.

The Company, through an irrevocable election at initial recognition, has measured investments in equity instruments at FVTOCI. This equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

√ Financial assets measured at FVTPL: A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above.

This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

• **De-recognition:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

√ The contractual rights to cash flows from the financial asset expires;

√ The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

√ The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

√ The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On De-recognition of a financial asset [except as mentioned in above for financial assets measured at FVTOCI] difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

√ Impairment of financial assets: The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

√ Trade receivables

√ Financial assets measured at amortized cost (other than trade receivables and lease receivables)

√ Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss.

F.2. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

F.2.1. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

F.2.2. Financial liabilities

• Initial recognition and measurement: The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability

• Subsequent measurement: All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

• Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

• De-recognition: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

G. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

H. Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/ expenses.

• Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost/deemed cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount. On disposal of such investments, difference between the net disposal proceeds and carrying amount is recognised in the statement of profit and loss

J. Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

√ In the principal market for the asset or liability, or

√ In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the

lowest priority to unobservable inputs (Level 3 inputs).

√ Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities"

√ Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

√ Level 3 - inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

K. Foreign Currency Translation

√ Initial Recognition: On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

√ Measurement of foreign currency items at reporting date: Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

L. Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

√ Current tax: Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

√ Deferred tax: Deferred tax is recognized 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 under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credit (MAT Credit Entitlement), Unabsorbed depreciation and any unused tax losses. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized. √ Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

√ Presentation of current and deferred tax: Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

M. Provisions, Contingent Liabilities & Contingent Assets

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

N. Cash and Cash Equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances and demand deposits with banks where the original maturity is three months or less.

O. Employee Benefits

• Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.

• Compensated absences: Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

• Post-Employment Benefits:

√ Provident Fund scheme: Retirement benefit in the form of Provident Fund is a defined contribution scheme and the company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service. The Company has no obligations other than the contribution payable to the respective funds.

√ Gratuity scheme: Gratuity liability, being a defined benefit obligation, is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

√ Recognition and measurement of Defined Benefit plans: The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets, are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods. Re-measurement of defined benefit plans is recognised as a part of retained earnings in statement of changes in equity as per Division II of Schedule III of the Companies Act, 2013.

P. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees' under finance leases are recorded as receivables at the amount of net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Variable increases in lease payments which are linked to an inflation price index are considered as contingent rentals and are recognised on a straight-line basis. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Q. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

R. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

S. Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

T. Earnings Per Share

Basic earning 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 earning per share, the net profit or loss for the period attributable to equity shareholders are divided with the weighted average number of shares outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

U. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

V. Non-Current Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification. On-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

2. KEY ACCOUNTING ESTIMATES & JUDGEMENTS:

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

2.1. Impairment of Non-current Assets

Ind AS 36 requires that the Company assesses conditions that could cause an asset or a Cash Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors such as the Company's market capitalization, significant changes in the Company's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. CGU is usually the individual plant, unless the asset or asset Company is an integral part of a value chain where no independent prices for the intermediate products exist, a Company of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant interdependencies.
Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

2.2. Employee retirement plans

The Company provides defined benefit employee retirement plans. Measurement of obligations under such plans require numerous assumptions and estimates that can have a significant impact on the recognized costs and obligation, such as future salary level, discount rate, attrition rate and mortality etc.

2.3. Income taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

2.4. Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

2.5. Useful lives of depreciable

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

2.6. Recoverability of advances/ receivables

At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

2.7. Fair value measurements

The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.8. Contingent assets and liabilities, uncertain assets and liabilities

Liabilities that are uncertain in timing or amount are recognized when a liability arises from a past event and an outflow of cash or other resources is probable and can be reasonably estimated. Contingent liabilities are possible obligations where a future event will determine whether Company will be required to make a payment to settle the liability, or where the size of the payment cannot be determined reliably. Material contingent liabilities are disclosed unless a future payment is considered remote. Evaluation of uncertain liabilities and contingent liabilities and assets requires judgment and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

2.9. New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Company's Financial Statement are disclosed below:

2.9.1. Ind AS 115-Revenue from Contracts with Customers.
The Ministry of corporate affair (MCA) on 28th March 2018 has notified new Indian Accounting Standard as mentioned above .The new standard will come to into force from accounting period commencing on or after 1st April 2018. It replaces existing recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction contract. The standard is likely to affect the measurement, recognition and disclosure of revenue. The Company has evaluated and there is no material impact of this amendment on the Financial Statement of the Company except disclosure. The Company will adopt the Ind AS 115 on the required effective date.

2.9.2. The MCA on 28th March 2018 issued certain amendments to various Ind AS detailed below.

A. Ind AS 40, Investment property - The amendment lays down and clarifies the principle regarding when a company shall transfer assets to, or from, investment property .The amendment will come into force from accounting period commencing on or after 1st April 2018. The Company has evaluated and there is no impact of this amendment to the Financial Statement of the Company.

B. Appendix B to Ind AS 21, The Effect of Changes in Foreign Exchange Rates- The amendments to Ind AS 21 addresses issue to determine the date of transactions for the purpose of determining the exchange rate to be used on initial recognition of related assets, expenses or income when entity has received or paid advances in foreign currencies. The amendment will come into force from accounting period commencing on or after 1st April 2018. The Company has evaluated this amendment and impact of this amendment will not be material.

C. Ind AS 12, Income Tax- The amendment to Ind AS 12 explain that determining temporary difference and estimating future taxable profit against which deductible temporary are assessed for utilisation are two separate steps and carrying amount of an assets is relevant to only determine temporary difference. The Carrying amount of an asset does not limit the estimation of probable future taxable profits. The amendment considers that:

- The tax laws determine which deductions are offset against taxable income in determining taxable profits.
- No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The amendment to Ind AS 12 Income Tax will come into force from accounting period commencing on or after 1st April 2018. The management has evaluated this amendment and there is no impact of this amendment to the financial statement of the Company.

MSP Steel & Power Limited

Assets & liabilities

3. Property, Plant & equipment								(₹in Lacs)
Particulars	**Land**	**Factory Building**	**Other Building**	**Plant & Machinery**	**Vehicle**	**Office Equipments**	**Furniture & Fixtures**	**Total**
GROSS BLOCK								
Balance as at 31st March, 2016	926.80	11,790.60	7,681.07	98,261.99	276.83	23.02	38.02	1,18,998.33
Additions	-	-	-	-	-	0.64	-	0.64
Deductions	-	-	-	-	14.63	-	-	14.63
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	926.80	11,790.60	7,681.07	98,261.99	262.20	23.66	38.02	1,18,984.34
Additions	-	-	-	-	-	6.91	3.78	10.69
Deductions	-	-	-	-	87.34	-	-	87.34
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	926.80	11,790.60	7,681.07	98,261.99	174.86	30.57	41.80	1,18,907.69
ACCUMULATED DEPRECIATION								
Balance as at 31st March, 2016	-	429.79	284.28	5,564.39	62.83	11.56	7.00	6,359.85
Depreciation expense	-	429.78	284.28	4,862.96	51.93	6.21	6.99	5,642.15
Deductions	-	-	-	-	10.46	-	-	10.46
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	859.57	568.56	10,427.35	104.30	17.77	13.99	11,991.54
Depreciation expense		429.79	284.28	4,931.57	36.93	2.79	6.68	5,692.03
Deductions	-	-	-	-	35.29	-	-	35.29
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	-	1,289.36	852.84	15,358.92	105.94	20.56	20.67	17,648.28
CARRYING VALUE								
Balance as at 31st March, 2017	926.80	10,931.03	7,112.51	87,834.64	157.90	5.89	24.03	1,06,992.80
Balance as at 31st March, 2018	926.80	10,501.24	6,828.23	82,903.07	68.92	10.02	21.13	1,01,259.41

Capital Work in Progress	As at 31st March, 2018	As at 31st March, 2017
As at the beginning of the year	-	-
Movement during the year	19.60	-
As at the end of the year	19.60	-

4. Non Current Investments		As at 31st March, 2018		As at 31st March, 2017	
		Number of Shares / Units	(₹in Lacs)	Number of Shares / Units	(₹in Lacs)
(a)	**Unquoted Investments in Equity Instruments**				
(i)	**In Subsidiary (at cost)**				
	MSP Cement Limited (` 10 each)	5,80,698	58.07	5,80,698	58.07
			58.07		**58.07**
(ii)	**In Associate Company (at cost)**				
	AA ESS Tradelinks Private Limited (` 10 each)	46,50,175	4,370.68	46,50,175	4,370.68
	Less: Impairment of investment in Associate (refer note no. 31)		(1,424.75)		-
			2,945.93		**4,370.68**
(iii)	**In Joint Venture (at cost)**				
	"Madanpur South Coal Company Limited (` 10 each)"	94,427	131.96	1,25,692	175.65
			131.96		**175.65**
(iv)	**In Others (at fair value through OCI)**				
	MSP Metallics Limited (` 10 each)	4,20,000	68.88	4,20,000	23.75
	MSP Properties (I) Limited (` 10 each)	7,500	5.48	7,500	4.05
	MSP Sponge Iron Limited (` 10 each)	3,13,000	114.87	3,13,000	103.52
	MSP Power Limited (` 10 each)	8,000	0.80	8,000	0.80
			190.03		**132.12**
(b)	Quoted Investments in Equity Instruments (at fair value through OCI)				
	Howrah Gases Ltd (` 10 each)	93,700	14.51	93,700	66.61
	"Ashirwad Steel and Industries Limited (` 10 each)	2,500	0.29	2,500	0.27
	Nageshwar Investment Limited (` 10 each)	11,000	0.22	11,000	1.68
	Indian Overseas Bank (` 10 each)	2,900	0.51	2,900	0.78
	IDFC Bank Limited (` 10 each)	5,201	2.46	5,201	3.08
	IDFC Limited (` 10 each)	5,201	2.54	5,201	2.13
			20.53		**74.55**
	TOTAL (a+b)		**3,346.52**		**4,811.06**
	Aggregate amount of Quoted Investments - **at Cost**		19.24		19.24
	Aggregate amount of the Quoted Investments - **at Market value**		20.53		74.55
	Aggregate value of unquoted Investments - **at cost**		5,013.75		5,057.44
	Aggregate amount of impairment in value of investment (refer note no. 31)		1,424.75		-

5.	Loans	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated Loans to Bodies Corporate*	-	-	934.44	889.22
	(A)	-	-	934.44	889.22
	Security Deposit	280.14	275.77	-	-
	(B)	280.14	275.77	-	-
	TOTAL (A+B)	**280.14**	**275.77**	**934.44**	**889.22**

* For business purpose only.

(₹in Lacs)

6.	Other Financial Assets	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated Deposits with Banks (Refer Note No. 12)	280.70	271.62	-	-
	(A)	280.70	271.62	-	-
	Interest Accrued on Fixed Deposits and Others	-	-	94.78	57.45
	Loans and Advances to Employees*	-	-	42.53	28.42
	(B)	-	-	42.53	28.42
	TOTAL (A+B)	**280.70**	**271.62**	**137.31**	**85.87**

* Includes dues from executive director ` 0.21 Lacs (Previous year ₹ 0.28 Lacs)

(₹in Lacs)

7.	Deferred Tax Assets (NET)	As at 31st March, 2018	As at 31st March, 2017
	Deferred Tax Liabilities :		
	Property, Plant & Equipment	(13,369.75)	(12,236.02)
	Deferred Tax Assets :		
	Allowance for credit loss	325.03	74.28
	Expenses Allowance on Income tax on payment basis	164.89	40.39
	Unabsorbed depreciation	14,610.59	13,177.66
	MAT Credit Entitlement	4,097.62	4,195.01
		5,828.38	5,251.32

MSP Steel & Power Limited

Movement in deferred tax asset and deferred tax liabilities during the year ended 31st March, 2017 and 31st March, 2018

(₹in Lacs)

Particulars	As at 1st April, 2016	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2017
Deferred Income Tax Liabilities				
Property, Plant & Equipment's	(10,913.52)	(1,322.50)	-	(12,236.02)
	(10,913.52)	**(1,322.50)**	**-**	**(12,236.02)**
Deferred Income Tax Assets				
Allowance for credit loss	74.28	-	-	74.28
Expense allowed under Income Tax on payment basis	56.36	(15.97)	-	40.39
Unabsorbed depreciation	10,639.96	2,537.70	-	13,177.66
Mat Credit Entitlement	4,195.01	-	-	4,195.01
	14,965.61	2,521.73	-	17,487.34
Deferred Tax Assets (Net)	**4,052.09**	**1,199.23**	**-**	**5,251.32**

(₹in Lacs)

Particulars	As at 1st April, 2017	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2017
Deferred Income Tax Liabilities				
Property, Plant & Equipment's & Intangible Assets	(12,236.02)	(1,133.73)	-	(13,369.75)
	(12,236.02)	**(1,133.73)**	**-**	**(13,369.75)**
Deferred Income Tax Assets				
Allowance for credit loss	74.28	250.75	-	325.03
Expense allowed under Income Tax on payment basis	40.39	132.71	(8.21)	164.89
Unabsorbed depreciation	13,177.66	1,432.93		14,610.59
Mat Credit Entitlement	4,195.01	(97.39)	-	4,097.62
	17,487.34	1,719.00	(8.21)	19,198.13
Deferred Tax Assets (Net)	**5,251.32**	**585.27**	**(8.21)**	**5,828.38**

(₹in Lacs)

8.	Income Tax Assets (Net)	As at 31st March, 2018	As at 31st March, 2017
	Advance Income Tax & TDS (Net of Provision of ` Nil Lacs (` Nil Lacs)	98.44	77.11
		98.44	77.11

(₹in Lacs)

9.	Inventories (Valued at Lower of Cost and Net Realizable Value)	As at 31st March, 2018	As at 31st March, 2017
	Raw Materials and Components [includes in transit ₹ 4,590.47 lacs (31st March 2017: ₹ 1,900.65 lacs)]	25,158.82	20,273.75
	Work - in - Progress	2,499.00	2,070.78
	Finished Goods	4,265.55	3,746.57
	Stores and Spares [includes in transit ₹ Nil lacs (31st March 2017 : ₹ 276.46 lacs)]	2,338.78	2,476.67
	By Products (at Net Realisable Value)	852.61	1,033.88
		35,114.76	29,601.6

(₹in Lacs)

10.	Trade Receivables	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated		
	Considered Good	10,377.50	13,561.28
	Considered Doubtful	629.90	240.39
	Less : Allowances for Credit Loss	(629.90)	(240.39)
	TOTAL (A+B)	**10,377.50**	**13,561.28**

Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days.
No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(₹in Lacs)

Ageing (As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More then 3 Years	Total
Gross carrying amount	6,249.61	288.65	782.96	3,686.18	11,007.40
Expected credit loss rate					5.72%
Less: Expected credit loss provision		(5.77)	(39.15)	(584.98)	(629.90)
Carrying amount of trade receivables (Net of impairment)	**6,249.61**	**282.88**	**743.81**	**3,101.20**	**10,377.50**

(₹in Lacs)

Ageing (As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More then 3 Years	Total
Gross carrying amount	8,899.82	0.99	3,053.96	1,846.92	13,801.67
Expected credit loss rate					1.74%
Less : Expected credit loss provision				(240.39)	(240.39)
Carrying amount of trade receivables (Net of impairment)					**13,561.28**

(₹in Lacs)

Reconciliation of Expected credit loss Allowance provision	
Particulars	**Amount**
As at 31st March 2017	240.39
Changes in provision	389.51
As at 31st March 2018	629.90

(₹in Lacs)

11.	Cash and Cash equivalents	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Cash and Cash Equivalents Cash on Hand	23.07	13.17
	Balance with Banks: On Current Accounts	1,326.47	726.80
		1,349.54	739.97

(₹in Lacs)

12.	Bank Balances other than Cash and Cash equivalents	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Fixed Deposits - Earmarked for LC & BG	280.70	271.62	2,766.82	753.65
	Fixed Deposits - Non - Earmarked	-	-	6.45	-
		280.70	**271.62**	**2,773.27**	**753.65**
	Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 6)	(280.70)	(271.62)	-	-
	Unpaid Dividend Accounts	-	-	2.52	2.52
		-	**-**	**2,775.80**	**756.17**

(₹in Lacs)

13.	Particulars	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Advances to Suppliers other than capital advances	14,061.52	13,618.36
	Considered Good	411.87	19.40
	Considered Doubtful	14,473.39	13,637.76
	Less: Allowances for Credit Loss	411.87	19.40
	(A)	14,061.52	13,618.36
	Other Advances		
	Prepaid Expenses	96.40	91.94
	Advances to Related Parties	447.19	446.06
	Balances with Statutory/Government Authorities	457.57	1,368.10
	(B)	1,001.16	1,906.10
	TOTAL (A+B)	**15,062.68**	**15,524.46**

No advances are due from directors or other officers of the Company either severally or jointly with any other person. Nor any advances are due from firms or private companies respectively in which any director is a partner, a director or a member.

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Equity Share Capital

14.	Particulars	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Authorised Share Capital		
	800,000,000 (31.03.2017 - 96,000,000) equity shares of ₹ 10/- each	80,000.00	9,600.00
	100,000,000 (31.03.2017 - 36,000,000) preference shares of ₹ 10/- each	10,000.00	3,600.00
	Issued, Subscribed and Fully Paid-up Share Capital		
	38,54,15,000 (31.03.2017 - 88,100,000) equity shares of ₹ 10/- each	38,541.50	8,810.00
	Total	**38,541.50**	**8,810.00**

Notes:

(i) Reconciliation of number of Shares

(₹in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Nos.	₹ in Lacs	Nos.	₹ in Lacs
Equity Shares:				
Balance at the beginning of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00
Movement during the year	29,73,15,000	29,731.50	-	-
Balance at the end of the year	**38,54,15,000**	**38,541.50**	**8,81,00,000**	**8,810.00**

(ii) Rights, Preferences and restrictions attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Shareholders holding more than 5% share in the company are as follows:

(₹in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No of shares	% of shares	No of shares	% of shares
State Bank of India	4,63,34,367	12.02%	-	-
Mod Commodeal Pvt. Limited	3,13,22,651	8.13%	-	-
Adhunik Gases Limited	2,34,79,000	6.09%	55,54,000	6.30%
Sikhar Commotrade Pvt. Limited	2,89,84,056	7.52%	-	-
Shringar Mercentile Pvt. Limited	2,82,11,200	7.32%	-	-
MSP Infotech Pvt. Limited	-	-	72,29,760	8.21%
MSP Sponge Iron Limited	2,47,36,500	6.42%	2,47,36,500	28.08%

Additional Disclosure in the respect of Equity Share

(i) Shareholding Pattern with respect of Holding Company or Ultimate Holding Company: The Company does not have any Holding Company or Ultimate Holding Company.

