

# WE BELIEVE IN STEEL

ANNUAL REPORT  
2018-19

#### **MSP SYNOPSIS**

MSP STEEL & POWER LIMITED is amongst those manufacturers who irrespective of all the blockades is emerging stronger than ever before , thereby being a prototype amongst the steel manufacturers.

#### **MSPL PRODUCT RANGE**

- Pellets
- Sponge iron
- TMT Bars
- Billet
- Power

#### **STRUCTURALS**

- Joints
- Angles
- Channels
- Beams

#### **PLANT DIVISION**

We have manufacturing facilities in Jamgao , Raigarh in Chattisgarh

#### **Forward-looking statement**

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



## 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 Agrawal

## 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. Suneeta Mohanty  
Non- Executive Independent Director

Mr. NavneetJ Agatramka  
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

## BANKERS

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

## REGISTRAR & SHARE TRANSFER AGENT

Karvy FintechPrivate Limited (KFPL),  
Karvy Selenium Tower-B, Plot No.-31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad-500032,  
Ph. No.: (040) -6716-2222/3321-1000  
Fax No.: (040)-2300-1153  
E-mail:compliance.kfpl@karvy.com  
einward.ris@karvy.com  
Website: www.karvyfintech.com

## 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.:033-40057788/23982239  
E-mail: investor.contact@mspsteel.com

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## MD's Statement

*"Finding Opportunity is a matter of believing it's there"*

This is great pleasure to intimate to you all that the Company having completed 15 years of operations at its Raigarh unit and we reflect on our performance for the last year, we feel a sense of pride in what we have been able to achieve.

**Were you happy with the Company's Working in 2018-19?**

A: I was pleased with the way we conducted ourselves during the year under review for one good reason: The steel industry passed through a challenging year marked by declining margins and erratic realisations; however, at MSP, we achieved the highest turnover in the history of MSP. Our turnover was Rs. 1672 Crs. this is on account of increase of EBITDA to Rs 131.83 Crs. and increase in revenues by 44% during the period under report.

**What did the Company do differently in 2018-19 that translated into this industry outformance?**

A: A number of Competencies came together to make even a challenging 2018-19 a record year of our Company. We enhanced our asset utilization across number of plants, enabling us to cover our fixed cost better. We have focused on de-bottlenecking at every stage of production process to ensure highest capacity utilization of the existing facilities. The Cumulative impacts of these initiatives translated into a superior performance. The Turnover of the Company along with its production have been humongous. Highest production of pellets, sponge, billets and rolled products has been achieved in the history of MSP.

**What are the key elements that have driven FY 2019 to be represented as one of the successful years in the "history of MSP"?**

A: At MSP, we are not obsessed with the growing revenues for the sake of growth, but to grow profitably as well. The numbers are our evidence; we grew EBITDA margin from Rs 124.58 Crs. in 2017-18 to Rs. 131.83 Crs. in FY 2018-19. This followed with a priority to mitigate our limitation on the one hand and maximize our strengths on the other hand. Amongst 12 Consortium of Lenders (Bankers), 10 Bankers have made our Company's Accounts as Standard from NPA (Non-Performing Asset) after successful implementation of a restructuring scheme introduced by RBI.

**What is the rationale for investing in upstream first and downstream assets thereafter?**

A: The Steel industry is passing through a 'cascading margins phenomenon', where once the steel price rises, the immediately preceding input (billets) rises in cost as well and thereafter the next available raw material (DRI) and finally increases the cost of ore. At MSP we recognized that our competitiveness would be derived from progressive investments that we made in ore ownership at one end and supported by downstream linear (DRI < Billets) and lateral investments (captive generations).

**What are the key elements that are going to derive "the innovations in steel" statement for FY 2020?**

A: There have been a lot of T&D activities which are taking place in the Company for betterment of Customer and product. Various Sales strategies are being implemented for which consultancies such as Vector, have already been appointed. Technologies such as BI (Business Intelligence) tools and AI (Artificial Intelligence) and pilot projects launched by our Company are making marking difference amongst the other leading steel industries in India. We are facing a lot of digital Challenges yet our perseverance to achieve our vision of being one of the most admired steel industry are making us industrious.

**With various Government initiatives how has the**

**company been benefited, what is the Company Outlook for FY 2020?**

A: Various Government initiatives made the interim Union Budget for 2019-20 was announced by Mr Piyush Goyal, Union Minister for Finance, Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganized sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. According to IMF estimates, India's economy grew 7.1% in FY19 lowest in the last five years and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in FY21. Indian economy grew 7% in FY19. IMF expects growth to recover in the current fiscal and the next. Due to general election weak growth and political uncertainty will be a negative overhang in 2019, but political stability post elections in Q2 2019 has been able to subsidize the aforementioned issues. Due to existing market conditions of steel industry which are aggressive in nature many of the large companies are backing out of their commitments. The Company is of the view that sustainability should also include not only environmental security but also the protection of capital and interest of all the stakeholders, including existing companies that are stressed in the steel industry. Hence subdued rates and election results, amendments in the finance bill in the FY20, might give opportunities to the Company to explore.

**What is the propitious segment that the company should be looking forward to in the coming years?**

A: The Company is concentrating majorly in digitalization where by various pilot projects have now been started for customers to order online their choice of products thus focusing on optimizing value in O2C Cycle (order to cash) cycle. Hence customer can now give orders and derive information about their ledger, accounting spheres and for all other requirements of the customer there by constructing strong relationship between customer and seller. The Company have also introduced new ERP System which are more

advanced for propelling the company vision and mission.

**What can shareholders expect in the FY 2019-20?**

A: there have been some outperforming execution of various tools and introduction of strategic tools along with artificial intelligence in our business models to monitor the customer and seller relationship. The result is that we expect to increase our turnover. Shareholders will witness the impact of our aggressive digitalization in our EBITDA margins in the upcoming years. The Company have completed 15 years of operations and is counted amongst a handful of companies in the country depending of the Market Capitalisation in the Fy 2019, this has only been possible due to support of our employees, customers, contractors, shareholders, bankers and all other stakeholders who have supported the Company in its long journey. The Company's major achievement has been maintaining long relationships with its key stakeholders be it shareholder , customer and employees.

We hope that this support prevails with us and we can achieve our vision and be one of the most admired steel Company.

**Saket Agrawal**



In Building a Better India  
we begin by building better lives

## CORPORATE SOCIAL RESPONSIBILITY

We begin by building better lives

### 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

"It is not Strongest people who survive or the most intelligent ones. The People who survive are those who are responsive to change."

This gives us immense pleasure to share with you all that Our Company have completed 50 years of Operations which have given us the courage to excel further in our future endeavours. Amid the somber backdrop of the challenging and sluggish macro environment, India has still managed to replace Japan as the world's second-largest steel producing country. India has emerged as fastest growing major economy despite a visible slowdown in the fourth quarter FY2018-19 Indian Economy grew at 6.8%.

In this report you would be able to find out our 50 years of hard work and determination to thrive for excellence. This have been in line with our vision of being a Leading Steel Producer. Market intelligence and customer loyalty are two things we need to re-engage in. We also need targeted customer orient approach. We have achieved the aforementioned innovation in our organization.

The Company is always looking to create new business ventures and get into business areas with the sector that would be relevant in the future and therefore de-risking itself from any regulatory and technology. The Company continuously engages in cost and operating efficiency improvement programmes across its facilities, which results in lower operating costs, better quality and higher profitability.