(ii) No ordinary shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

(iii) The Company has not bought back any shares during the period of five years preceding the date at which the Balance Sheet is prepared.

(iv) The Company has allotted 297,315,000 equity shares of ` 10 each as per the approval accorded by the shareholders of the Company on March 12, 2018 pursuant to contract(s) without payment being received in cash. (refer note no. 45)

(v) The Company has issued 451,970,554 nos. of OCDs amounting to ` 451,97.05 lacs during the year. The OCDs shall have moratorium period of 7 years and shall be repayable in 36 structured quarterly installments starting from December, 2024 and maturing on Sep., 2033. The OCDs shall carry a coupon rate of 0.01% pa. payable quarterly till maturity. The OCDs will be converted to Equity at the option of the Debenture holders. (refer note no. 45)

15. Other Equity							
Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total (₹ in Lakhs)
	Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	"Equity Instruments through Other Comprehe-nsive Income"	Effective portion of Cash Flow Hedges	
Balance as at 1st April, 2016	15,055.59	(3,934.28)		30,837.69	37.70	10.62	42,007.32
Profit/ (Loss) for the year	-	(9,360.44)		-	-	-	(9,360.44)
Remeasurement benefits Gain/(Loss) (Net of tax)	-	(50.49)		-			(50.49)
Fair Value of Equity Instrument through FVOCI					152.43		152.43
Other Movement during the year	-	44.69		-	-	(10.95)	33.74
Balance as at 31st March, 2017	15,055.59	(13,300.52)	-	30,837.69	190.13	(0.33)	32,782.56
Balance as at 1st April, 2017	15,055.59	(13,300.52)	-	30,837.69	190.13	(0.33)	32,782.56
Profit/ (Loss) for the year		(5,570.52)					(5,570.52)
Remeasurement benefits Gain/(Loss) (Net of tax)		18.11					18.11
Fair Value of Equity Instrument through FVOCI					3.89		3.89
Conversion of NCPS to CCPS (Refer note 46)			32,844.49	(30,837.69)			2,006.80
Conversion of CCPS to Equity (Refer note 46)			(29,731.50)				(29,731.50)
Issue of OCD				28,506.44			28,506.44
Other Movement during the year		(0.33)				0.33	-
Balance as at 31st March, 2018	15,055.59	(18,853.26)	3,112.99	28,506.44	194.02	-	28,015.78

Description of nature and purpose of each reserve

Securities Premium Reserve

This reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

Retained Earnings

Retained Earnings is created from time to time by transfer of profits/(losses) for appropriation purposes.

Compulsorily Convertible Preference Share (CCPS)

CCPS represents the residual balance of Preference Shares left after conversion to equity as per the terms of the restructuring scheme.

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Borrowings

Equity Component of compound financial instruments

This contains the equity portion of the Optionally convertible debentures issued in lieu of long term borrowings as per the terms of the restructuring scheme. (refer note no. 45)

Equity Instruments through Other Comprehensive Income

The Company has elected to recognise changes in the fair value of quoted investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investment reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

16.	Long Term Borrowings	Non-Current Portion		Current Maturities (₹ in Lakhs)	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Secured					
a.	**Term loans**				
	From Banks				
	Indian rupee loan (refer note no. 45)	28,618.61	81,105.60	3,521.00	7,052.66
	Foreign currency loan	-	1,376.57	490.54	647.04
		28,618.61	82,482.17	4,011.54	7,699.70
b.	**Finance Lease Obligation**				
	From Banks	-	1.73	1.73	4.23
		-	1.73	1.73	4.23
c.	**Unsecured**				
	Inter Corporate Deposits	20.67	418.24	-	-
	Loans from related parties	540.37	80.00	-	-
	Interest free loan (refer note no. 45)	12,857.80	-		
		13,418.84	498.24	-	-
d.	**Liability Component of Compound Financial Instruments**				
	Optionally Convertible Debenture (refer note no. 45)	16,735.88	-		
	Preference Shares	-	3,398.08	-	-
		16,735.88	3,398.08	-	-
Total (a+b+c+d)		58,773.33	86,380.22	4,013.27	7,703.93
The above amount includes:					
	Secured borrowings	28,618.61	82,483.90	4,013.27	7,703.93
	Unsecured borrowings	30,154.72	3,896.32	-	-
	Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 20)	-	-	(4,013.27)	(7,703.93)
Net Amount		58,773.33	86,380.22	-	-

Terms of Repayments

Term Loan facilities from banks are secured by first pari-passu charge on the entire fixed assets (both present & future) and Second pari-passu charge on the entire current assets (both present & future) of the company's manufacturing facilities situated at Jamgaon, Raigarh in the state of Chhattisgarh. Personal guarantee of Puranmal Agrawal, Suresh Kumar Agrawal, Manish Agrawal and Saket Agrawal is given alongwith corporate guarantee of M/s Ilex Pvt Ltd. Corporate Guarantee is restricted to the extent of shares pledged of the promoter group companies. The interest rate on the domestic long term borrowings are in the range of Base Rate + 1% to 2% and on foreign long term borrowings is 5%.

Terms of Repayments	As at 31st March, 2018		As at 31st March, 2017 (₹ in Lakhs)	
	Non-Current	Current	Non-Current	Current
Rupee Term Loans From Banks (Secured) (Repayable in 30 Quarterly Instalments from December 2017. Last instalment due in March 2025.	28,618.61	3,521.00	-	-
Rupee Term Loans From Banks (Secured) (Repayable in 32 Quarterly Instalments from December 2016. Last instalment due in September 2024.	-	-	66,278.82	5,763.37
Rupee Term Loans From Banks (Secured) (Repayable in 24 Quarterly Instalments from December 2016. Last instalment due in September 2022.	-	-	14,826.78	1,289.29
Foreign Currency Term Loans From Banks (Secured) **(Repayable** in 8 Half Yearly instalments from December 2012. Last instalment due in April 2017.	-	-	-	527.33
Foreign Currency Term Loans From Banks (Secured) (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024."	-	490.54	1,376.57	119.71
Rupee Term Loans From Financial Institutions (Secured)				
From Bank (Repayable in monthly Instalments Starting from April 2015, Maturity in October 2018.	-	1.73	1.73	4.23
Total Term loan – Secured	28,618.61	4,013.27	82,483.90	7,703.93
Unsecured Borrowings	30,154.72	-	3,896.32	-
Total Term Loan	**58,773.33**	**4,013.27**	**86,380.22**	**7,703.93**

17. Provisions		Non-Current		Current (₹ in Lakhs)	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits					
	For Gratuity (Refer Note No. 40)	-	-	29.80	52.18
	For Leave Benefits	78.41	77.00	0.89	1.30
Other provisions		78.41	77.00	30.69	53.48

18.	Short-Term Borrowings	As at 31st March, 2018	As at 31st March, 2017 (₹ in Lakhs)
Secured			
	Rupee Loan from Banks		
	Cash Credit Facility	25,383.59	26,096.51
		25,383.59	**26,096.51**
The above amount includes			
	Secured Borrowings	25,383.59	26,096.51
	Unsecured Borrowings	-	-

Terms and conditions attached to Short term borrowings

Cash Credit facilities from banks are secured by first pari-passu charge on the entire current assets (both present & future) and Second pari-passu charge on the entire fixed assets (both present & future) of the company's manufacturing facilities situated at Jamgaon, Raigarh in the state of Chhattisgarh. Personal guarantee of Puranmal Agrawal, Suresh Kumar Agrawal, Manish Agrawal and Saket Agrawal is given alongwith corporate guarantee of M/s Ilex Pvt Ltd. Corporate Guarantee is restricted to the extent of shares pledged of the promoter group companies. The rate of interest on cash credit is Base rate+1%.

19.	Trade Payables	As at 31st March, 2018	As at 31st March, 2017 (₹ in Lakhs)
Total outstanding dues of creditors			
	to micro enterprises and small enterprises (refer Note no. 37)	59.22	-
	to other than micro enterprises and small enterprises	18,338.29	11,932.62
		18,397.51	**11,932.62**

MSP Steel & Power Limited

Borrowings (Cont'd.)

Trade payables are non-interest bearing and are generally on terms of 45 to 60 days.

No trade or other payables are due to directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other payables are due to firms or private companies respectively in which any director is a partner, a director or a member.

Acceptances include arrangements where operational suppliers of goods and services are paid by banks while the company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 or 180 days amounting to ` 6,608.72 lacs ( previous year ` 5,138.17 lacs)

20. Other Financial Liabilities	Current (₹ in Lakhs)	
	As at 31st March, 2018	As at 31st March, 2017
Retention / Security Deposit	303.82	300.96
Current maturities of long-term borrowings (refer Note No. 16)	4,013.27	7,703.93
Other Payables on capital purchases	1,567.53	1,571.93
Interest accrued and due on borrowings	419.37	137.37
Interest accrued but not due on borrowings	-	5.35
Unpaid Dividend	2.52	2.52
	6,306.51	**9,722.06**

21. Other Current Liabilities	As at 31st March, 2018	As at 31st March, 2017 (₹ in Lakhs)
Others (including statutory dues payable)	1,337.90	2,983.85
	1,337.90	**2,983.85**

22.	Revenue from Operations	2017-18	2016-17
Sale of Products			
	Finished Goods	115,319.11	91,732.86
	Power	2,542.77	1,249.31
	Traded Goods	-	55.27
Other Operating Revenue			
	Sale of scrap and By-products	598.49	419.99
	Miscellaneous Sales	334.35	723.75
Total		**118,794.72**	**94,181.18**

Revenue from operations for the periods up to June 30, 2017 includes excise duty which has been discontinued w.e.f July 01, 2017 on implementation of Goods and Service Tax (GST) in accordance with Ind AS 18 – Revenue. GST is not in Revenue from Operations. In view of the aforesaid changes, Revenue from Operations for the year ended March 31, 2018 are not comparable with the previous periods. Following additional information is being provided to facilitate such comparison.

Particulars	Year Ended (₹ in Lakhs)	
	2017-18	2016-17
(a) Sale of Products (Gross)	118,794.72	94,181.18
(b) Excise Duty	2,757.67	9,248.70
(c) Sale of Products excluding excise duty	**116,037.05**	**84,932.48**

23. Other Income	2017-18	2016-17
Interest income on		
Loans, Fixed Deposits, etc.	179.54	102.89
Dividend Income on		
Long-Term Investments	0.05	0.01
Profit on sale of fixed assets	26.23	-
Other Non-Operating Income	56.03	2.26
Total	**261.85**	**105.16**

MSP Steel & Power Limited

Notes to the Profit & Loss Statement for the year ended 31st March, 2018

24.	Cost of Materials Consumed	2017-18	2016-17
Inventory at the beginning of the period		20,273.75	15,355.94
	Add: Purchases	91,753.10	64,346.85
	Less: Sales	-	-
	Less: Inventory at the end of the period	25,158.82	20,273.75
Total		**86,868.03**	**59,429.04**

25.	Purchase of Stock in Trade	2017-18	2016-17
Coal		-	44.90
Total		**-**	**44.90**

26.	Changes in Inventories of Finished Goods, By-products and Work-in Progress	2017-18	2016-17
Inventories at the end of the period			
	Finished Goods	4,265.55	3,746.57
	Work-in-Progress	2,499.00	2,070.78
	By-Products	852.61	1,033.88
		7617.15724	**6851.23**
Inventories at the beginning of the period			
	Finished Goods	3,746.57	5,473.72
	Work-in-Progress	2,070.78	1,915.23
	By-Products	1,033.88	1,849.97
		6,851.23	**9,238.92**
(Increase)/Decrease in Inventories			
	Finished Goods	(518.98)	1,727.15
	Work-in-Progress	(428.22)	(155.55)
	By-Products	181.27	816.09
Total		**(765.93)**	**2,387.69**

27. Employee Benefits Expenses	2017-18	2016-17 (₹ in Lakhs)
Salaries, Wages and Bonus	3,005.71	2,574.81
Contribution to Provident and Other Funds	187.98	165.48
Gratuity (refer note 40)	77.80	53.65
Staff Welfare Expenses	52.12	49.53
Total	**3,323.61**	**2,843.47**

28. Finance Costs	2017-18	2016-17
Interest Expenses		
- On Loans	11,730.90	11,420.33
- On OCD	45.32	-
- On Preference Shares	509.72	443.23
Other Finance Charges	636.33	460.06
Total	**12,922.27**	**12,323.62**

29. Depreciation and amortization expense	2017-18	2016-17
Depreciation of tangible assets	5,692.03	5,642.15
Total	**5,692.03**	**5,642.15**
30. Other Expenses	**2017-18**	**2016-17**
Consumption of Stores and Spares	5,682.02	5,172.34
Power and Fuel	1,019.25	1,289.10
Rent	78.91	70.86
Rates and Taxes	278.35	299.58
Insurance	77.28	73.03
Repairs and Maintenance		
Plant and Machinery	676.93	671.76
Buildings	37.11	75.37
Others	113.41	41.95
Material Handling Charges	2,804.52	2,068.34
Vehicle Running Expenses	627.31	451.44
Advertising and Sales Promotion	111.27	28.16
Freight Outward	1,214.99	1,367.44
Sales Commission	164.57	220.07
Legal and Professional Charges	522.55	246.90
Charity and Donations	24.09	40.50
Payment to Auditors (Refer details below (30.1))	13.90	15.41
Exchange Differences (Net)	44.01	14.46
Provision for Expected Credit Loss on Trade Receivable & Advances	781.97	-
Less: Written Back	-	-
Loss on Investment written-off	13.68	-
Corporate Social Responsibility (refer note no. 43)	46.79	54.15
Miscellaneous Expenses	558.01	571.53
Total	**14,890.92**	**12,772.39**

30.1 Payment to Auditors	2017-18	2016-17 (₹ in Lakhs)
As Auditors:		
Statutory Audit fee	7.50	10.00
Taxation matters	0.50	0.40
Certification fees and other services	5.70	4.71
Reimbursement of expenses	0.20	0.30
Total	**13.90**	**15.41**

31. Exceptional Items	2017-18	2016-17
Gain on derecognition of Financial Liability as per S4A Scheme (refer note 45)	(1,900.99)	-
Impairment of Investment in Associate (refer note below)	1,424.75	-
Total	**(476.24)**	**-**

Note : On the basis of physical verification of all non-current assets and cash generation capacity of those assets, in the management perception, there is no impairment of non current assets as on 31st March 2018. However, on the basis of valuation report, the management has recognised a impairment on the investment of the company in its associate AA ESS Tradelinks Pvt Ltd for the amount of ` 1,424.75 Lacs (Previous year - Nil)

32: Income Tax			
Particulars		2017-18	2016-17 (₹ in Lakhs)
A.	The major components of income taxes expense for the year are as under:		
	i Income tax expense recognised in the statement of profit and loss	-	-
	Current Tax for the year		
	Income tax for earlier year	-	154.05
	Current Tax	-	-
	Deferred Tax	(585.27)	(1,199.23)
	Income tax expense recognised in the statement of profit and loss	**(585.27)**	**(1,045.18)**
	ii Income tax expense recognised in OCI		
	Deferred Tax :		
	Deferred tax (expenses) on remeasurement benefit of defined benefit plans	8.21	
	Income tax (expense) recognised in OCI	8.21	
B.	**Reconciliation of tax expense and the accounting profit for the year is as under**	**2017-18**	**2016-17**
	Profit before tax		
	Income tax expense	(6,155.79)	(10,405.62)
	Deferred tax assets not recognised because realisation is not probable	(1,920.61)	(3,215.34)
	Effects of expenses taxable in future	1,448.00	-
	Utilisation other tax benefits	-	2,251.56
	Other Items	(97.00)	-
	Adjustment in respect of current income tax of previous year	(7.45)	(235.45)
	Tax expenses as per Statement of Profit and Loss	-	154.05
		(577.06)	**(1,045.18)**

The tax rate used for reconciliation above is the corporate tax rate of 31.2% (Previous year - 30.9%) payable by corporate entities in india on taxable profit under indian tax law

33. Other Comprehensive Income	2017-18	2016-17 (₹ in Lakhs)
Remeasurements of the defined benefit plans	26.32	(50.49)
Equity Instruments through Other Comprehensive Income	3.89	152.43
Less : Income tax on the above	(8.21)	-
Total	**22.00**	**101.94**

34. Earnings Per Share (EPS)	2017-18	2016-17
Earnings Per Share has been computed as under:		
Profit After Tax	(5,570.52)	(9,360.44)
Net Profit for Calculation of Basic and Diluted EPS	**(5,570.52)**	**(9,360.44)**
	No.	No.
Weighed average number of equity shares in calculating Basic & Diluted EPS	96,245,616	88,100,000
Face value of share (`)	10	10
Earnings Per Share		
Basic (₹)	**(5.79)**	**(10.64)**
Diluted (₹)	**(5.79)**	**(10.64)**

34. Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 (F) to the financial statements.

i) Financial assets & liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018 and March 31, 2017:

Particulars	31st March 2018			31 March 2017 (₹ in Lakhs)		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
Equity instruments*	-	210.56	-	-	206.67	-
Trade receivables	-	-	10,377.50	-	-	13,561.28
Cash and cash equivalents	-	-	1,349.54	-	-	739.97
Other Bank Balances	-	-	2,775.80	-	-	756.17
Loans	-	-	1,214.58	-	-	1,164.99
Other Financial Assets	-	-	418.01	-	-	357.49
Total	-	210.56	16,135.42	-	206.67	16,579.90
Financial liabilities						
Borrowing	-	-	84,156.92	-	-	1,12,476.73
Trade Payable	-	-	18,397.50	-	-	11,932.62
Other financial Liabilities	-	-	6,306.51	-	-	9,722.06
Total	-	-	1,08,860.93	-	-	1,34,131.41

*Equity investments exclude investments made in subsidiary, associates & joint venture of ` 3135.96 Lacs (previous year - ` 4604.40 Lacs) which have been measured at cost.

ii) Fair values hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

31st March, 2018	Notes	Level 1	Level 2	Level 3	Total (₹ in Lakhs)
Financial assets					
Investments at FVOCI					
Equity instruments*					
Unquoted		20.53	-	190.03	210.56
Total financial assets		20.53	-	190.03	210.56
Financial liabilities					
Financial instruments at FVTPL					
Derivative liability					-
Total financial liabilities		-	-	-	-
There were no movement between level 1 and level 2 during the period.					
Financial Instruments measured at fair value					
31st March, 2017	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total (₹ in Lakhs)**
Financial assets					
Investments at FVOCI					
Equity instruments*					
Unquoted		74.55	-	132.12	206.67
Total financial assets		74.55	-	132.12	206.67
Financial liabilities					
Financial instruments at FVTPL					
Derivative liability		-	-	-	-
Total financial liabilities		-	-	-	-
There were no movement between level 1 and level 2 during the period.					

iii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
(a) Quoted investments (Equity Shares)- Market Value
(b) Unquoted Investments - As determined by Independent Valuer. The equity shares of ` 190.03 Lacs (previous year - ` 132.12 lacs) are not listed. Fair value estimates of equity investments are included in level-3 and are based on information relating to value of investee company's net assets and DCF methods.
(c) The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. Refer (iii)(b) above for the valuation techniques adopted.