### Speaking about the Global Economy

During the initial months of the CY 2018, Global economic activity continues to strengthen, the

pickup in growth has been broad based, with notable upside surprises in Europe and Asia. With continuous two years of strong steel cycle, an increase in supply along with trade actions led to a fall in steel prices globally towards the end of Q3 Quarter. Global growth forecasts for 2018 and 2019 have been revised upward by to 3.9 percent, reflecting increased global growth momentum and the expected impact of the recently approved section 232 by U.S. in their tax policy changes led to the diversion of steel exports in India by steel surplus countries like Japan, South Korea and China. This combination of lower steel prices and high imports weighed on domestic steel as well. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. Moreover natural disaster in Japan have also been one of the reason to hurt the global economy. Trade tensions took a also worsened the situations and sentiments of financial markets. India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI. There have been various investments in various sectors of the economy. Various Government initiatives was made the Interim Union Budget for 2019-20 was announced by Mr Piyush Goyal, Union Minister for Finance, Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. According to IMF estimates, India's economy grew 7.1% in FY19 slowest in the last five years and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in FY21. Indian economy grew 7% in FY19, IMF expects growth to recover in the current fiscal and the next. Due to general election weak growth and political uncertainty will be a negative overhang in 2019, but political stability post elections in Q2 2019 has been able to subsidize the aforementioned issues. In Jan-May 2019, the world crude steel

production reached 764,072 million tonnes (mt) and showed a growth of 5.03% over Jan-May 2018. World Steel Association has projected Indian steel demand to grow by 7.1% in 2019 while globally, steel demand has been projected to grow by 1.3% in 2019. Asia produced 312.9Mt. crude steel, an increase of 7% over the first quarter of 2018. North America's crude steel production in the first three months of 2019 was 90.7 Mt. an increase of 4.0% compared to the first quarter of 2018. China's crude steel production for March 2019 was 80.3 Mt. an increase of 10% compared to March 2018. India produced 9.4Mt. of crude steel in March 2019, down 1% on March 2018. Japan produced 9.1Mt of crude steel in March 2019, unchanged from what it produced in March 2018. South Korea's crude steel production stood at 6.3Mt. up 2.8% on March 2018. According to World Steel Association India has replaced Japan as the world's second-largest steel producing country, while China is the largest producer of crude steel, accounting for more than 51 percent of production. The outlook for India's manufacturing sector, which has been lagging behind the service sector as a growth driver, should improve, via Make in India initiative, which aims to transform into a global design and manufacturing hub and also to develop ancillary industries and automotive industries.

### Strengthening Governance Practices

No overview will be complete without a mention of our governance commitment. We adhere to the best global practices in the areas of governance and transparency. We organized monthly/quarterly meets to move closer to customers, suppliers and investors, and share with them our vision for the future and invite them to participate in our growth story.

### A Word of Thanks

I take this opportunity to acknowledge the efforts of all those who contributed to our growth – our shareholders, customers, employees, partners, suppliers and community members. The Company will continue to enhance value for all those who depend on us, work with us and invest in us.



**MANAGEMENT  
DISCUSSION AND  
ANALYSIS REPORT  
2018-2019**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2018-2019

### OVERVIEW

The Report hereunder have been made in order to derive a better understanding about the Management's decision taken during the year and the fluctuations in the Market which had affected the Steel Sector for the Financial Year 2018-19. The Company's financial and operating performance during the period under review have been conveyed in this report. The Company has its plant in Raigarh and carries out manufacturing and production process via following plants:

- Pellet plant
- Sponge Iron Division
- Billets
- TMT
- Structural TMT
- Light Structural TMT
- Power—Captive Consumption.

The Company continuously engages in cost and operating efficiency improvement programmes across its facilities, which results in lower operating costs, better quality and higher profitability. The report should be along with the Company's Financial Statements, schedules and notes thereto and other information included in the report. The Company's financial statements have been prepared in accordance with the Indian Accounting Standards ('IND AS') complying with the requirements of the Companies Act, 2013 as amended and regulations issued by SEBI from time to time.

This report forms an important part of the Board's Report. Discussions on Industry structure and developments, outlook, risks, internal control systems and their adequacy, industrial relations have been covered in the Board's Report. This sections gives vivid details on the performance of the Company.

### ECONOMIC REVIEW

#### GLOBAL

During the initial months of the CY 2018, Global economic activity continues to strengthen, the pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by to 3.9 percent, reflecting increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. The global economic upswing that began around mid-2016 has become broader and stronger. Global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an

increase in trade tensions with the United States. Moreover natural disaster in Japan have also been one of the reason to hurt the global economy. Trade tensions took a also worsened the situations and sentiments of financial markets.

#### OUTLOOK

The International Monetary Fund expects that the global economy growth might slow down from 3.6 % in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. It is under the notion that the global economy would settle in first half of 2019 and indurate in the second half. Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress—a forecast subject to notable uncertainty. The bottom line outlook for Asia seems favourable with a slow growth rate for China and hence convergence in frontier economies towards higher income levels. For other regions, the outlook is complicated by a combination of structural bottlenecks, slower advanced economy growth and, in some cases, high debt and tighter financial conditions. If the global growth rate removes all trade indifferences it might help in strengthening investor's sentiments and hence help in balancing the risk of downfall.

#### INDIAN ECONOMY

India has emerged as fastest growing major economy despite a visible slowdown in the fourth quarter FY2018-19 Indian Economy grew at 6.8% . India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI. There have been various investments in various sectors of the economy. Various Government initiatives was made the interim Union Budget for 2019-20 was announced by Mr Piyush Goyal, Union Minister for Finance, Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Few more initiatives are given as below:

- Village electrification in India was completed in April

2018. Universal household electrification is expected to be achieved by March 2019 end.

- Around 1.29 million houses have been constructed up to December 24, 2018, under Government of India's housing scheme named Pradhan Mantri Awas Yojana (Urban).
- In February 2019, the Government of India approved the National Policy on Software Products – 2019, to develop the country as a software hub.

#### OUTLOOK

According to IMF estimates, India's economy grew 7.1% in FY19 slowest in the last five years and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in FY21. Indian economy grew 7% in FY19,. IMF expects growth to recover in the current fiscal and the next. Due to general election weak growth and political uncertainty will be a negative overhang in 2019, but political stability post elections in Q2 2019 has been able to subsidize the aforementioned issues.

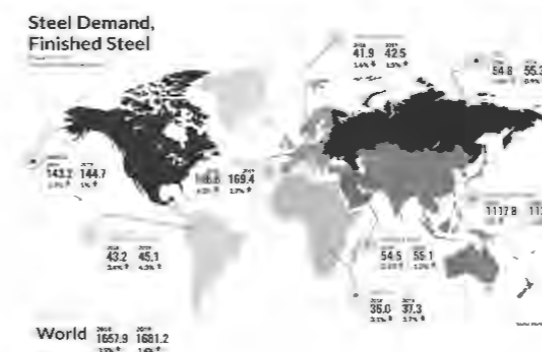
#### STEEL INDUSTRY

##### GLOBAL STEEL INDUSTRY

In Jan-May 2019, the world crude steel production reached 764.072 million tonnes (mt) and showed a growth of 5.03% over Jan-May 2018. World Steel Association has projected Indian steel demand to grow by 7.1% in 2019 while globally, steel demand has been projected to grow by 1.3% in 2019. Asia produced 312.9Mt. crude Steel , an increase of 7% over the first quarter of 2018. North America's crude steel production in the first three months of 2019 was 30.7 Mt. an increase of 4.0% compared to the first quarter of 2018. China's crude steel production for March 2019 was 80.3 Mt. an increase of 10% compared to March 2018 . India produced 9.4Mt. of crude steel in March 2019, down 1% on March 2018. Japan produced 9.1Mt of crude steel in March 2019 , unchanged from what it produced in March 2018 . South Korea 's crude steel production stood at 6.3Mt. up 2.8% on March 2018.