Particulars	Significant Unobservable Input	Fair Value as at		Sensitivity of the input to fair value (₹ in Lakhs)		
		31st March 2018	31st March 2017			
Equity instruments	DCF	183.75	127.27	+(0.5%)	164.96	107.30
				-(0.5%)	203.91	171.34
	NAV	6.28	4.85	+(0.5%)	6.31	4.87
				-(0.5%)	6.25	4.83

v) The following table presents the changes in level 3 items for the periods ended 31st March 2018 and 31 March 2017:

Particulars	Equity Instruments
As at 31 March 2017	132.12
Gains/losses recognised in other comprehensive income	57.91
As at 31st March 2018	190.03

35. Financial Risk Management, Objectives and Policies

A) Capital Management

i) Risk Management

The Company's objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of net debt to equity ratio and maturity profile of overall debt portfolio of the Company.

Net debt implies total borrowings of the Company as reduced by Cash and Cash Equivalent and Equity comprises all components attributable to the owners of the Company

The following table summarises the Net Debt, Equity and Ratio thereof.

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
Total Borrowings (including current maturities)	88,170.19	1,20,180.66
Less: Cash & Cash Equivalents & Other bank balances (Note No. 11 & 12)	4,125.34	1,495.34
Net Debts (A)	84,044.85	1,18,685.32
Total equity (refer note 14 & 15)	66,557.28	41,592.56
Total equity & Net Debt (B)	1,50,602.13	1,60,277.88
Net debt to capital employed Ratio (A/B)	56%	74%

No changes were made in the objective policies & process for expenditure as on 31st March 2018 & 31st March 2017.
Due to insufficient profits, the company has not declared any dividend for FY 2016-17 and no dividend has been proposed for FY 2017-18.

Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, the company has risk management policies as described below :-

i) Credit risk

Credit risk refers to the risk of financial loss arising from default / failure by the counterparty to meet financial obligations as per the terms of contract. The Company is exposed to credit risk for receivables, cash and cash equivalents. None of the financial instruments of the Company result in material concentration of credit risks.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. Based on historical trend, industry practice and the business environment in which the company operates, an impairment analysis is performed at each reporting date for trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10.

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

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 treasury 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.

Maturities of financial liabilities

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

Contractual maturities of financial liabilities as at 31st March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total (₹ in Lakhs)
Non-derivatives					
Borrowings	25,383.59	3,521.00	4,575.00	50,677.33	84,156.92
Trade payable	18,397.50	-	-	-	18,397.50
Other payables	6,306.51	-	-	-	6,306.51
Total	50,087.60	3,521.00	4,575.00	50,677.33	1,08,860.93
Contractual maturities of financial liabilities as at 31st March 2017	**Less than 1 year**	**1-2 year**	**2-3 year**	**More than 3 years**	**Total**
Non-derivatives					
Borrowings	26,096.51	5,030.00	5,030.00	76,320.22	1,12,476.73
Trade payable	11,932.62	-	-	-	11,932.62
Other payables	9,722.06	-	-	-	9,722.06
Total	47,751.19	5,030.00	5,030.00	76,320.22	1,34,131.41

C) Market Risk

i) Foreign currency risk

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD and Singapore Dollar . Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the company's functional currency.

Foreign currency risk exposure - Unhedged

The company's exposure to foreign currency risk at the end of the reporting period expressed are as follows:

	31st March 2018	31st March 2017 (₹ in Lakhs)
USD	8,000.17	1,063.44
Singapore Dollar	512.99	527.34

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
USD sensitivity		
INR/USD- increase by 10% *	(800.02)	(106.34)
INR/USD- decrease by 10% *	800.02	106.34
Singapore Dollar sensitivity		
INR/SGD- increase by 10% *	(51.30)	(52.73)
INR/SGD- decrease by 10% *	51.30	52.73

ii) 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 the Company's short term borrowing and long term borrowings 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.

Below is the overall exposure of the company to interest rate risk:

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
Variable rate borrowing	74,751.35	1,19,682.42
Fixed rate borrowing	561.04	498.24
Total borrowings	75,312.39	1,20,180.66

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
Interest sensitivity		
Interest rates increases by 100 basis points	747.51	1,196.82
Interest rates decrease by 100 basis points	(747.51)	(1,196.82)

D) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
Fair Value of Quoted Equity Investments	20.53	74.55
Total Equity Investments	20.53	74.55

Sensitivity		
Particulars	**31st March 2018**	**31st March 2017 (₹ in Lakhs)**
Increase in market price by 5%	1.03	3.73
Decrease in market price by 5%	(1.03)	(3.73)

36. Contingent Liabilities (Ind As-37)

Contingent Liabilities and commitments to the extent not provided for in respect of:

Particulars	31st March 2018	31st March 2017 (₹ in Lakhs)
Excise Matters under dispute/ appeal	1,325.31	1,192.74
Sales Tax & VAT Matters under dispute/ appeal	121.18	233.19
Income Tax Matters under dispute/ appeal	673.16	55.95
Right to Recompense available with the lenders	27,801.00	27,801.00

Right to recompense available to the lenders amounting to Rs. 27801 Lacs(previous year - 27801 lacs) as per Article VIII of the Master Restructuring Agreement dated March 23, 2015 read with the Master Framework Agreement and Share Transfer & Confirmation Agreement ("€ Master agreement"€) executed on January 24, 2018.

Capital Commitment

The capital commitment for the company amounts to `nil (`nil)

37. Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained and as per notification number GSR 679 (E) dated 4th September, 2015.

Particulars		31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
i	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.	59.22	Nil
ii	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii	The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	1.73	Nil
iv	The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.73	Nil
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	1.73	Nil

The above information has been determined to the extent such parties have been identified on the basis of information available with the company.

38. Pursuant to IND-AS 37 - 'Provision, Contingent Liabilities and Contingent Assets,' The Disclosure relating to provision made in the accounts for the year ended 31st March 2018 as follows :

Description	As at 1st April 2016	Additions during the year	Utilized/ Reversed during the year	As at 31st March 2017	Additions during the year	Utilized/ Reversed during the year	As at 31st March 2018 (₹ in Lakhs)
Provision for Excise Duty	617.83	-	182.01	435.82	-	435.82	-

39. Operating Lease Company as Lessee

The Company's significant leasing arrangements are in respect of operating lease for office premises at Kolkata and Raigarh, depot at Raipur & guest houses at Raigarh, Gairkata, Kolkata and Nagpur. These leasing arrangements which are cancellable for period of 3 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the statement of Profit & Loss.

Future minimum rentals payable under non- cancellable Operating Leases are as follows :

Particulars	As at 31st March, 2018	As at 31st March, 2017 (₹ in Lakhs)
Within one year	84.52	65.30
More than One year and less than Five years	-	84.52

40. Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits'

Defined Contribution Plan:
The amount recognized as an expense for the Defined Contribution Plans are as under :

Sl.No.	Particulars	31st March 2018	31st March 2017
a)	Provident Fund & ESI	187.98	165.48

Defined Benefit Plan:

a) Gratuity Plan

Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

b) Risk Exposure

Defined benefit plans expose the Company to the following types of actuarial risks:
Interest rate risk: The Plan exposes the company to the risk of fall in interest rates . A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements.)

Liquidity Risk: This is the risk that the company is not able to meet the short term gratuity payouts .This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of liquid assets not being sold in time

Salary Escalation Risk: The Present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participate in future Deviation in the rate of increase of salary in future for plan participant from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability

Demographic risk: The company has used certain mortality and attrition assumption in valuation of the liability . The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption

Regulatory Risk: Gratuity benefit is paid in accordance with the requirement of the Payment of Gratuity Act, 1972 (as amended from time to time . There is risk of change in regulation requiring higher gratuity payout (e.g. Increase in the maximum limit on gratuity of ` 20,00,000

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular Investment

Reconciliation Of the net defined benefit (Assets/Liabilities)
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset)/ liability and its components:

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Balance at the beginning of the year	401.03	319.86
Current Service Cost	62.50	52.48
Interest Cost on Defined Benefit Obligation	29.86	25.15
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions		-
Changes in financial assumptions	(24.37)	25.69
Experience adjustment	(3.06)	13.27
Past Service Cost	11.42	
Benefits paid from the plan assets	(25.94)	(35.42)
Balance at the end of the year	**451.44**	**401.03**

d) Reconciliation of the Plan Assets
The following table shows a reconciliation from the opening balances to the closing balances for the Plan Assets and its components:

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Balance at the beginning of the year	348.85	304.98
Interest Income on Plan Assets	25.97	23.98
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(1.11)	(0.58)
Employer Contributions to the Plan	73.86	55.89
Benefits Paid from the Plan Assets	(25.94)	(35.42)
Balance at the end of the year	421.63	348.85

e) The amount recognised in the Balance Sheet

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Present value of Defined Benefit Obligation	451.44	401.03
Fair Value of Plan Assets	(421.63)	(348.85)
Net Asset/(Liability) in the Balance Sheet	29.80	52.18

f) Expenses recognized in profit or loss

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Current Service Cost	62.50	52.48
Interest Cost	29.85	25.15
Past Service Cost*	11.42	-
Interest Income on Plan Assets	(25.97)	(23.98)
Total Defined Benefit Cost recognized in Profit & Loss	77.80	53.65
* Past Service cost of ` 11.42 Lacs is arising due to change in gratuity ceiling limit from ` 10 Lacs to ` 20 Lacs.		

g) Remeasurements recognized in other comprehensive income

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(24.37)	25.69
Experience adjustment	(3.06)	13.27
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	1.11	0.58
Total Defined Benefit Cost recognized in Other Comprehensive Income	(26.32)	39.54

h) Major Categories of Plan Assets

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Qualified Insurance Policies	100%	100%
The Gratuity Scheme is invested in policies offered by Life Insurance Corporation (LIC) of India . The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.		
i) Asset Liability Matching Strategy		
The company has purchased insurance policy which is basically a year on year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year .The Insurance company as a part of policy rules makes payment of all gratuity outgoes happening during the year (subject to sufficiency of fund under the policy). The Policy, thus mitigate the liquid risk . However , being cash accumulation plan the duration of assets shorter compared to the duration of liabilities . Thus the company is exposed to movement in interest rate (in Particular the significant fall in interest rate which should result in a increase in liability without corresponding increase in assets)		

j) Actuarial Assumptions

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Financial Assumptions		
Discount Rate	7.80%	7.45%
Salary Escalation Rate	7.50%	7.50%
Demographic Assumptions		
Normal Retirement age	58 years	58 years
Mortality Rate	100.00%	100.00%
Withdrawal Rate		
- Upto 40 years	0.42%	0.42%
- Above 40 years	0.00%	0.00%

k) The company expect to contribute ` 100.82 Lacs (Previous Year - ` 116.71 Lacs) during the next annual reporting Period to gratuity fund.

l) As at 31st March 2018, the weighted average contribution of the defined benefit obligation was 16 years (previous year- 17 years).The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows :

Expected benefits payment for the year ending on	Gratuity (Funded) (₹ in Lakhs)
Within next 12 months (next annual reporting period)	4.01
Between 2 and 5 years	43.25
Between 6 and 10 years	135.67
Beyond 10 years	1,557.47

m) Sensitivity Analysis

Significant actuarial assumption for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possibly changes of the assumption occurring at the end of the reporting period, while holding all other assumption constant The result of sensitivity assumption is given below:

Particulars	Gratuity (₹ in Lakhs)	
	31st March, 2018	31st March, 2017
Defined Benefit Obligation (Base)	451.43	401.03

Particular	Gratuity (₹ in Lakhs)			
	31-Mar-18		31-Mar-17	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	525.54	390.03	471.45	343.23
Salary Growth Rate (-/+1%)	389.35	525.02	344.46	466.84
Attrition Rate(-/+ 5% Of attrition rates)	451.38	451.48	401.13	400.93
Mortality Rate (- / + 10% of mortality rates)	451.37	451.50	401.00	401.06

Although the analysis does not take into account the full distribution of cash flows expected under the period, it does an approximation of the sensitivity of the assumptions shown.

MSP Steel & Power Limited

Related Party Disclosures

41. Information on related party transactions as required by Ind AS - 24 - 'Related Party Disclosures' for the year ended 31st March, 2018 (As identified and certified by the management)

a) Subsidiaries
MSP Cement Limited (Wholly owned subsidiaries)

b) Associates
AA ESS Tradelinks Private Limited

c) Joint Venture
Madanpur South Coal Company Limited

d) Key Managerial Personnel & their relatives	
Neme	**Designation**
Suresh Kumar Agrawal	Chairman
Saket Agrawal	Managing Director
Dhananjay Uchit Singh	Executive Director
Manish Agrawal	Non Executive Promoter Director
Kapil Deo Pandey	Non Executive Independent Director
Priyanka Tiwari	Non Executive Independent Director
Navneet Jagatramka	Non Executive Independent Director
Ashok Kumar Soin	Non Executive Independent Director
Kamal Kumar Jain	Chief Financial Offier
Shreya Kar	Company Secretary
Puranmal Agrawal	Relative - Father of Manish Agrawal
Kiran Agrawal	Relative - Mother of Manish Agrawal
Nisha Agrawal	Relative - Wife of Suresh Agrawal
Ekta Agrawal	Relative - Wife of Saket Agrawal
Richa Agrawal	Relative - Wife of Manish Agrawal

e) Enterprises over which Key management Personnel and or relatives have significant influence

B.S. Confin Private Limited
Howrah Gases Limited
Ilex Private Limited
MSP Energy Limited
Emerald Tradelink Private Limited
MSP Metallics Limited
MSP Mines & Minerals Limited
MSP Power Limited
MSP Sponge Iron Limited
Ginny Traders Private Limited
Procheta Consultants Private Limited
Sampat Marketing Co. Private Limited
M.A. Hire Purchase Private Limited
Dexo Trading Private Limited
Sikhar Commotrade Private Limited

MSP Steel & Power Limited

Summary

Particulars	Subsidiaries		Associates		Joint Venture		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total (₹ in Lakhs)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sales	-	-	-	-	-	-	-	-	3,011.36	1,766.35	3,011.36	1,766.35
Purchase of Raw Material & Components Consumed	-	-	-	-	-	-	-	-	3,947.89	4,048.58	3,947.89	4,048.58
Directors' Remuneration	-	-	-	-	-	8.15	97.80	43.00	-	-	97.80	51.15
Key Managerial Remuneration	-	-	-	-	-	-	26.98	22.46	-	-	26.98	22.46
Professional Charges Paid	-	-	-	-	-	-	-	-	31.75	18.96	31.75	18.96
Expenses Reimbursed	-	-	-	-	-	-	3.47	-	26.50	418.78	29.98	418.78
Rent paid	-	-	-	-	-	-	3.81	15.24	-	-	3.81	15.24
Allotement of Share	-	-	-	-	-	-	-	-	-	105.00	-	105.00
Loans & Advances Given	-	-	1.14	0.06	-	-	-	0.30	-	0.22	1.14	0.58
Repayment of Loans & Advances Given	-	-	-	-	-	-	0.08	2.01	-	-	0.08	2.01
Loans & Advances Taken	-	-	-	-	-	-	-	-	23.30	40.06	23.30	40.06
Loans & Advances Taken on Allotement of Share under S4A Scheme	-	-	-	-	-	-	-	-	12,857.80	-	12,857.80	-
Guarantee Obtained	-	-	-	-	-	-	1,105.69	1,183.19	-	-	1,105.69	1,183.19

Terms and conditions of transactions with related parties

The Sales to and purchases From related parties are made on terms equivatent to those that prevail in arms length transactions. Outstanding batances at the year end are unsecured, interest free and will be settled in cash/ bank. There have been no guatantees received or provided for any related party receivable or payables.

Nature of Transactions		2017-18	2016-17 (₹ in Lakhs)
Sales	MSP Metallics Limited	-	6.27
	MSP Sponge Iron Limited	3,011.36	1,760.08
Purchase of Raw Material & Components Consumed	MSP Metallics Limited	10.46	1,397.07
	MSP Sponge Iron Limited	3,937.43	2,651.51
Directors' Remuneration	Suresh Kumar Agrawal	26.90	-
	Manish Agrawal	30.00	9.00
	Saket Agrawal	32.90	28.00
	Dhananjay Uchit Singh	8.00	6.00
Key Managerial Remuneration	Kamal Kumar Jain	22.47	19.16
	Shreya Kar	4.52	3.30
Professional Charges Paid	MSP Mines & Minerals Limited	31.75	18.96
	MSP Sponge Iron Limited	-	-
Expenses Reimbursed	Manish Agrawal	0.62	-
	Saket Agrawal	0.75	-
	Kamal Kumar Jain	2.11	-
	MSP Metallics Limited	-	418.28
	MSP Mines & Minerals Limited	0.04	0.50
	MSP Sponge Iron Limited	22.90	-
	Howrah Gases Limited	3.57	-
Rent paid	Ekta Agrawal	2.13	8.52
	Richa Agrawal	1.68	6.72
Allotement of Share	Ilex Private Limited	-	105.00
Loans & Advances Given	AA ESS Tradelinks Private Limited	1.14	0.06
	Dhananjay Uchit Singh	-	0.30
	MSP Energy Limited	-	0.22
Repayment of Loans & Advances Given	AA ESS Tradelinks Private Limited	-	-
	Dhananjay Uchit Singh	0.08	0.02
	Kamal Kumar Jain	-	1.99
Loans & Advances Taken	Ilex Private Limited	-	-
	Howrah Gases Limited	23.30	40.06
Loans & Advances Taken on Allotement of Share under S4A Scheme	Ilex Private Limited	1,465.00	-
	B.S. Confin Private Limited	103.21	-
	Emerald Tradelink Private Limited	65.00	-
	High Time Holdings Private Limited	1,833.00	-
	Ginny Traders Private Limited	2,700.00	-
	Procheta Consultants Private Limited	704.00	-
	Sampat Marketing Co. Private Limited	2,155.00	-
	Jaik Leasing & Commercial Invt. Limited	915.00	-
	M.A. Hire Purchase Private Limited	560.00	-
	Dexo Trading Private Limited	1,617.00	-
	Sikhar Commotrade Private Limited	740.59	-
Guarantee Obtained	Puranmal Agrawal	224.37	247.02
	Suresh Kumar Agrawal	261.70	278.80
	Manish Agrawal	299.33	324.52
	Saket Agrawal	320.29	332.85
Nature of Transactions		**2017-18**	**2016-17 (₹ in Lakhs)**
Loans & Advances (Closing Balance)	AA ESS Tradelinks Private Limited	445.55	444.41
	Dhananjay Uchit Singh	0.21	0.28
	Kamal Kumar Jain	1.70	1.70
	MSP Energy Limited	0.22	0.22
	MSP Mines & Minerals Limited	1.63	1.63
	MSP Cement Limited	0.01	0.01
"Trade Receivable (Closing Balance)"	MSP Sponge Iron Limited	1,943.70	2,567.94
"Trade Payable (Closing Balance)"	Ekta Agrawal	-	0.64
	Richa Agrawal	-	0.50
	Manish Agrawal	1.34	0.80
	Saket Agrawal	5.57	1.84
	Kamal Kumar Jain	1.33	1.43
	Shreya Kar	0.32	0.27
	Dhananjay Uchit Singh	0.49	-
	MSP Metallics Limited	507.77	1,183.01
	Howrah Gases Limited	144.02	-
"Other Liabilities (Closing Balance)"	MSP Mines & Minerals Limited	4.84	8.56
"Loans & Advances Taken Closing Balance)"	Ilex Private Limited	1,545.00	80.00
	Howrah Gases Limited	23.30	40.06
	B.S. Confin Private Limited	103.21	-
	Emerald Tradelink Private Limited	65.00	-
	High Time Holdings Private Limited	1,833.00	-
	Ginny Traders Private Limited	2,700.00	-
	Procheta Consultants Private Limited	704.00	-
	Sampat Marketing Co. Private Limited	2,155.00	-
	Jaik Leasing & Commercial Invt. Limited	915.00	-
	M.A. Hire Purchase Private Limited	560.00	-
	Dexo Trading Private Limited	1,617.00	-
	Sikhar Commotrade Private Limited	740.59	-
Investments	AA ESS Tradelinks Private Limited	4,370.68	4,370.68
	Howrah Gases Limited	15.91	15.91
	Madanpur South Coal Company Limited	131.96	175.65
	MSP Cement Limited	58.07	58.07
	MSP Metallics Limited	-	402.00
	MSP Power Limited	0.80	0.80
	MSP Sponge Iron Limited	49.50	49.50

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

42. Segment information

The Company is engaged in manufacturing of "Iron and Steel". Consequent to the adoption of IND-AS, the company has identified one operating segment viz, "Iron and Steel", which is consistent with the internal reporting provided to the managing director who is the chief operating decision maker of the company.

The company deals in only one product, i.e Iron & Steel.

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

Revenue from external customers	FY 2017-18	FY 2016-17 (₹ in Lakhs)
India	1,09,122.47	85,312.05
Outside India	8,739.41	7,725.39
	1,17,861.88	93,037.44

Non-Current Assets*	FY 2017-18	FY 2016-17 (₹ in Lakhs)
India	1,01,279.01	1,06,992.80
Outside India	-	-
	1,01,279.01	1,06,992.80
* excludes financial assets, deferred tax assets, post-employment benefit assets.		

Information about major customers

Total amount of revenues from customers (each exceeding 10% of total revenues of the Company) is ` 17,779.78 Lacs (Previous Year ` 16,344.69 Lacs) reported under Iron & Steel segment.

43. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company meeting the applicable threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are in accordance to the CSR Policy of the Company which includes Rural Development Project, eradicating hunger, poverty and malnutrition, healthcare and sanitation, animal welfare, etc. A CSR committee has been formed by the Company as per the Act.

Particulars	As at 31st March 2018	As at 31st March 2017
Gross amount required to be spent by the Company during the year	Nil	Nil
Amount spent during the year		
i) Construction/Acquisition of an Asset	3.54	-
ii) On purposes other than as mentioned in (i) above	43.25	54.15
Provision made in relation to CSR expenditure	Nil	Nil

44. Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	Refer Note No.	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
For Term Loan			
First Charge			
Equitable Mortgage			
Land	3	926.80	926.80
Factory Building	3	10,501.25	10,931.03
Other Building	3	6,828.23	7,112.51
First Hypothecation			
Other Non Current Assets	3	83,003.14	88,022.46
Capital Work in Progress	3	19.60	-
Second Charge			
(a) Inventories	9	35,114.76	29,601.65
(b) Financial Assets			
(i) Trade Receivables	10	10,377.50	13,561.28
(ii) Cash and Cash equivalents	11	1,349.54	739.97
(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
(iv) Loans	5	934.44	889.22
(v) Other Financial Assets	6	137.31	85.87
(c) Other Current Assets	13	15,062.68	15,524.46
Total Assets Pledged against Term Loan		1,67,031.04	1,68,151.42
For Cash Credit			
First Charge			
(a) Inventories	9	35,114.76	29,601.65
(b) Financial Assets			
(i) Trade Receivables	10	10,377.50	13,561.28
(ii) Cash and Cash equivalents	11	1,349.54	739.97
(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
(iv) Loans	5	934.44	889.22
(v) Other Financial Assets	6	137.31	85.87
(c) Other Current Assets	13	15,062.68	15,524.46
Second Charge			
(a) Property, Plant and Equipment	3	1,01,259.41	1,06,992.80
(b) Capital Work in Progress	3	19.60	-
Total Assets Pledged against Cash Credit		1,67,031.04	1,68,151.42

45. The Joint lenders' forum (JLF) of the company adopted the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India on October 24, 2017 with reference date as July 31, 2017. As per the approved restructuring Scheme, out of total fund based debt of ` 1,18,586.00 lacs, 51.03% amounting to ` 60,532.00 lacs is bifurcated into sustainable debt to be serviced as per existing terms and conditions of these debts and remainder of ` 58,054.00 lacs termed as unsustainable debt. Pursuant to the approval of shareholders at the meeting held on September 23, 2017 , approval of Overseeing Committee of RBI on October 24, 2017, execution of Master Framework Agreement and Share Transfer & Confirmation Agreement on January 24, 2018 by 100% lenders and after considering exact interest amount, the Promoter / Promoters' group has transferred 12,85,78,044 equity shares, at ` 10/- per equity share, to JLF lenders, as a part payment of unsustainable debt as per recommendations of Overseeing Committee of RBI, and for the balance amount of unsustainable debt of ` 45,197.05 lacs, the company has issued optionally convertible debentures to the JLF lenders.

46. Valuation of Current Assets, Loans & Advances and Current Liabilities

Trade Receivables, Loans and Other financial Assets include certain overdue and unconfirmed balances. However, in the opinion of the management, the current assets would, in the ordinary course of business, realise the value stated in the accounts.

47. The previous year's figures have been regrouped, rearranged and reclassified to conform to the classification of the current period, wherever necessary.

48. The financial statements have been approved in Audit Committee meeting held on 30.05.2018 and approved by the Board of Directors on the same day.

MSP Steel & Power Limited
Consolidated Balance Sheet as at 31st March, 2018

(₹in Lacs)

Sl. No.	Particulars	Note No.	As as 31st March, 2018	As as 31st March, 2017
A	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3	1,01,259.41	1,06,992.80
	(b) Capital Work in Progress	3	78.50	58.75
	(c) Financial Assets			
	(i) Investments	4		
	(a) In Associate & Joint Venture		4,794.96	5,289.54
	(b) Other Investments		210.56	206.67
	(ii) Loans	5	281.59	277.22
	(iii) Other Financial Assets	6	280.70	271.62
	(d) Deferred Tax Assets (Net)	7	5,828.38	5,251.32
	(e) Income Tax Assets (Net)	8	98.44	77.11
			1,12,832.54	**1,18,425.03**
2	**Current Assets**			
	(a) Inventories	9	35,114.76	29,601.65
	(b) Financial Assets			
	(i) Trade Receivables	10	10,377.50	13,561.29
	(ii) Cash and Cash equivalents	11	1,352.02	742.52
	(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
	(iv) Loans	5	934.44	889.22
	(v) Other Financial Assets	6	137.31	85.87
	(c) Other Current Asset	13	15,062.68	15,524.46
			65,754.51	61,161.18
	TOTAL ASSETS		**1,78,587.05**	**1,79,586.21**
B	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share capital	14	38,541.50	8,810.00
	(b) Other Equity	15	29,732.87	33,525.78
			68,274.37	**42,335.78**
2	**LIABILITIES**			
	Non-Current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings	16	58,773.33	86,380.22
	(ii) Other Non-Current Financial Liabilities	20	4.25	4.25
	(b) Provisions	17	78.4	77.00
			58,855.99	86,461.47
3	**Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	25,383.59	26,096.51
	(ii) Trade Payables	19	18,397.51	11,932.62
	(iii) Other Financial Liabilities	20	6,307.00	9,722.50
	(b) Other Current Liabilities	21	1,337.90	2,983.85
	(c) Provisions	17	30.69	53.48
			51,456.69	50,788.96
	TOTAL EQUITY AND LIABILITIES		**1,78,587.05**	**1,79,586.21**

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited
Statement of Consolidated Profit and Loss for year ended 31st March, 2018

Particulars	Notes	As as 31st March, 2018	As as 31st March, 2017
INCOME			(₹in Lacs)
Revenue from Operations	22	1,18,794.72	94,181.18
Other Income	23	261.85	105.16
Total (I)		**1,19,056.57**	**94,286.34**
EXPENSES			
Cost of Materials Consumed	24	86,868.03	59,429.04
Purchase of Stock in Trade	25	-	44.90
Changes in Inventories of Finished Goods, By-products and Work in Progress	26	(765.93)	2,387.69
Excise Duty		2,757.67	9,248.70
Employee Benefits Expenses	27	3,323.61	2,843.47
Finance Costs	28	12,922.27	12,323.62
Depreciation and Amortization Expenses	29	5,692.03	5,642.15
Other Expenses	30	14,890.92	12,772.39
Total (II)		**1,25,688.60**	**1,04,691.96**
Profit/(Loss) before Exceptional Item and Tax (I-II)		(6,632.03)	(10,405.62)
Exceptional Items (Gain)/Loss	31	(476.24)	-
Share of Profit/Loss of Associates and Joint Venture (Net of Tax)	48	1.74	(13.92)
Profit Before Tax		(6,154.05)	(10,419.54)
Tax Expenses	32		
Current Tax		-	154.05
Deferred Tax		(585.27)	(1,199.23)
Total Tax Expenses		(585.27)	(1,045.18)
Profit/(Loss) for the Year		**(5,568.78)**	**(9,374.36)**
Other Comprehensive Income	33		
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		26.32	(50.49)
(b) Equity Instruments through Other Comprehensive Income		3.89	152.43
(ii) Income taxes on items that will not be reclassified to profit or loss		(8.21)	-
(iii) Share in OCI of Associates & Joint Venture	48	972.12	1.90

Total Comprehensive Income for the period		**(4,574.66)**	**(9,270.52)**
Earnings per equity share of face value of ₹10/- each	34		
Basic (₹)		(5.79)	(10.64)
Diluted (₹)		(5.79)	(10.64)

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Kolkata, 30th May, 2018

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Director
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Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited
Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹in Lacs)

	Particulars	Year ended 31st March,2018	Year ended 31st March,2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before taxes	(6,154.05)	(10,419.54)
	Adjustments for:		
	Depreciation	5,692.03	5,642.15
	Interest on loans, deposits etc.	(179.54)	(102.89)
	Interest Expenses	11,730.90	11,420.33
	Preference Share Liability Recognised	509.72	443.23
	Debenture Liability Recognised	45.32	-
	Other Finance Expenses	636.33	460.06
	Provision for Doubtful debts/ Advances/ Deposits and Claims	781.97	-
	Gain on derecognition of Financial Liability as per S4A Scheme	(1,900.99)	-
	Impairment of Investment in Associate	1,424.75	-
	(Profit) / Loss on sale of property, plant & equipment (net)	(26.23)	0.02
	Loss on Sale of Investments (Net)	13.68	-
	Dividend Income	(0.05)	(0.01)
	Share of Profit/Loss of Associates & Joint Venture	(1.74)	13.92
	Operating Profit before working capital changes	12,572.10	7,457.28
	Movement in Working Capital for:		
	(Increase)/ Decrease in Trade & Other Receivables	2,845.11	(3,305.13)
	(Increase)/ Decrease in Inventories	(5,513.11)	(2,334.03)
	Increase/ (Decrease) in Trade & Other Payables	4,817.39	5,634.18
	Increase/ (Decrease) in Provisions	4.95	(14.40)
	Cash generated from Operations	14,726.44	7,437.90
	Less: Direct Taxes Paid	21.33	163.31
	Net Cash generated from Operating Activities	14,705.10	7,274.59

B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant & equipment [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(30.41)	(0.90)
	Discard / Sale of property, plant & equipment	52.04	4.13
	Loss on Sale of property, plant & equipment	26.23	(0.02)
	Sale of Investments	30.01	-
	Interest received	96.99	83.42
	Dividends received	0.05	0.01
	Net cash used in investing activities	174.91	86.63

		Year ended 31st March,2018	Year ended 31st March,2017
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Long Term Borrowings Received/ (paid) (Net)	(2,476.56)	(1,067.03)
	Short Term Borrowings Received/ (paid) (Net)	(805.28)	674.20
	Interest Paid	(8,323.63)	(5,220.55)
	Other Finance Expenses Paid	(636.33)	(460.06)
	Net cash generated in financing activities	(12,241.80)	(6,073.44)
	Net (Decrease) in Cash and Cash equivalents (A+B+C)	2,638.21	1,287.78
	Cash and Cash equivalents as at the beginning of the year	1,770.31	482.53
	Cash and Cash equivalents as at the end of the year *	4,408.52	1,770.31

(₹in Lacs)

		Year ended 31st March,2018	Year ended 31st March,2017
*	Components of Cash and Cash equivalents		
	Cash on hand	25.36	15.52
	With Scheduled Banks on Current Account	1,326.66	727.00
	Earmarked Balances with Banks	3,056.50	1,027.79
		4,408.52	1,770.31

Significant Accounting Policies 1
Key accounting estimates and judgements 2

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The amendments to Ind AS 7 Cash Flow statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non- cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	31st March 2017	Cash Flow	Non Cash Changes				31st March 2018 (₹in Lacs)
			Foreign Exchange Movement	Other Changes (Refer Note 45)	Interest Expenses	Interest Paid	
Long Term Borrowings*	90,686.07	(2,726.65)	(26.56)	(45,197.05)	8,800.20	(5,485.29)	46,050.72
Other Financial Liabilities	142.72	276.65					419.37
Borrowings - Current	26,096.51	(805.28)	-	-	2,930.70	(2,838.34)	25,383.59
	1,16,925.30	(3,255.28)	(26.56)	(45,197.05)	11,730.90	(8,323.63)	71,853.68

* Long term borrowings include current maturities and exclude the Liability Component of Compound Financial Instruments

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Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

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Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

MSP Steel & Power Limited

Consolidated Statement of Changes in Equity for the year ended 31st March, 2018

(₹in Lacs)

A.	Equity Share Capital		
	Particulars	As at 31st March, 2018	As at 31st March, 2017
	As at the beginning of the year	8,810.00	8,810.00
	Change in equity share capital	29,731.50	-
	As at the end of the year	38,541.50	8,810.00