##### OUTLOOK OF GLOBAL STEEL INDUSTRY

Steel demand in the developed economies grew by 1.8% in



2018 following a resilient 3.1% growth in 2017. We expect demand to further decelerate to 0.3% in 2019 and 0.7% in 2020, reflecting a deteriorating trade environment. In 2019 and 2020, steel demand is likely to contract slightly due to a moderation of construction activities and decelerating exports despite the support provided by public projects. Steel demand is expected to continue declining in 2019 due to toughened real estate market measures and a deteriorating export environment. A mild recovery is expected in 2020. Having overcome the shocks of demonetisation and the Goods & Services Tax (GST) implementation, the Indian economy is now expected to achieve faster growth starting in the second half of 2019 after the election. While the fiscal deficit might weigh on public investment to an extent, the wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. In the ASEAN region, infrastructure development supports demand for steel.

##### INDIAN STEEL INDUSTRY

The country in February 2019 reported a rise of 2.3 per cent to 8.74 MT as against 8.54 MT in the year-ago month. India's steel production fell by about 0.3 per cent to 27.33 million tonne (MT) during the first quarter of the calendar year 2019, according to data from the World Steel Association. In May 2017, the Union Cabinet also approved two policies, including the National Steel Policy 2017 that envisaged Rs 10 lakh crore investment to take capacity to 300 million tonne by 2030-31, to give a boost to the domestic steel sector.

According to World Steel Association India has replaced Japan as the world's second-largest steel producing country, while China is the largest producer of crude steel, accounting for more than 51 percent of production.

##### OUTLOOK OF INDIAN STEEL INDUSTRY

The January to November crude steel production statistics released by worldsteel on 20 December 2018 show that India has become the second largest steel producer in the world, overtaking Japan for the second month in a row, with a growth rate of 4.9%. India's apparent steel use per capita for finished steel products stood at 66.2 kg, way below the world average of 212.3 kg in 2017, which suggests that India has a huge unrealised potential for steel demand growth. In India there have been various reforms agenda specially in the fields of infrastructure to clear institutional bottlenecks. A worldsteel study of India, conducted in collaboration with the Indian Steel Association and the support of Indian member companies, identifies the construction sector as a

pan-India steel demand driver on the back of strong infrastructure development and housing demand, especially affordable housing. The Smart Cities Initiatives will further boost urban infrastructure investment. There are currently 99 smart cities planned across India. The outlook for India's manufacturing sector, which has been lagging behind the service sector as a growth driver, should improve, via Make in India initiative, which aims to transform into a global design and manufacturing hub and also to develop ancillary industries and automotive industries.

## BUSINESS OVERVIEW

### Performance review of the Company

The operational and financial performance of the Company improved from the last financial year i.e 2018. Its brief financial performance for 2018-19 is given below:

Particulars	Standalone		Consolidated	
	F.Y. 18-19 ₹ In Lacs	F.Y. 17-18 ₹ In Lacs	F.Y. 18-19 ₹ In Lacs	F.Y. 17-18 ₹ In Lacs
Revenue from Operations	166980.18	118794.72	166980.18	118794.72
Other Income	200.17	261.85	200.17	261.85
<b>Total Income</b>	<b>167180.35</b>	<b>119056.57</b>	<b>167180.35</b>	<b>119056.57</b>
Total Expenses (D)	167921.26	125586.68	167921.26	125586.68
<b>Profit/(Loss) Before Tax (E-C-D)</b>	<b>(140.90)</b>	<b>(682.09)</b>	<b>(140.90)</b>	<b>(682.09)</b>
Add/(Less): Exceptional Items (P)	(53.99)	476.24	(53.99)	476.24
<b>Loss: Tax Expenses (Q)</b>				
Income Tax for Earlier Years	252.86	-	252.86	-
Deferred Tax	1611.88	(585.27)	1611.88	(585.27)
<b>Profit/(Loss) for the Year (E+Q)</b>	<b>(208.85)</b>	<b>(570.52)</b>	<b>(208.85)</b>	<b>(570.52)</b>
Share of Profit/(Loss) of Associates		N/A		1.74

### Consolidated

The Company reported a consolidated revenue from operations and net profit after tax of Rs.16.69 Crs & Rs.(20.60) Crs. The Company's consolidated financial statements include the financial performance of the following subsidiaries and joint ventures.