(₹in Lacs)

B.	Other Equity							
	Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
		Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehen sive Income	Effective portion of Cash Flow Hedges	
	Balance as at 1st April, 2016	15,055.59	(3,214.28)	-	30,837.69	37.70	10.62	42,727.32
	Profit/ (Loss) for the year	-	(9,374.36)	-	-	-	-	(9,374.36)
	Remeasurement benefits Gain/(Loss) (Net of tax)	-	(50.49)	-	-		-	(50.49)
	Share in OCI of Associates					1.90		1.90
	Fair Value of Equity Instrument through FVOCI	-	-	-	-	152.43	-	152.43
	Other Movement during the year	-	79.93	-	-	-	(10.95)	68.98
	Balance as at 31st March, 2017	15,055.59	(12,559.20)	-	30,837.69	192.03	(0.33)	33,525.78
	Balance as at 1st April, 2017	15,055.59	(12,559.20)	-	30,837.69	192.03	(0.33)	33,525.78
	Profit/ (Loss) for the year		(5,568.78)					(5,568.78)
	Remeasurement benefits Gain/(Loss) (Net of tax)		18.11					18.11
	Share in OCI of Associates					972.12		972.12

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Fair Value of Equity Instrument through FVOCI					3.90		3.90
Conversion of NCPS to CCPS (Refer note 45)			32,844.49	(30,837.69)			2,006.80
Conversion of CCPS to Equity (Refer note 45)			(29,731.50)				(29,731.50)
Issue of OCD				28,506.44			28,506.44
Other Movement during the year		(0.33)				0.33	-
Balance as at 31st March, 2018	15,055.59	(18,110.20)		28,506.44	1,168.05	-	29,732.87

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Kolkata, 30th May, 2018

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Company Secretary

MSP Steel & Power Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

Significant Accounting Policies

Company Background

The Consolidated financial statements comprise financial statements of MSP Steel & Power Limited ('the Holding Company') and its subsidiary (collectively the "Group") for the year ended 31st March, 2018. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The registered office of the Company is located at 1, Crooked Lane, Kolkata – 700069, India. The Group is principally engaged in manufacture and sale of iron and steel products and generation of power. Information on the Group's structure is provided in Note 46. **SIGNIFICANT**

ACCOUNTING POLICIES

1.1. Basis of Preparation of financial statements

1.1.1. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

• Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee, and

• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement with the other vote holders of the investee

• Rights arising from other contractual arrangements

• The Group 's voting rights and potential voting rights

• The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

1.1.2. Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(e) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

• Derecognises the assets (including goodwill) and liabilities of the subsidiary

• Derecognises the carrying amount of any non-controlling interests

• Derecognises the cumulative translation differences recorded in equity

• Recognises the fair value of the consideration received

• Recognises the fair value of any investment retained

• Recognises any surplus or deficit in profit or loss

• Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

1.1.3. Compliance with Ind-AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

1.1.4. Classification of current and non-current

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Ind AS 1 - Presentation of financial Statements and Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

1.1.5. Historical Cost Convention

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention, except for the following:

• Certain financial assets and liabilities (including derivative instruments) that is measured at fair value;"

• defined benefit plans - plan assets measured at fair value;"

1.2. Summary of Significant Accounting Policies

A. Property, Plant and Equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining itemThe cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets located in India, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of Assets	Years
Factory Building	30 years
Other Building	30 to 60 years
Plant & Machinery	8 to 40 years
Vehicle	8 to 10 years
Office Equipment	5 to 6 years
Furniture & Fixtures	10 years

Freehold land is not depreciated.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

De-recognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

B. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount

is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

C. Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax /value added tax/goods and service tax (GST) are excluded from revenue.

• Sale of Products: Revenue from sale of products is recognized when the Group transfers all significant risks and rewards of ownership to the buyer, while the Group retains neither continuing managerial involvement nor effective control over the products sold.

• Interest and dividends: Interest income is recognized using effective interest method. Dividend income is recognized when the right to receive payments established.

D. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the acquisition/construction of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

E. Inventories

Raw materials, work-in-progress, finished goods, stores, spares, components, consumables and stock-in trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

By-product is valued at net realisable value.

n determining the cost of raw materials first in first out (FIFO) cost method is used. In determining the cost of stock-in-trade, stores, spares, components, consumables and other inventories weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

F. 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.

F.1. Financial Assets

• Initial recognition and measurement: The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

• Subsequent measurement: For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

√ The Group's business model for managing the financial asset and

√ The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

√ Financial assets measured at amortized cost

√ Financial assets measured at fair value through other comprehensive income (FVTOCI)

√ Financial assets measured at fair value through profit or loss (FVTPL)

• Financial assets measured at amortized cost: A financial asset is measured at the amortized cost if both the following conditions are met:

√ The Group's business model objective for managing the financial asset is to hold financial assets 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.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

• Financial assets measured at FVTOCI : A financial asset is measured at FVTOCI if both of the following conditions are met:

√ The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the 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.

The Group, through an irrevocable election at initial recognition, has measured investments in equity instruments at FVTOCI. This equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

• Financial assets measured at FVTPL: A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above.

This is a residual category applied to all other investments of the Group. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

• De-recognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's Balance Sheet) when any of the following occurs:

√ The contractual rights to cash flows from the financial asset expires;

√ The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

√ The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

√ The Group neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.On De-recognition of a financial asset [except as mentioned in above for financial assets measured at FVTOCI] difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

• Impairment of financial assets: The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

√ Trade receivables

√ Financial assets measured at amortized cost (other than trade receivables and lease receivables)

√ Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss.

F.2. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

F.2.1. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

F.2.2. Financial liabilities

• Initial recognition and measurement: The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability

• Subsequent measurement: All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

• De-recognition: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

G. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

H. Derivatives

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/ expenses.

I. Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

J. Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

√ In the principal market for the asset or liability, or

√ In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

√ Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

√ Level 3 - inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

K. Foreign Currency Translation

√ Initial Recognition: On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

√ Measurement of foreign currency items at reporting date: Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

L. Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

√ Current tax: Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

√ Deferred tax: Deferred tax is recognized 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 under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credit (MAT Credit Entitlement), Unabsorbed depreciation and any unused tax losses. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

√ Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

√ Presentation of current and deferred tax: Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts

and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

M. Provisions, Contingent Liabilities & Contingent Assets

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

N. Cash and Cash Equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances and demand deposits with banks where the original maturity is three months or less.

O. Employee Benefits

• Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.

• Compensated absences: Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

√ Post-Employment Benefits:

√ Provident Fund scheme: Retirement benefit in the form of Provident Fund is a defined contribution scheme and the Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service. The Group has no obligations other than the contribution payable to the respective funds.

√ Gratuity scheme: Gratuity liability, being a defined benefit obligation, is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

√ Recognition and measurement of Defined Benefit plans: The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets, are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods. Re-measurement of defined benefit plans is recognised as a part of retained earnings in statement of changes in equity as per Division II of Schedule III of the Companies Act, 2013.

P. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees' under finance leases are recorded as receivables at the amount of net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Variable increases in lease payments which are linked to an inflation price index are considered as contingent rentals and are recognised on a straight-line basis. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Q. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

R. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

S. Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

T. Earnings Per Share

Basic earning 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 earning per share, the net profit or loss for the period attributable to equity shareholders are divided with the weighted average number of shares outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

U. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

V. Non-Current Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification. On-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

2. KEY ACCOUNTING ESTIMATES & JUDGEMENTS:

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acGrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

2.1. Impairment of Non-current Assets

Ind AS 36 requires that the Group assesses conditions that could cause an asset or a Cash Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors such as the Group's market capitalization, significant changes in the Group's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. CGU is usually the individual plant, unless the asset or asset Group is an integral part of a value chain where no independent prices for the intermediate products exist, a Group of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant interdependencies.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

2.2. Employee retirement plans

The Group provides defined benefit employee retirement plans. Measurement of obligations under such plans require numerous assumptions and estimates that can have a significant impact on the recognized costs and obligation, such as future salary level, discount rate, attrition rate and mortality etc.

2.3. Income taxes

The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

2.4. Classification of leases

The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset

at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

2.5. Useful lives of depreciable

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

2.6. Recoverability of advances/ receivables

At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factor.

2.7. Fair value measurements

The Group applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Group's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.8. Contingent assets and liabilities, uncertain assets and liabilities

Liabilities that are uncertain in timing or amount are recognized when a liability arises from a past event and an outflow of cash or other resources is probable and can be reasonably estimated. Contingent liabilities are possible obligations where a future event will determine whether Group will be required to make a payment to settle the liability, or where the size of the payment cannot be determined reliably. Material contingent liabilities are disclosed unless a future payment is considered remote. Evaluation of uncertain liabilities and contingent liabilities and assets requires judgment and assumptions regarding the probability of realization and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

2.9. New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Group's Financial Statement are disclosed below:

2.9.1.Ind AS 115-Revenue from Contracts with Customers.

The Ministry of corporate affair (MCA) on 28th March 2018 has notified new Indian Accounting Standard as mentioned above .The new standard will come to into force from accounting period commencing on or after 1st April 2018. It replaces existing recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction contract. The standard is likely to affect the measurement, recognition and disclosure of revenue. The Group has evaluated and there is no material impact of this amendment on the Financial Statement of the Group except disclosure. The Group will adopt the Ind AS 115 on the required effective date.

2.9.2. The MCA on 28th March 2018 issued certain amendments to various Ind AS detailed below.

A. Ind AS 40, Investment property - The amendment lays down and clarifies the principle regarding when a Group shall transfer assets to, or from, investment property .The amendment will come into force from accounting period commencing on or after 1st April 2018. The Group has evaluated and there is no impact of this amendment to the Financial Statement of the Group.

B. Appendix B to Ind AS 21, The Effect of Changes in Foreign Exchange Rates- The amendments to Ind AS 21 addresses issue to determine the date of transactions for the purpose of determining the exchange rate to be used on initial recognition of related assets, expenses or income when entity has received or paid advances in foreign currencies. The amendment will come into force from accounting period commencing on or after 1st April 2018. The Group has evaluated this amendment and impact of this amendment will not be material.

C. Ind AS 12, Income Tax- The amendment to Ind AS 12 explain that determining temporary difference and estimating future taxable profit against which deductible temporary are assessed for utilisation are two separate steps and carrying amount of an assets is relevant to only determine temporary difference. The Carrying amount of an asset does not limit the estimation of probable future taxable profits. The amendment considers that:

• The tax laws determine which deductions are offset against taxable income in determining taxable profits.

• No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The amendment to Ind AS 12 Income Tax will come into force from accounting period commencing on or after 1st April 2018. The management has evaluated this amendment and there is no impact of this amendment to the financial statement of the Group.

MSP Steel & Power Limited

Assets & liabilities

3. Property, Plant & equipment (₹in Lacs)

Particulars	Land	Factory Building	Other Building	Plant & Machinery	Vehicle	Office Equipments	Furniture & Fixtures	Total
GROSS BLOCK								
Balance as at 31st March, 2016	926.80	11,790.60	7,681.07	98,261.99	276.83	23.02	38.02	1,18,998.33
Additions	-	-	-	-	-	0.64	-	0.64
Deductions	-	-	-	-	14.63	-	-	14.63
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	926.80	11,790.60	7,681.07	98,261.99	262.20	23.66	38.02	1,18,984.34
Additions	-	-	-	-	-	6.91	3.78	10.69
Deductions	-	-	-	-	87.34	-	-	87.34
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	926.80	11,790.60	7,681.07	98,261.99	174.86	30.57	41.80	1,18,907.69
ACCUMULATED DEPRECIATION								
Balance as at 31st March, 2016	-	429.79	284.28	5,564.39	62.83	11.56	7.00	6,359.85
Depreciation expense	-	429.78	284.28	4,862.96	51.93	6.21	6.99	5,642.15
Deductions	-	-	-	-	10.46	-	-	10.46
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	859.57	568.56	10,427.35	104.30	17.77	13.99	11,991.54
Depreciation expense		429.79	284.28	4,931.57	36.93	2.79	6.68	5,692.03
Deductions	-	-	-	-	35.29	-	-	35.29
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	-	1,289.36	852.84	15,358.92	105.94	20.55	20.67	17,648.28
CARRYING VALUE								
Balance as at 31st March, 2017	926.80	10,931.03	7,112.51	87,834.64	157.90	5.89	24.03	1,06,992.80
Balance as at 31st March, 2018	926.80	10,501.24	6,828.23	82,903.07	68.92	10.02	21.13	1,01,259.41

Capital Work in Progress	As at 31st March, 2018	As at 31st March, 2017
As at the beginning of the year	58.75	58.48
Movement during the year	19.60	0.27
As at the end of the year	78.50	58.75

4. Non Current Investments		As at 31st March, 2018		As at 31st March, 2017	
		Number of Shares / Units	(₹in Lacs)	Number of Shares / Units	(₹in Lacs)
(a)					
(i)	In Associate Company (at cost) (carrying amount determined using the Equity Method)				
	AA ESS Tradelinks Private Limited (` 10 each)	46,50,175	4,370.68	46,50,175	4,370.68
	Accumulated Group share of Profit & OCI		1,728.51		755.92
	Less: Impairment of investment in Associate (refer note no. 31)		(1,424.75)		-
			4,674.44		**5,126.60**
(ii)	In Joint Venture (at cost) (carrying amount determined using the Equity Method)				
	"Madanpur South Coal Company Limited (` 10 each)"	94,427	131.96	1,25,692	175.65
	Accumulated Group share of Profit & OCI		(11.44)		(12.71)
			120.52		**162.94**
(iii)	In Others (at fair value through OCI)				
	MSP Metallics Limited (₹ 10 each)	4,20,000	68.88	4,20,000	23.75
	MSP Properties (I) Limited (₹ 10 each)	7,500	5.48	7,500	4.05
	MSP Sponge Iron Limited (₹ 10 each)	3,13,000	114.87	3,13,000	103.52
	MSP Power Limited (₹ 10 each)	8,000	0.80	8,000	0.80
			190.03		132.12
(b)	Quoted Investments in Equity Instruments (at fair value through OCI)				
	Howrah Gases Ltd (` 10 each)	93,700	14.51	93,700	66.61
	"Ashirwad Steel and Industries Limited (` 10 each)"	2,500	0.29	2,500	0.27
	Nageshwar Investment Limited (` 10 each)	11,000	0.22	11,000	1.68
	Indian Overseas Bank (₹ 10 each)	2,900	0.51	2,900	0.78
	IDFC Bank Limited (₹ 10 each)	5,201	2.46	5,201	3.08
	IDFC Limited (` 10 each)	5,201	2.54	5,201	2.13
			20.53		74.55
	TOTAL (a+b)		**5,005.52**		**5,496.21**

(₹in Lacs)

	Aggregate amount of Quoted Investments - at Cost		19.24		19.24
	Aggregate amount of the Quoted Investments - at Market value		20.53		74.55
	Aggregate value of unquoted Investments - at cost		5,013.75		5,057.44
	Aggregate amount of impairment in value of investment (refer note no. 31)		1,424.75		-

(₹in Lacs)

5.	Loans	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated Loans to Bodies Corporate*	1.45	1.45	934.44	889.22
	(A)	1.45	1.45	934.44	889.22
	Security Deposit	280.14	275.77	-	-
	(B)	280.14	275.77	-	-
	TOTAL (A+B)	**281.59**	**277.72**	**934.44**	**889.22**
* For business purpose only.					

(₹in Lacs)

6.	Other Financial Assets	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated Deposits with Banks (Refer Note No. 12)	280.70	271.62	-	-
	(A)	280.70	271.62	-	-
	Interest Accrued on Fixed Deposits and Others Loans and Advances to Employees*	-	-	94.78	57.45
	(B)	-	-	42.53	28.42
	TOTAL (A+B)	280.70	271.62	137.31	85.87
* Includes dues from executive director ` 0.21 Lacs (Previous year ₹ 0.28 Lacs)					

(₹in Lacs)

7.	Deferred Tax Assets (NET)	As at 31st March, 2018	As at 31st March, 2017
	Deferred Tax Liabilities : Property, Plant & Equipment	(13,369.75)	(12,236.02)
	Deferred Tax Assets : Allowance for credit loss	325.03	74.28
	Allowance for credit loss	164.89	40.39
	Expenses Allowance on Income tax on payment basis	14,610.59	13,177.66
	Unabsorbed depreciation	4,097.62	4,195.01
	MAT Credit Entitlement	5,828.38	5,251.32

(₹in Lacs)

Particulars	As at 1st April, 2016	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2017
Deferred Income Tax Liabilities	(10,913.52)	(1,322.50)	-	(12,236.02)
Property, Plant & Equipment's	(10,913.52)	(1,322.50)	-	(12,236.02)
Deferred Income Tax Assets	74.28	-	-	74.28
Allowance for credit loss	56.36	(15.97)	-	40.39
Expense allowed under Income Tax on payment basis	10,639.96	2,537.70	-	13,177.66
Unabsorbed depreciation	4,195.01	-	-	4,195.01
Mat Credit Entitlement	14,965.61	2,521.73	-	17,487.34
Deferred Tax Assets (Net)	4,052.09	1,199.23	-	5,251.32

Particulars	As at 1st April, 2016	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2017
Deferred Income Tax Liabilities	(12,236.02)	(1,133.73)	-	(13,369.75)
Property, Plant & Equipment's & Intangible Assets	(12,236.02)	(1,133.73)	-	(13,369.75)
Deferred Income Tax Assets	74.28	250.75	-	325.03
Allowance for credit loss	40.39	132.71	(8.21)	164.89
Expense allowed under Income Tax on payment basis	13,177.66	1,432.93		14,610.59
Unabsorbed depreciation	4,195.01	(97.39)	-	4,097.62
Mat Credit Entitlement	17,487.34	1,719.00	(8.21)	19,198.13
Deferred Tax Assets (Net)	5,251.32	585.27	(8.21)	5,828.38

(₹in Lacs)

8.	Income Tax Assets (Net)	As at 31st March, 2018	As at 31st March, 2017
	Advance Income Tax & TDS (Net of Provision of ₹ Nil Lacs (₹ Nil Lacs)	98.44	77.11
		98.44	77.11

(₹in Lacs)

9.	Inventories (Valued at Lower of Cost and Net Realizable Value)	As at 31st March, 2018	As at 31st March, 2017
	Raw Materials and Components [includes in transit ₹ 4,590.47 lacs (31st March 2017 : ₹ 1,900.65 lacs)]	25,158.82	20,273.75
	Work - in - Progress	2,499.00	2,070.78
	Finished Goods	4,265.55	3,746.57
	Stores and Spares [includes in transit ₹ Nil lacs (31st March 2017 : ` 276.46 lacs)]	2,338.78	2,476.67
	By Products (at Net Realisable Value)	852.61	1,033.88

(₹in Lacs)

10.	Trade Receivables	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Unsecured, Considered Good Unless Otherwise Stated Loans to Bodies Corporate*	10,377.50	13,561.29
	Considered Doubtful	629.90	240.39
	Less : Allowances for Credit Loss	(629.90)	(240.39)
	TOTAL (A+B)	**10,377.50**	**13,561.29**

Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days.
No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(₹in Lacs)

Ageing (As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More then 3 Years	Total
Gross carrying amount	6,249.61	288.65	782.96	3,686.18	11,007.40
Expected credit loss rate					5.72%
Less: Expected credit loss provision		5.77)	(39.15)	(584.98)	(629.90)
Carrying amount of trade receivables (Net of impairment)	**6,249.61**	**282.88**	**743.81**	**3,101.20**	**10,377.50**

(₹in Lacs)

Ageing (As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More then 3 Years	Total
Gross carrying amount	8,899.82	0.99	3,053.96	1,846.91	13,801.68
Expected credit loss rate					1.74%
Less : Expected credit loss provision				(240.39)	(240.39)
Carrying amount of trade receivables (Net of impairment)					**13,561.29**

(₹in Lacs)

Reconciliation of Expected credit loss Allowance provision	
Particulars	**Amount**
As at 31st March 2017	240.39
Changes in provision	389.51
As at 31st March 2018	629.90

(₹in Lacs)

11.	Cash and Cash equivalents	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Cash and Cash Equivalents Cash on Hand	25.36	15.52
	Balance with Banks: On Current Accounts	1,326.66	727.00
		1,352.02	742.52

(₹in Lacs)

12.	Other Financial Assets	Non - Current		Current	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Fixed Deposits - Earmarked for LC & BG	280.70	271.62	2,766.82	753.65
	Fixed Deposits - Non - Earmarked	-	-	6.45	-
		280.70	271.62	2,773.27	753.65
	Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 6)	(280.70)	(271.62)	-	-
	Unpaid Dividend Accounts	-	-	2.52	2.52
		-	-	2,775.80	756.17

(₹in Lacs)

13.	Particulars	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Advances to Suppliers other than capital advances	14,061.52	13,618.36
	Considered Good	411.87	19.40
	Considered Doubtful	14,473.39	13,637.76
	Less: Allowances for Credit Loss	411.87	19.40
	(A)	14,061.52	13,618.36

	Other Advances	96.40	91.94
	Prepaid Expenses	447.19	446.06
	Advances to Related Parties	457.57	1,368.10
	Balances with Statutory/Government Authorities	1,001.16	1,906.10
	(B)		
	TOTAL (A+B)	**15,062.68**	**15,524.46**

MSP Steel & Power Limited

Equity Share Capital

No advances are due from directors or other officers of the Group either severally or jointly with any other person. Nor any advances are due from firms or private companies respectively in which any director is a partner, a director or a member.

(₹in Lacs)

14.	Particulars	Current	
		As at 31st March, 2018	As at 31st March, 2017
	Authorised Share Capital		
	800,000,000 (31.03.2017 - 96,000,000) equity shares of ` 10/- each	80,000.00	9,600.00
	100,000,000 (31.03.2017 - 36,000,000) preference shares of ` 10/- each	10,000.00	3,600.00
	Issued, Subscribed and Fully Paid-up Share Capital		
	38,54,15,000 (31.03.2017 - 88,100,000) equity shares of ` 10/- each	38,541.50	8,810.00
	Total	**38,541.50**	**8,810.00**

Notes:

(i) Reconciliation of number of Shares

(₹in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Nos.	₹ in Lacs	Nos.	₹ in Lacs
Equity Shares:				
Balance at the beginning of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00
Movement during the year	29,73,15,000	29,731.50	-	-
Balance at the end of the year	**38,54,15,000**	**38,541.50**	**8,81,00,000**	**8,810.00**

(ii) Rights, Preferences and restrictions attached to equity shares

The Group has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders. In the event of liquidation of the Group, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Shareholders holding more than 5% share in the Group are as follows:

(₹in Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No of shares	% of shares	No of shares	% of shares
State Bank of India	4,63,34,367	12.02%	-	-
Mod Commodeal Pvt. Limited	3,13,22,651	8.13%	-	-
Adhunik Gases Limited	2,34,79,000	6.09%	55,54,000	6.30%
Sikhar Commotrade Pvt. Limited	2,89,84,056	7.52%	-	-
Shringar Mercentile Pvt. Limited	2,82,11,200	7.32%	-	-
MSP Infotech Pvt. Limited	-	-	72,29,760	8.21%
MSP Sponge Iron Limited	2,47,36,500	6.42%	2,47,36,500	28.08%

Additional Disclosure in the respect of Equity Share

(i) Shareholding Pattern with respect of Holding Company or Ultimate Holding Company: MSP Steel & Power Limited is the Holding Company of the Group.

(ii) No ordinary shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

(iii) The Group has not bought back any shares during the period of five years preceding the date at which the Balance Sheet is prepared.

(iv) The Holding Company has allotted 297,315,000 equity shares of ₹ 10 each as per the approval accorded by the shareholders of the Group on March 12, 2018 pursuant to contract(s) without payment being received in cash. (refer note no. 45)

(v) The Holding Company has issued 451,970,554 nos. of OCDs amounting to ₹ 451,97.05 lacs during the year. The OCDs shall have moratorium period of 7 years and shall be repayable in 36 structured quarterly installments starting from December, 2024 and maturing on Sep., 2033. The OCDs shall carry a coupon rate of 0.01% pa. payable quarterly till maturity. The OCDs will be converted to Equity at the option of the Debenture holders. (refer note no. 45)

15. Other Equity (₹ in Lakhs)

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Securities Premium Reserve	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 1st April, 2016	15,055.59	(3,214.28)	-	30,837.69	37.70	10.62	42,727.32
Profit/ (Loss) for the year	-	(9,374.36)	-	-	-	-	(9,374.36)
Remeasurement benefits Gain/(Loss) (Net of tax)	-	(50.49)	-	-		-	(50.49)
Share in OCI of Associates					1.90		1.90
Fair Value of Equity Instrument through FVOCI	-	-	-	-	152.43	-	152.43
Other Movement during the year	-	79.93	-	-	-	(10.95)	68.98
Balance as at 31st March, 2017	**15,055.59**	**(12,559.20)**	**-**	**30,837.69**	**192.03**	**(0.33)**	**33,525.78**
Balance as at 1st April, 2017	**15,055.59**	**(12,559.20)**	**-**	**30,837.69**	**192.03**	**(0.33)**	**33,525.78**
Profit/ (Loss) for the year		(5,568.78)					(5,568.78)
Remeasurement benefits Gain/(Loss) (Net of tax)		18.11					18.11
Share in OCI of Associates					972.12		972.12
Fair Value of Equity Instrument through FVOCI					3.90		3.90
Conversion of NCPS to CCPS (Refer note 45)			32,844.49	(30,837.69)			2,006.80
Conversion of CCPS to Equity (Refer note 45)			(29,731.50)				(29,731.50)
Issue of OCD				28,506.44			28,506.44
Other Movement during the year		(0.33)				0.33	-
Balance as at 31st March, 2018	15,055.59	(18,110.20)	3,112.99	28,506.44	1,168.05	-	29,732.87

Retained Earnings

Retained Earnings is created from time to time by transfer of profits/(losses) for appropriation purposes.

Compulsorily Convertible Preference Share (CCPS)

CCPS represents the residual balance of Preference Shares left after conversion to equity as per the terms of the restructuring scheme.

MSP Steel & Power Limited

Borrowings

Equity Component of compound financial instruments

This contains the equity portion of the Optionally convertible debentures issued in lieu of long term borrowings as per the terms of the restructuring scheme. (refer note no. 45)

Equity Instruments through Other Comprehensive Income

The Group has elected to recognise changes in the fair value of quoted investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investment reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

16.	Long Term Borrowings	Non-Current Portion (₹ in Lakhs)		Current Maturities (₹ in Lakhs)	
		"As at 31st March, 2018"	"As at 31st March, 2017"	"As at 31st March, 2018"	"As at 31st March, 2017"
Secured					
a.	Term loans				
	From Banks				
	Indian rupee loan (refer note no. 45)	28,618.61	81,105.60	3,521.00	7,052.66
	Foreign currency loan	-	1,376.57	490.54	647.04
		28,618.61	82,482.17	4,011.54	7,699.70
b.	Finance Lease Obligation				
	From Banks	-	1.73	1.73	4.23
		-	1.73	1.73	4.23
c.	Unsecured				
	Inter Corporate Deposits	20.67	418.24	-	-
	Loans from related parties	540.37	80.00	-	-
	Interest free loan (refer note no. 45)	12,857.80	-		
		13,418.84	498.24	-	-
d.	Liability Component of Compound Financial Instruments				
	Optionally Convertible Debenture (refer note no. 45)	16,735.88	-		
	Preference Shares	-	3,398.08	-	-
		16,735.88	3,398.08	-	-
Total (a+b+c+d)		58,773.33	86,380.22	4,013.27	7,703.93
The above amount includes:					
	Secured borrowings	28,618.61	82,483.90	4,013.27	7,703.93
	Unsecured borrowings	30,154.72	3,896.32	-	-
	Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 20)	-	-	(4,013.27)	(7,703.93)
Net Amount		58,773.33	86,380.22	-	-

Terms of Repayments

Term Loan facilities from banks are secured by first pari-passu charge on the entire fixed assets (both present & future) and Second pari-passu charge on the entire current assets (both present & future) of the Group's manufacturing facilities situated at Jamgaon, Raigarh in the state of Chhattisgarh. Personal guarantee of Puranmal Agrawal, Suresh Kumar Agrawal, Manish Agrawal and Saket Agrawal is given alongwith corporate guarantee of M/s Ilex Pvt Ltd. Corporate Guarantee is restricted to the extent of shares pledged of the promoter group companies. The interest rate on the domestic long term borrowings are in the range of Base Rate + 1% to 2% and on foreign long term borrowings is 5%.

Terms of Repayments	As at 31st March, 2018 (₹ in Lakhs)		As at 31st March, 2017 (₹ in Lakhs)	
	Non-Current	Current	Non-Current	Current
Rupee Term Loans From Banks (Secured) (Repayable in 30 Quarterly Instalments from December 2017. Last instalment due in March 2025."	28,618.61	3,521.00	-	-
Rupee Term Loans From Banks (Secured) (Repayable in 32 Quarterly Instalments from December 2016. Last instalment due in September 2024."	-	-	66,278.82	5,763.37
Rupee Term Loans From Banks (Secured) (Repayable in 24 Quarterly Instalments from December 2016. Last instalment due in September 2022."	-	-	14,826.78	1,289.29
Foreign Currency Term Loans From Banks (Secured) (Repayable in 8 Half Yearly instalments from December 2012. Last instalment due in April 2017."	-	-	-	527.33
Foreign Currency Term Loans From Banks (Secured) (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024."	-	490.54	1,376.57	119.71
Rupee Term Loans From Financial Institutions (Secured)				
From Bank (Repayable in monthly Instalments Starting from April 2015, Maturity in October 2018.	-	1.73	1.73	4.23
Total Term loan –Secured	28,618.61	4,013.27	82,483.90	7,703.93
Unsecured Borrowings	30,154.72	-	3,896.32	-
Total Term Loan	58,773.33	4,013.27	86,380.22	7,703.93

17. Provisions	Non-Current (₹ in Lakhs)		Current (₹ in Lakhs)	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits				
For Gratuity (Refer Note No. 40)	-	-	29.80	52.18
For Leave Benefits	78.41	77.00	0.89	1.30
Other provisions	78.41	77.00	30.69	53.48

18.	Short-Term Borrowings	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
Secured			
	Rupee Loan from Banks		
	Cash Credit Facility	25,383.59	26,096.51
		25,383.59	26,096.51
The above amount includes			
	Secured Borrowings	25,383.59	26,096.51
	Unsecured Borrowings	-	-

Terms and conditions attached to Short term borrowings

Cash Credit facilities from banks are secured by first pari-passu charge on the entire current assets (both present & future) and Second pari-passu charge on the entire fixed assets (both present & future) of the Group's manufacturing facilities situated at Jamgaon, Raigarh in the state of Chhattisgarh. Personal guarantee of Puranmal Agrawal, Suresh Kumar Agrawal, Manish Agrawal and Saket Agrawal is given alongwith corporate guarantee of M/s Ilex Pvt Ltd. Corporate Guarantee is restricted to the extent of shares pledged of the promoter group companies. The rate of interest on cash credit is Base rate+1%.

19.	Trade Payables	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
Total outstanding dues of creditors			
	to micro enterprises and small enterprises (refer Note no. 37)	59.22	-
	to other than micro enterprises and small enterprises	18,338.30	11,932.62
		18,397.52	11,932.62

Trade payables are non-interest bearing and are generally on terms of 45 to 60 days.

No trade or other payables are due to directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other payables are due to firms or private companies respectively in which any director is a partner, a director or a member.

Acceptances include arrangements where operational suppliers of goods and services are paid by banks while the Group continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 or 180 days amounting to ` 6,608.72 lacs ( previous year ` 5,138.17 lacs)

20.	Other Financial Liabilities	Non-Current (₹ in Lakhs)		Current (₹ in Lakhs)	
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Retention / Security Deposit	-	-	303.82	300.96
	Current maturities of long-term borrowings (refer Note No. 16)	-	-	4,013.27	7,703.93
	Other Payables on capital purchases	-	-	1,567.53	1,571.93
	Interest accrued and due on borrowings	-	-	419.37	137.37
	Interest accrued but not due on borrowings	-	-	-	5.35
	Unpaid Dividend	-	-	2.52	2.52
	Other Payables	4.25	4.25	0.49	0.44
		4.25	4.25	6,307.00	9,722.50

21.	Other Current Liabilities	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
	Others (including statutory dues payable)		
		1,337.90	2,983.85
		1,337.90	2,983.85

22.	Revenue from Operations	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
Sale of Products			
	Finished Goods	1,15,319.11	91,732.86
	Power	2,542.77	1,249.31
	Traded Goods	-	55.27
Other Operating Revenue			
	Sale of scrap and By-products	598.49	419.99
	Miscellaneous Sales	334.35	723.75
Total		1,18,794.72	94,181.18

Revenue from operations for the periods up to June 30, 2017 includes excise duty which has been discontinued w.e.f July 01, 2017 on implementation of Goods and Service Tax (GST) in accordance with Ind AS 18 – Revenue. GST is not in Revenue from Operations. In view of the aforesaid changes, Revenue from Operations for the year ended March 31, 2018 are not comparable with the previous periods. Following additional information is being provided to facilitate such comparison.