### Subsidiaries

- MSP CEMENT LIMITED

### Associates

- AA ESS TRADELINKS PVT. LIMITED

### Joint Venture

- MADANPUR SOUTH COAL LIMITED

### Own Funds

Networth of the Company was Rs.682.74 Crs as on 31st March 2018 to Rs.665.42 Crs as on 31st March 2019

### Risk Management Cycle



The current economic environment in combination with growth ambitions carries with it an evolving set of risks. MSP recognises that these risks need to be managed to protect its customers, employees, shareholders and other stakeholders 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 risk 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 of 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 counselling 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.

# DIRECTOR'S REPORT

Dear Members,  
**PERFORMANCE**

The Board of Directors present before you the 50<sup>th</sup> Annual Report of MSP Steel & Power Ltd. (the Company or MSPL) along with the Standalone and Consolidated Audited Financial Statement and Auditor's Report for the financial year ended March 31, 2019.

**FINANCIAL HIGHLIGHTS**

The Company's financial performance for the year ended 31<sup>st</sup> March, 2019 is summarised below:

(₹ in Lakhs)

Particulars	Standalone		Consolidate	
	FY. 18-19	FY. 17-18	FY. 18-19	FY. 17-18
Revenue from Operations	166980.19	118794.72	166980.19	118794.72
Other Income	200.17	261.85	200.17	261.85
<b>Total Income</b>	<b>167180.36</b>	<b>119056.57</b>	<b>167180.36</b>	<b>119056.57</b>
<b>Total Expenses (D)</b>	<b>167321.26</b>	<b>125688.60</b>	<b>167321.26</b>	<b>125688.60</b>
<b>Profit/(Loss) Before Tax (E=C-D)</b>	<b>(140.90)</b>	<b>(6632.03)</b>	<b>(141.59)</b>	<b>(6632.03)</b>
Add/(Less): Exceptional Items(F)	(53.99)	476.24	(53.99)	476.24
Less: Tax Expenses (G)				
Income Tax for Earlier Years	252.86	-	252.86	-
Deferred Tax	1611.88	(585.27)	1611.88	(585.27)
<b>Profit/(Loss) for the Year (E+F-G)</b>	<b>(2059.63)</b>	<b>(5570.52)</b>	<b>(2060.32)</b>	<b>(5570.52)</b>
Share of Profit/(Loss) of Associates		N.A		1.74

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2019 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with rule 7 Companies (Accounts) Rules, 2014 as amended from time to time. Accordingly your Company has adopted Indian Accounting Standards ("Ind AS") from 1<sup>st</sup> April, 2016 and the estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2019.

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 Ess Tradelinks Pvt. Ltd. and Madanpur South Coal Company Limited shall be prepared in accordance to it.

**OPERATIONAL PERFORMANCE**

Steel plays a vital role in the modern world. In addition to being one of the most important materials for building and infrastructure, steel is the enabler of a wide range of manufacturing activities.

The Indian steel industry has entered into a new development stage, post de-regulation, riding high on the

resurgent economy and rising demand for steel. Data from Joint Plant Committee showed a 7.8% rise in steel consumption from April 2018 to January 2019.

India's crude steel production totalled 105.54 million tonnes in April'18-March'19, up by 2.4 million tonnes or 2.3% YoY as compared to 103.14 million tonnes in April'17-March'18 due to which India was able to replace Japan as world's second largest steel producing country and second largest crude Steel producer in the World.

CARE Ratings forecasts that a strong demand from the end user industries will keep steel prices buoyant during October-March of this financial year.

The Government has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31. The Government has also announced policy for providing preference to domestically manufactured Iron & Steel products in Government procurement.

**COMPANY'S PERFORMANCE****Standalone Results**

Your Company has achieved a gross revenue of Rs. 166980.19 Lakhs in the financial year 2018-19 as compared to Rs. 118794.72 Lakhs in the previous Financial Year 2017-18. The Management has reduced the cost of production and implemented a strategy which has resulted in

decreasing the loss of the Company from Rs. (2059.63) Lakhs incurred during the previous Financial Year to the loss of Rs. (5570.52) Lakhs

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.

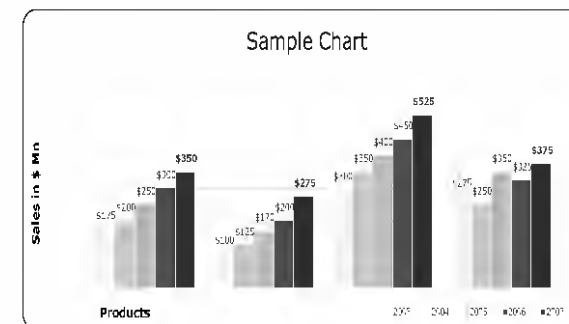
Revenue from Operations on consolidated basis stood at Rs. 166980.19 Lakhs for the FY 2018-19. The Company reported a net loss of Rs. (2060.32) Lakhs for FY. 18-19 as compared to the net loss of Rs. (5568.78) Lakhs for the FY 2017-18.

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:

PELLET	Mt		728900
SPONGE IRON	Mt		309714
MS BILLETS	Mt		275015
TMT BARS	Mt		97185
STRUCTURAL PRODUCTS	Mt		95425
LIGHT STRUCTURAL PRODUCTS	Mt		37807
POWER	Kwh	427499800	427499800

**DIVIDEND & RESERVES**

The Board of Directors of the Company have not recommended any dividend for Equity Shares and preference Shares as the Company has incurred losses for the FY. 2018-19. Further the Directors has restructured its debts under the Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") introduced by Reserve Bank of India ("RBI") during the FY. 2017-18, hence it is necessary to 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 2018-19.

**SHARE CAPITAL**

The Total Share Capital of the Company as on March 31, 2019 stood at 3,885,280,000 which Comprises of 385,415,000 Equity Shares of face value of Rs 10/- each and 3,113,000 6 % Compulsorily Convertible Preference Shares ("CCPS") of face value of Rs 10/- each. During the year under review the Company has not issued any Shares or any other Securities

**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 Lakhs/- to the Investor Education and Protection Fund.

The details including the last date of claiming unclaimed/unpaid dividend amount are given in our website at <http://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 and forms part of this 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 2<sup>nd</sup> 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 23<sup>rd</sup> 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 31<sup>st</sup> March, 2019.

The performance and financial position of the Company's Subsidiary, Associates and Jointly Controlled Entity are summarized herein below:

Name of the Company	% of Share	Networth	Profit/(Loss) for the Year
MSP Cement Limited CIN: U26940CT2008PLC002120	100 %		-
Aa Ess Tradelink Private Limited CIN: U51109WB1995PTC072185	42.75 %	4674.44	(0.11)
Madanpur South Coal Company Limited CIN: U10300CT2006PLC020006	14.90 %	101.75	(0.58)

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 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 provided in a separate section and forms an integral part of the Annual Report.

#### CORPORATE GOVERNANCE

As per Regulation 34(3) read with schedule V of the SEBI (LODR), Regulations, 2015, Companies Act, 2013 and its relevant rules, a separate section on Corporate Governance practices followed by the Company, together with the requisite Certificate from the Company's Auditor confirming compliance forms an integral part of report.