Particulars	Year Ended	
	2017-18	2016-17
(a) Sale of Products (Gross)	1,18,794.72	94,181.18
(b) Excise Duty	2,757.67	9,248.70
(c) Sale of Products excluding excise duty	1,16,037.05	84,932.48

MSP Steel & Power Limited

Notes to the Profit & Loss Statement for the year ended 31st March, 2018

23. Other Income	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
Interest income on		
Loans, Fixed Deposits, etc.	179.54	102.89
Dividend Income on		
Long-Term Investments	0.05	0.01
Profit on sale of fixed assets	26.23	-
Other Non-Operating Income	56.03	2.26
Total	261.85	105.16

24. Cost of Materials Consumed	2017-18	2016-17
Inventory at the beginning of the period	20,273.75	15,355.94
Add: Purchases	91,753.10	64,346.85
Less: Sales	-	-
Less: Inventory at the end of the period	25,158.82	20,273.75
Total	86,868.03	59,429.04
25. Purchase of Stock in Trade	2017-18	2016-17
Coal	-	44.90
Total	-	44.90

26. Changes in Inventories of Finished Goods, By-products and Work-in Progress	2017-18	2016-17
Inventories at the end of the period		
Finished Goods	4,265.55	3,746.57
Work-in-Progress	2,499.00	2,070.78
By-Products	852.61	1,033.88
	7,617.16	6,851.23
Inventories at the beginning of the period		
Finished Goods	3,746.57	5,473.72
Work-in-Progress	2,070.78	1,915.23
By-Products	1,033.88	1,849.97
	6,851.23	9,238.92
(Increase)/Decrease in Inventories		
Finished Goods	(518.98)	1,727.15
Work-in-Progress	(428.22)	(155.55)
By-Products	181.27	816.09
Total	(765.93)	2,387.69

27. Employee Benefits Expenses	2017-18	2016-17
Salaries, Wages and Bonus	3,005.71	2,574.81
Contribution to Provident and Other Funds	187.98	165.48
Gratuity (refer note 40)	77.80	53.65
Staff Welfare Expenses	52.12	49.53
Total	3,323.61	2,843.47

28. Finance Costs	2017-18	2016-17
Interest Expenses		
- On Loans	11,730.90	11,420.33
- On OCD	45.32	-
- On Preference Shares	509.72	443.23
Other Finance Charges	636.33	460.06
Total	12,922.27	12,323.62

29. Depreciation and amortization expense	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
Depreciation of tangible assets	5,692.03	5,642.15
Total	5,692.03	5,642.15

30. Other Expenses	2017-18	2016-17
Consumption of Stores and Spares	5,682.02	5,172.34
Power and Fuel	1,019.25	1,289.10
Rent	78.91	70.86
Rates and Taxes	278.35	299.58
Insurance	77.28	73.03
Repairs and Maintenance		
Plant and Machinery	676.93	671.76
Buildings	37.11	75.37
Others	113.41	41.95
Material Handling Charges	2,804.52	2,068.34
Vehicle Running Expenses	627.31	451.44
Advertising and Sales Promotion	111.27	28.16
Freight Outward	1,214.99	1,367.44
Sales Commission	164.57	220.07
Legal and Professional Charges	522.55	246.90
Charity and Donations	24.09	40.50
Payment to Auditors (Refer details below (30.1))	13.90	15.41
Exchange Differences (Net)	44.01	14.46
Provision for Expected Credit Loss on Trade Receivable & Advances	781.97	-
Less: Written Back	-	-
Loss on Investment written-off	13.68	-
Corporate Social Responsibility (refer note no. 43)	46.79	54.15
Miscellaneous Expenses	558.01	571.53
Total	14,890.92	12,772.39

30.1 Payment to Auditors	2017-18	2016-17
As Auditors:		
Statutory Audit fee	7.50	10.00
Taxation matters	0.50	0.40
Certification fees and other services	5.70	4.71
Reimbursement of expenses	0.20	0.30
Total	13.90	15.41

31. Exceptional Items	2017-18	2016-17
Gain on derecognition of Financial Liability as per S4A Scheme (refer note 45)	(1,900.99)	-
Impairment of Investment in Associate (refer note below)	1,424.75	-
Total	(476.24)	-

Note : On the basis of physical verification of all non-current assets and cash generation capacity of those assets, in the management perception, there is no impairment of non current assets as on 31st March 2018. However, on the basis of valuation report, the management has recognised a impairment on the investment of the Group in its associate AA ESS Tradelinks Pvt Ltd for the amount of ` 1,424.75 Lacs (Previous year - Nil)

32: Income Tax			
Particulars		2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
A.	**The major components of income taxes expense for the year are as under:**		
i	Income tax expense recognised in the statement of profit and loss	-	-
	Current Tax for the year		
	Income tax for earlier year	-	154.05
	Current Tax	-	-
	Deferred Tax	(585.27)	(1,199.23)
ii	Income tax expense recognised in the statement of profit and loss	(585.27)	(1,045.18)
	Income tax expense recognised in OCI		
	Deferred Tax :		
	Deferred tax (expenses) on remeasurement benefit of defined benefit plans	8.21	
	Income tax (expense) recognised in OCI	8.21	

B.	Reconciliation of tax expense and the accounting profit for the year is as under	2017-18	2016-17
	Profit before tax	(6,154.05)	(10,419.54)
	Income tax expense	(1,920.06)	(3,219.64)
	Deferred tax assets not recognised because realisation is not probable	1,448.00	-
	Effects of expenses taxable in future	-	2,251.56
	Utilisation other tax benefits	(97.00)	-
	Other Items	(7.99)	(231.15)
	Adjustment in respect of current income tax of previous year	-	154.05
	Tax expenses as per Statement of Profit and Loss	(577.05)	(1,045.18)

The tax rate used for reconciliation above is the corporate tax rate of 31.2% (Previous year - 30.9%) payable by corporate entities in india on taxable profit under indian tax law

33. Other Comprehensive Income	2017-18	2016-17
Remeasurements of the defined benefit plans	26.32	(50.49)
Equity Instruments through Other Comprehensive Income	3.89	152.43
Less : Income tax on the above	(8.21)	-
Share in OCI of Associates	972.12	1.90
Total	994.12	103.84

34. Earnings Per Share (EPS)	2017-18	2016-17
Earnings Per Share has been computed as under:		
Profit After Tax	(5,568.78)	(9,374.36)
Net Profit for Calculation of Basic and Diluted EPS	(5,570.52)	(9,360.44)
	No.	No.
Weighed average number of equity shares in calculating Basic & Diluted EPS	9,62,45,616	8,81,00,000
Face value of share (`)	10	10
Earnings Per Share		
Basic	(5.79)	(10.64)
Diluted	(5.79)	(10.64)

34. Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.2.F to the financial statements.

i) The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018 and March 31, 2017:

Particulars	31st March 2018 (₹ in Lakhs)			31 March 2017 (₹ in Lakhs)		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
Equity instruments*	-	210.56	-	-	206.67	-
Trade receivables	-	-	10,377.50	-	-	13,561.29
Cash and cash equivalents	-	-	1,352.02	-	-	742.52
Other Bank Balances	-	-	2,775.80	-	-	756.17
Loans	-	-	1,216.03	-	-	1,166.44
Other Financial Assets	-	-	418.01	-	-	357.49
Total	-	210.56	16,139.35	-	206.67	16,583.91
Financial liabilities						
Borrowing	-	-	84,156.92	-	-	1,12,476.73
Trade Payable	-	-	18,397.51	-	-	11,932.62
Other financial Liabilities	-	-	6,311.25	-	-	9,726.75
Total	-	-	1,08,865.68	-	-	1,34,136.10

*Equity investments exclude investments made in associates & joint venture of ` 4794.96 Lacs (previous year - ` 5289.54 Lacs) which have been measured at cost.

ii) Fair values hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Group's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

31st March, 2018	Notes	Level 1	Level 2	Level 3	Total (₹ in Lakhs)
Financial assets					
Investments at FVOCI					
Equity instruments*					
Unquoted		20.53	-	190.03	210.56
Total financial assets		20.53	-	190.03	210.56
Financial liabilities					
Financial instruments at FVTPL					
Derivative liability					-
Total financial liabilities		-	-	-	-
There were no movement between level 1 and level 2 during the period.					

Financial Instruments measured at fair value					
31st March, 2017	Notes	Level 1	Level 2	Level 3	Total (₹ in Lakhs)
Financial assets					
Investments at FVOCI					
Equity instruments*					
Unquoted		74.55	-	132.12	206.67
Total financial assets		74.55	-	132.12	206.67
Financial liabilities					
Financial instruments at FVTPL					
Derivative liability		-	-	-	-
Total financial liabilities		-	-	-	-
There were no movement between level 1 and level 2 during the period.					

iii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) Quoted investments (Equity Shares)- Market Value

(b) Unquoted Investments - As determined by Independent Valuer. The equity shares of ` 190.03 Lacs (previous year - ` 132.12 lacs) are not listed. Fair value estimates of equity investments are included in level-3 and are based on information relating to value of investee Group's net assets and DCF methods.

(c) The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. Refer (iii)(b) above for the valuation techniques adopted.

Particulars	Significant Unobservable Input	Fair Value as at			Sensitivity of the input to fair value (₹ in Lakhs)	
		31st March 2018	31st March 2017	%	31st March 2018	31st March 2017
Equity instruments	DCF	183.75	127.27	+(0.5%)	164.96	107.30
				-(0.5%)	203.91	171.34
	NAV	6.28	4.85	+(0.5%)	6.31	4.87
				-(0.5%)	6.25	4.83

v) The following table presents the changes in level 3 items for the periods ended 31st March 2018 and 31 March 2017:

Particulars	Equity Instruments
As at 31 March 2017	132.12
Gains/losses recognised in other comprehensive income	57.91
As at 31st March 2018	190.03

35. Financial Risk Management, Objectives and Policies

A) Capital Management

i) Risk Management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of net debt to equity ratio and maturity profile of overall debt portfolio of the Group.

Net debt implies total borrowings of the Group as reduced by Cash and Cash Equivalent and Equity comprises all components attributable to the owners of the Group

The following table summarises the Net Debt, Equity and Ratio there of		(₹ in Lakhs)
Particulars	31st March 2018	31st March 2017
Total Borrowings (including current maturities)	88,170.19	1,20,180.66
Less: Cash & Cash Equivalents & Other bank balances (Note No. 11 & 12)	4,127.82	1,498.69
Net Debts (A)	84,042.37	1,18,681.97
Total equity (refer note 14 & 15)	68,274.37	42,335.78
Total equity & Net Debt (B)	1,52,316.74	1,61,017.75
Net debt to capital employed Ratio (A/B)	55%	74%

No changes were made in the objective policies & process for expenditure as on 31st March 2018 & 31st March 2017.

ii) Dividends

Due to insufficient profits, the Group has not declared any dividend for FY 2016-17 and no dividend has been proposed for FY 2017-18.

B) Financial Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Group, the Group has risk management policies as described below :-

i) Credit risk

Credit risk refers to the risk of financial loss arising from default / failure by the counterparty to meet financial obligations as per the terms of contract. The Group is exposed to credit risk for receivables, cash and cash equivalents. None of the financial instruments of the Group result in material concentration of credit risks.

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. Based on historical trend, industry practice and the business environment in which the Group operates, an impairment analysis is performed at each reporting date for trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10.

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

ii) Liquidity risk

Liquidity risk is defined as the risk that the Group 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 Group's treasury 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 Group's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturities of financial liabilities

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

Contractual maturities of financial liabilities as at 31st March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total (₹ in Lakhs)
Non-derivatives					
Borrowings	25,383.59	3,521.00	4,575.00	50,677.33	84,156.92
Trade payable	18,397.51	-	-	-	18,397.51
Other payables	6,307.00	-	4.25	-	6,311.25
Total	50,088.10	3,521.00	4,579.25	50,677.33	1,08,865.68

Contractual maturities of financial liabilities as at 31st March 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total (₹ in Lakhs)
Non-derivatives					
Borrowings	26,096.51	5,030.00	5,030.00	76,320.22	1,12,476.73
Trade payable	11,932.62	-	-	-	11,932.62
Other payables	9,722.50	4.25	-	-	9,726.75
Total	47,751.63	5,034.25	5,030.00	76,320.22	1,34,136.10

C) Market Risk

i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD and Singapore Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

Foreign currency risk exposure - Unhedged

The Group's exposure to foreign currency risk at the end of the reporting period expressed are as follows:

Currency	Liabilities (₹ in Lakhs)	
	31st March 2018	31st March 2017
USD	8,000.17	1,063.44
Singapore Dollar	512.99	527.34

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
USD sensitivity		
INR/USD- increase by 10%	(800.02)	(106.34)
INR/USD- decrease by 10%	800.02	106.34
Singapore Dollar sensitivity		
INR/SGD- increase by 10%	(51.30)	(52.73)
INR/SGD- decrease by 10%	51.30	52.73

ii) 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term borrowing and long term borrowings with floating interest rates. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost

Below is the overall exposure of the Group to interest rate risk:

Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
Variable rate borrowing	74,751.35	1,19,682.42
Fixed rate borrowing	561.04	498.24
Total borrowings	75,312.39	1,20,180.66

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
Interest sensitivity		
Interest rates increases by 100 basis points	747.51	1,196.82
Interest rates decrease by 100 basis points	(747.51)	(1,196.82)

D) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Group is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI

Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
Fair Value of Quoted Equity Investments	20.53	74.55
Total Equity Investments	20.53	74.55

Sensitivity		
Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
Increase in market price by 5%	1.03	3.73
Decrease in market price by 5%	(1.03)	(3.73)

36. Contingent Liabilities (Ind As-37)

Contingent Liabilities and commitments to the extent not provided for in respect of:

Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
Excise Matters under dispute/ appeal	1,325.31	1,192.74
Sales Tax & VAT Matters under dispute/ appeal	121.18	233.19
Income Tax Matters under dispute/ appeal	673.16	55.95
Right to Recompense available with the lenders	27,801.00	27,801.00

Right to recompense available to the lenders amounting to Rs. 27801 Lacs(previous year - 27801 lacs) as per Article VIII of the Master Restructuring Agreement dated March 23, 2015 read with the Master Framework Agreement and Share Transfer & Confirmation Agreement ("€Master agreement"€) executed on January 24, 2018.

Capital Commitment

The capital commitment for the Group amounts to ` nil (`nil)

37. Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained and as per notification number GSR 679 (E) dated 4th September, 2015.

	Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
i	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.	59.22	Nil
ii	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii	The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	1.73	Nil
iv	The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.73	Nil
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	1.73	Nil

The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

38. Pursuant to IND-AS 37 - 'Provision, Contingent Liabilities and Contingent Assets,' The Disclosure relating to provision made in the accounts for the year ended 31st March 2018 as follows :

Description	As at 1st April 2016 (₹ in Lakhs)	Additions during the year	Utilized/ Reversed during the year	As at 31st March 2017 (₹ in Lakhs)	Additions during the year	Utilized/ Reversed during the year	As at 31st March 2018 (₹ in Lakhs)
Provision for Excise Duty	617.83	-	182.01	435.82	-	435.82	-

39. Operating Lease Group as Lessee

The Group's significant leasing arrangements are in respect of operating lease for office premises at Kolkata and Raigarh, depot at Raipur & guest houses at Raigarh, Gairkata, Kolkata and Nagpur. These leasing arrangements which are cancellable for period of 3 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the statement of Profit & Loss.

Future minimum rentals payable under non- cancellable Operating Leases are as follows :

Particulars	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
Within one year	84.52	65.30
More than One year and less than Five years	-	84.52

40. Disclosure pursuant to Indian Accounting Standard - 19 'Employee Benefits'

Defined Contribution Plan:

The amount recognized as an expense for the Defined Contribution Plans are as under :

Sl.No.	Particulars	31st March 2018 (₹ in Lakhs)	31st March 2017 (₹ in Lakhs)
a)	Provident Fund & ESI	187.98	165.48

Defined Benefit Plan:

a) Gratuity Plan

Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

b) Risk Exposure

Defined benefit plans expose the Group to the following types of actuarial risks:

Interest rate risk: The Plan exposes the Group to the risk of fall in interest rates . A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements.)

Liquidity Risk: This is the risk that the Group is not able to meet the short term gratuity payouts .This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of liquid assets not being sold in time

Salary Escalation Risk: The Present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participate in future . Deviation in the rate of increase of salary in future for plan participant from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability

Demographic risk: The Group has used certain mortality and attrition assumption in valuation of the liability . The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption

Regulatory Risk: Gratuity benefit is paid in accordance with the requirement of the Payment of Gratuity Act, 1972 (as amended from time to time . There is risk of change in regulation requiring higher gratuity payout (e.g. Increase in the maximum limit on gratuity of ` 20,00,000

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular Investment

Reconciliation Of the net defined benefit (Assets/Liabilities)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset)/ liability and its components:

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Balance at the beginning of the year	401.03	319.86
Current Service Cost	62.50	52.48
Interest Cost on Defined Benefit Obligation	29.86	25.15
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions		-
Changes in financial assumptions	(24.37)	25.69
Experience adjustment	(3.06)	13.27
Past Service Cost	11.42	
Benefits paid from the plan assets	(25.94)	(35.42)
Balance at the end of the year	451.44	401.03

d) Reconciliation of the Plan Assets

The following table shows a reconciliation from the opening balances to the closing balances for the Plan Assets and its components:

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Balance at the beginning of the year	348.85	304.98
Interest Income on Plan Assets	25.97	23.98
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(1.11)	(0.58)
Employer Contributions to the Plan	73.86	55.89
Benefits Paid from the Plan Assets	(25.94)	(35.42)
Balance at the end of the year	421.63	348.85

e) The amount recognised in the Balance Sheet

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Present value of Defined Benefit Obligation	451.44	401.03
Fair Value of Plan Assets	(421.63)	(348.85)
Net Asset/(Liability) in the Balance Sheet	29.80	52.18

f) Expenses recognized in profit or loss

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Current Service Cost	62.50	52.48
Interest Cost	29.85	25.15
Past Service Cost*	11.42	-
Interest Income on Plan Assets	(25.97)	(23.98)
Total Defined Benefit Cost recognized in Profit & Loss	77.80	53.65

* Past Service cost of ` 11.42 Lacs is arising due to change in gratuity ceiling limit from ` 10 Lacs to ` 20 Lacs.

g) Remeasurements recognized in other comprehensive income

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(24.37)	25.69
Experience adjustment	(3.06)	13.27
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	1.11	0.58
Total Defined Benefit Cost recognized in Other Comprehensive Income	(26.32)	39.54

h) Major Categories of Plan Assets

Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Qualified Insurance Policies	100%	100%

The Gratuity Scheme is invested in policies offered by Life Insurance Corporation (LIC) of India . The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

i) Asset Liability Matching Strategy

The Group has purchased insurance policy which is basically a year on year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year .The Insurance Group as a part of policy rules makes payment of all gratuity outgoes happening during the year (subject to sufficiency of fund under the policy). The Policy, thus mitigate the liquid risk . However , being cash accumulation plan the duration of assets shorter compared to the duration of liabilities . Thus the Group is exposed to movement in interest rate (in Particular the significant fall in interest rate which should result in a increase in liability without corresponding increase in assets)

j) Actuarial Assumptions		
Particulars	Gratuity (Funded) (₹ in Lakhs)	
	2017-18	2016-17
Financial Assumptions		
Discount Rate	7.80%	7.45%
Salary Escalation Rate	7.50%	7.50%
Demographic Assumptions		
Normal Retirement age	58 years	58 years
Mortality Rate	100.00%	100.00%
Withdrawal Rate		
- Upto 40 years	0.42%	0.42%
- Above 40 years	0.00%	0.00%

k) The Group expect to contribute ` 100.82 Lacs (Previous Year - ` 116.71 Lacs) during the next annual reporting Period to gratuity fund.

l) As at 31st March 2018, the weighted average contribution of the defined benefit obligation was 16 years (previous year- 17 years).The distribution of the timing of benefits payment i.e., the maturity analysis of the benefit payments is as follows :

Expected benefits payment for the year ending on	Gratuity (Funded) (₹ in Lakhs)
Within next 12 months (next annual reporting period)	4.01
Between 2 and 5 years	43.25
Between 6 and 10 years	135.67
Beyond 10 years	1,557.47

m) Sensitivity Analysis

Significant actuarial assumption for the determination of the defined benefit obligation are discount rate , expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possibly changes of the assumption occurring at the end of the reporting period, while holding all other assumption constant The result of sensitivity assumption is given below:

Particulars	Gratuity	
	31st March, 2018	31st March, 2017
Defined Benefit Obligation (Base)	451.43	401.03

Particular	Gratuity			
	31-Mar-18		31-Mar-17	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	525.54	390.03	471.45	343.23
Salary Growth Rate (-/+1%)	389.35	525.02	344.46	466.84
Attrition Rate(-/+ 5% Of attrition rates)	451.38	451.48	401.13	400.93
Mortality Rate (- / + 10% of mortality rates)	451.37	451.50	401.00	401.06

Although the analysis does not take into account the full distribution of cash flows expected under the period, it does an approximation of the sensitivity of the assumptions shown.

MSP Steel & Power Limited

Related Party Disclosures

41. Information on related party transactions as required by Ind AS - 24 - 'Related Party Disclosures' for the year ended 31st March, 2018 (As identified and certified by the management)

a) Key Managerial Personnel & their relatives	
Neme	Designation
Suresh Kumar Agrawal	Chairman
Saket Agrawal	Managing Director
Dhananjay Uchit Singh	Executive Director
Manish Agrawal	Non Executive Promoter Director
Kapil Deo Pandey	Non Executive Independent Director
Priyanka Tiwari	Non Executive Independent Director
Navneet Jagatramka	Non Executive Independent Director
Ashok Kumar Soin	Non Executive Independent Director
Kamal Kumar Jain	Chief Financial Offier
Shreya Kar	Company Secretary
Puranmal Agrawal	Relative - Father of Manish Agrawal
Kiran Agrawal	Relative - Mother of Manish Agrawal
Nisha Agrawal	Relative - Wife of Suresh Agrawal
Ekta Agrawal	Relative - Wife of Saket Agrawal
Richa Agrawal	Relative - Wife of Manish Agrawal

b) Enterprises over which Key management Personnel and or relatives have significant influence

B.S. Confin Private Limited
Howrah Gases Limited
Ilex Private Limited
MSP Energy Limited
Emerald Tradelink Private Limited
MSP Metallics Limited
MSP Mines & Minerals Limited
MSP Power Limited
MSP Sponge Iron Limited
Ginny Traders Private Limited
Procheta Consultants Private Limited
Sampat Marketing Co. Private Limited
M.A. Hire Purchase Private Limited
Dexo Trading Private Limited
Sikhar Commotrade Private Limited

MSP Steel & Power Limited

Summary

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total (₹ in Lakhs)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sales	-	-	3,011.36	1,766.35	3,011.36	1,766.35
Purchase of Raw Material & Components Consumed	-	-	3,947.89	4,048.58	3,947.89	4,048.58
Directors' Remuneration	97.80	43.00	-	-	97.80	51.15
Key Managerial Remuneration	26.98	22.46	-	-	26.98	22.46
Professional Charges Paid	-	-	31.75	18.96	31.75	18.96
Expenses Reimbursed	3.47	-	26.50	418.78	29.98	418.78
Rent paid	3.81	15.24	-	-	3.81	15.24
Allotement of Share	-	-	-	105.00	-	105.00
Loans & Advances Given	-	0.30	-	0.22	1.14	0.58
Repayment of Loans & Advances Given	0.08	2.01	-	-	0.08	2.01
Loans & Advances Taken	-	-	23.30	40.06	23.30	40.06
Loans & Advances Taken on Allotement of Share under S4A Scheme	-	-	12,857.80	-	12,857.80	-
Guarantee Obtained	1,105.69	1,183.19	-	-	1,105.69	1,183.19

Terms and conditions of transactions with related parties

The Sales to and purchases From related parties are made on terms equivatent to those that prevail in arms length transactions. Outstanding batances at the year end are unsecured, interest free and will be settled in cash/ bank. There have been no guatantees received or provided for any related party receivable or payables.

Nature of Transactions	Name	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
Sales	MSP Metallics Limited	-	6.27
	MSP Sponge Iron Limited	3,011.36	1,760.08
Purchase of Raw Material & Components Consumed	MSP Metallics Limited	10.46	1,397.07
	MSP Sponge Iron Limited	3,937.43	2,651.51
Directors' Remuneration	Suresh Kumar Agrawal	26.90	-
	Manish Agrawal	30.00	9.00
	Saket Agrawal	32.90	28.00
	Dhananjay Uchit Singh	8.00	6.00
Key Managerial Remuneration	Kamal Kumar Jain	22.47	19.16
	Shreya Kar	4.52	3.30
Professional Charges Paid	MSP Mines & Minerals Limited	31.75	18.96
	MSP Sponge Iron Limited	-	-
Expenses Reimbursed	Manish Agrawal	0.62	-
	Saket Agrawal	0.75	-
	Kamal Kumar Jain	2.11	-
	MSP Metallics Limited	-	418.28
	MSP Mines & Minerals Limited	0.04	0.50
	MSP Sponge Iron Limited	22.90	-
	Howrah Gases Limited	3.57	-
Rent paid	Ekta Agrawal	2.13	8.52
	Richa Agrawal	1.68	6.72
Allotement of Share	Ilex Private Limited	-	105.00
Loans & Advances Given	Dhananjay Uchit Singh	-	0.30
	MSP Energy Limited	-	0.22
Repayment of Loans & Advances Given	Dhananjay Uchit Singh	0.08	0.02
	Kamal Kumar Jain	-	1.99

Nature of Transactions	Name	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
Loans & Advances Taken	Ilex Private Limited	-	-
	Howrah Gases Limited	23.30	40.06
Loans & Advances Taken on Allotement of Share under S4A Scheme	Ilex Private Limited	1,465.00	-
	B.S. Confin Private Limited	103.21	-
	Emerald Tradelink Private Limited	65.00	-
	High Time Holdings Private Limited	1,833.00	-
	Ginny Traders Private Limited	2,700.00	-
	Procheta Consultants Private Limited	704.00	-
	Sampat Marketing Co. Private Limited	2,155.00	-
	Jaik Leasing & Commercial Invt. Limited	915.00	-
	M.A. Hire Purchase Private Limited	560.00	-
	Dexo Trading Private Limited	1,617.00	-
	Sikhar Commotrade Private Limited	740.59	-
Guarantee Obtained	Puranmal Agrawal	224.37	247.02
	Suresh Kumar Agrawal	261.70	278.80
	Manish Agrawal	299.33	324.52
	Saket Agrawal	320.29	332.85
"Loans & Advances (Closing Balance)"	Dhananjay Uchit Singh	0.21	0.28
	Kamal Kumar Jain	1.70	1.70
	MSP Energy Limited	0.22	0.22
	MSP Mines & Minerals Limited	1.63	1.63
	MSP Cement Limited	0.01	0.01
"Trade Receivable (Closing Balance)"	MSP Sponge Iron Limited	1,943.70	2,567.94
"Trade Payable (Closing Balance)"	Ekta Agrawal	-	0.64
	Richa Agrawal	-	0.50
	Manish Agrawal	1.34	0.80
	Saket Agrawal	5.57	1.84
	Kamal Kumar Jain	1.33	1.43
	Shreya Kar	0.32	0.27
	Dhananjay Uchit Singh	0.49	-
	MSP Metallics Limited	507.77	1,183.01
	Howrah Gases Limited	144.02	-
"Other Liabilities (Closing Balance)"	MSP Mines & Minerals Limited	4.84	8.56
Loans & Advances Taken (Closing Balance)	Ilex Private Limited	1,545.00	80.00
	Howrah Gases Limited	23.30	40.06
	B.S. Confin Private Limited	103.21	-
	Emerald Tradelink Private Limited	65.00	-
	High Time Holdings Private Limited	1,833.00	-

Nature of Transactions	Name	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
	Ginny Traders Private Limited	2,700.00	-
	Procheta Consultants Private Limited	704.00	-
	Sampat Marketing Co. Private Limited	2,155.00	-
	Jaik Leasing & Commercial Invt. Limited	915.00	-
	M.A. Hire Purchase Private Limited	560.00	-
	Dexo Trading Private Limited	1,617.00	-
	Sikhar Commotrade Private Limited	740.59	-
Investments	Howrah Gases Limited	15.91	15.91
	MSP Metallics Limited	-	402.00
	MSP Power Limited	0.80	0.80
	MSP Sponge Iron Limited	49.50	49.50

MSP Steel & Power Limited
Segment Information

42. Segment information

Consequent to the adoption of IND-AS, the Group has identified one operating segment viz, "Iron and Steel", which is consistent with the internal reporting provided to the managing director who is the chief operating decision maker of the Group.

The Group deals in only one product, i.e Iron & Steel.

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

Revenue from external customers	FY 2017-18 (₹ in Lakhs)	FY 2016-17 (₹ in Lakhs)
India	1,09,122.47	85,312.05
Outside India	8,739.41	7,725.39
	1,17,861.88	93,037.44

Non-Current Assets*	FY 2017-18 (₹ in Lakhs)	FY 2016-17 (₹ in Lakhs)
India	1,01,337.91	1,07,051.55
Outside India	-	-
	1,01,337.91	1,07,051.55
* excludes financial assets, deferred tax assets, income tax, post-employment benefit assets.		

Information about major customers

Total amount of revenues from customers (each exceeding 10% of total revenues of the Group) is ` 17,779.78 Lacs (Previous Year ` 16,344.69 Lacs) reported under Iron & Steel segment.

43. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Group meeting the applicable threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are in accordance to the CSR Policy of the Group which includes Rural Development Project, eradicating hunger, poverty and malnutrition, healthcare and sanitation, animal welfare, etc. A CSR committee has been formed by the Group as per the Act.

Particulars	As at 31st March 2018 (₹ in Lakhs)	As at 31st March 2017 (₹ in Lakhs)
Gross amount required to be spent by the Group during the year	Nil	Nil
Amount spent during the year		
i) Construction/Acquisition of an Asset	3.54	-
ii) On purposes other than as mentioned in (i) above	43.25	54.15
Provision made in relation to CSR expenditure	Nil	Nil

44. Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	Refer Note No.	As at 31st March, 2018 (₹ in Lakhs)	As at 31st March, 2017 (₹ in Lakhs)
For Term Loan			
First Charge			
Equitable Mortgage			
Land	3	926.80	926.80
Factory Building	3	10,501.25	10,931.03
Other Building	3	6,828.23	7,112.51
First Hypothecation			
Other Non Current Assets	3	83,003.14	88,022.46
Capital Work in Progress	3	19.60	-
Second Charge			
(a) Inventories	9	35,114.76	29,601.65
(b) Financial Assets			
(i) Trade Receivables	10	10,377.50	13,561.28
(ii) Cash and Cash equivalents	11	1,349.54	739.97
(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
(iv) Loans	5	934.44	889.22
(v) Other Financial Assets	6	137.31	85.87
(c) Other Current Assets	13	15,062.68	15,524.46
Total Assets Pledged against Term Loan		**1,67,031.04**	**1,68,151.42**
For Cash Credit			
First Charge			
(a) Inventories	9	35,114.76	29,601.65
(b) Financial Assets			
(i) Trade Receivables	10	10,377.50	13,561.28
(ii) Cash and Cash equivalents	11	1,349.54	739.97
(iii) Bank Balances other than (ii) above	12	2,775.80	756.17
(iv) Loans	5	934.44	889.22
(v) Other Financial Assets	6	137.31	85.87
(c) Other Current Assets	13	15,062.68	15,524.46
Second Charge			
(a) Property, Plant and Equipment	3	1,01,259.41	1,06,992.80
(b) Capital Work in Progress	3	19.60	-
Total Assets Pledged against Cash Credit		**1,67,031.04**	**1,68,151.42**

45. The Joint lenders' forum (JLF) of the holding company adopted the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India on October 24, 2017 with reference date as July 31, 2017. As per the approved restructuring Scheme, out of total fund based debt of ` 1,18,586.00 lacs, 51.03% amounting to ` 60,532.00 lacs is bifurcated into sustainable debt to be serviced as per existing terms and conditions of these debts and remainder of ` 58,054.00 lacs termed as unsustainable debt. Pursuant to the approval of shareholders at the meeting held on September 23, 2017 , approval of Overseeing Committee of RBI on October 24, 2017, execution of Master Framework Agreement and Share Transfer & Confirmation Agreement on January 24, 2018 by 100% lenders and after considering exact interest amount, the Promoter / Promoters' group has transferred 12,85,78,044 equity shares, at ` 10/- per equity share, to JLF lenders, as a part payment of unsustainable debt as per recommendations of Overseeing Committee of RBI, and for the balance amount of unsustainable debt of ` 45,197.05 lacs, the company has issued optionally convertible debentures to the JLF lenders.

46. Group Information

The Consolidated Financial Statements relate to MSP Steel & Power Limited ('the Holding Company'), its subsidiaries & associates and itsjointly controlled entity (collectively referred to as 'Group'). The details are given below :

Name of Company	Place of Incorporation	Relation	Proportion of Interest
Indian Subsidiary			
MSP Cement Ltd	India	Subsidiary	100%

Joint Venture

The Holding Company has a 14.54% interest in Madanpur South Coal Company Ltd. (Previous Year - 14.90%)

Associate

The Holding Company has a 42.75% interest in AA ESS Tradelinks Pvt Ltd. (Previous Year - 42.75%)

47. Disclosure of additional information pertaining to the Parent Company, Subsidiaries, Associate and Joint Venture in respect of Net Assets:

Entity Name	2017-18 (₹ in Lakhs)		2016-17 (₹ in Lakhs)	
	% of Consolidated Assets	Amount	% of Consolidated Assets	Amount
Holding Company				
MSP Steel & power Limited	92.89	63,421.35	87.37	36,988.18
Indian Subsidiary				
MSP Cement Ltd	0.09	58.06	0.14	58.06
Joint Venture				
Madanpur South Coal Company Ltd	0.18	120.52	0.38	162.94
Associate				
AA ESS Tradelinks Pvt Ltd	6.85	4,674.44	12.11	5,126.60
Total		68,274.37		42,335.78

48. Disclosure of additional information pertaining to the Parent Company, Subsidiaries, Associate and Joint Venture in respect of Share of Profit / (Loss), Other Comprehensive Income (OCI) and Total Comprehensive Income (TCI):

Entity Name	Share of Profit		OCI		TCI	
	As on 31st March 2018	As on 31st March 2017	As on 31st March 2018	As on 31st March 2017	As on 31st March 2018	As on 31st March 2017
Holding Company						
MSP Steel & power Limited	(5,570.52)	(9,360.44)	22.00	101.94	(5,548.52)	(9,258.50)
Indian Subsidiary						
MSP Cement Ltd	-	-	-	-	-	-
Joint Venture						
Madanpur South Coal Company Ltd.	2.63	(14.60)	(1.31)	1.90	1.32	(12.71)
Associate						
AA ESS Tradelinks Pvt Ltd	(0.89)	0.68	973.43	0.00	972.54	0.69
Total	(5,568.78)	(9,374.36)	994.12	103.84	(4,574.66)	(9,270.52)

49. Investment in Joint Venture

The Group has a 14.54% interest in Madanpur South Coal Company Ltd (Previous Year - 14.90%). The joint venture is incorporated in India. The Group's interest in joint venture is accounted for using the equity method in the consolidated financial statements.

Name of Company	Place of Incorporation	Proportion of Interest (₹ in Lakhs)	
		31 March 2018	31 March 2017
Madanpur South Coal Company Ltd.	India	14.54%	14.90%

The following table illustrates the aggregate financial information relating to joint ventures as required by Ind AS

Particulars	31 March 2018 (₹ in Lakhs)	31 March 2017 (₹ in Lakhs)
Carrying Amount of Interest in Joint Venture	120.52	162.94

Particulars	31 March 2018 (₹ in Lakhs)	31 March 2017 (₹ in Lakhs)
Accumulated Group share of Profit & OCI	(11.44)	(12.71)

50. Investment in Associate

The Group has a 42.75% interest in AA ESS Tradelinks Pvt Ltd (Previous Year - 42.75%). The associate is incorporated in India. The Group's interest in associate is accounted for using the equity method in the consolidated financial statements.

Name of Company	Place of Incorporation	Proportion of Interest (₹ in Lakhs)	
		31 March 2018	31 March 2017
AA ESS Tradelinks Pvt Ltd	India	42.75%	42.75%

The following table illustrates the aggregate financial information relating to associate as required by Ind AS :

Particulars	31 March 2018 (₹ in Lakhs)	31 March 2017 (₹ in Lakhs)
Carrying Amount of Interest in Associate	4674.44	5126.6

Particulars	31 March 2018 (₹ in Lakhs)	31 March 2017 (₹ in Lakhs)
Carrying Amount of Interest in Associate	1728.51	755.92

51. Valuation of Current Assets, Loans & Advances and Current Liabilities

Trade Receivables, Loans and Other financial Assets include certain overdue and unconfirmed balances. However, in the opinion of the management, the current assets would, in the ordinary course of business, realise the value stated in the accounts.

52. The previous year's figures have been regrouped, rearranged and reclassified to conform to the classification of the current period, wherever necessary.

53. The financial statements have been approved in Audit Committee meeting held on 30.05.2018 and approved by the Board of Directors on the same day.

Significant Accounting Policies 1
Key accounting estimates and judgements 2
The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date:
For Singhi & Co
Firm Registration No.-302049E
Chartered Accountants

Shrenik Mehta
Partner
Membership No.-063769

Kolkata, 30th May, 2018

For and behalf of Board of Directors

Suresh Kumar Agrawal
Chairman
DIN - 00587623

Manish Agrawal
Director
DIN - 00129240

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

Note

Note

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