#### EXTRACT OF ANNUAL RETURN

The details forming part of Annual Return in **Form MGT-9** as

required under section 92 of the Companies Act 2013, is annexed as **Annexure-2** which forms an integral part of this report and is also available on the company's website viz [www.mspsteel.com](http://www.mspsteel.com)

#### DIRECTORS & KEY MANAGERIAL PERSONNEL

##### Board of Directors

##### Appointment & Cessation

During the year under review, the Board of Directors on recommendation of the Nomination and Remuneration Committee appointed Mrs. Suneeta Mohanty as an Additional Director in the post of Independent Woman Director on the Board of Directors of the Company in accordance with section 149(4) of the companies Act read with Schedule IV with effect from March 25, 2019. In terms of section 161(1) of the Act, Mrs. Suneeta Mohanty holds office up to the date of ensuing Annual General Meeting. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Suneeta Mohanty as a Independent Woman Director, for the approval by the members of the Company. Brief profile of Mrs. Suneeta Mohanty has been given in the Notice convening the Annual General Meeting.

Mrs. Priyanka Tiwari resigned from the post of Independent Woman Director from the Board with effect from March 25, 2019 due to her engagement in other commitments & Activities. The Board places on record its deep appreciation for the services rendered by Mrs. Priyanka Tiwari during her tenure as Independent Director and member of various committees of the Board of Directors of the Company.

##### Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act and the Articles of Association of the Company, Mr. Dhananjay Uchit Singh (DIN: 01018678) Director of the Company retires by rotation at the forthcoming 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. Dhananjay Uchit 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, 2019 are provided in **Form No. MGT-9**, Extract of the Annual Return

which is set out at **Annexure -2** to the Director's 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 14.08.2018, without the attendance of non-independent directors and members of the management, inter alia, to:

- a. Review the performance of non-independent directors and the Board of Directors as a whole;
- b. Review the performance of the Chairperson 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.

##### 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. Navneet Jagatramka, Mr. Ashok Kumar Sooin and Mrs. Suneeta Mohanty, 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.

#### FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS

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

The details of the Programme can be accessed by weblink <http://mspsteel.com/about-us/corporate-policies>

#### 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 meetings 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 2018-19. 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 2018-19 are disclosed in Corporate Governance Report which form part of Annual 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) Regulation 2015 comprising of:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders Relationship Committee

The Details of the Committees along with their composition, including number of meetings held and attendance in the meetings during the financial year 2018-19, have been disclosed separately in the Corporate Governance Report section of this Annual Report.

#### BOARD 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 and functioning, composition of Board and its Committees, execution and performance of specific duty.

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. The Board of Directors expressed their satisfaction with the evaluation process. Details pertaining to the evaluation process has been explained in the Corporate Governance Report annexed to the Annual Report.

#### 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 31<sup>st</sup> March, 2019, 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 RESPONSIBILITY

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.

As a part of its initiative under the "Corporate Social Responsibility" (CSR) drive, the Company has undertaken projects in the areas of eradication of illiteracy, Infrastructural Development, Health Care facilities, Social Activity. These projects are in accordance with Schedule VII of the Act and the Company's CSR policy.

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 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 spent on CSR activities is inadequate. Irrespective of such situation of inadequate profit or loss, your Company has spent Rs. 101.00 Lakhs on CSR activities. A report on Corporate Social Responsibility activities for the financial year 2018-19 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) Regulations 2015. 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](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 2018-19, 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, 2019 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 50<sup>th</sup> Annual General Meeting until the conclusion of the 51<sup>st</sup> Annual General Meeting to be held the Financial Year 2019-20.

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.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at this AGM is not being

sought. There is no audit qualification, reservation or adverse remark for the year under review.

#### 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.

#### 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 2019 to March 2020. 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), Rules, 2014, your Company is required to maintain cost records and accordingly get its Cost Audit done by Cost Accountant in practice every financial year.

The Board of Directors, on the recommendation of Audit Committee, has re-appointed Mr. Sambhu Banerjee, Cost Auditor (Membership No. 9780) to conduct the audit of the cost accounts of the Company for the financial year 2019-20.

As required under the Act, a resolution seeking member's approval for the remuneration payable to Mr. Sambhu Banerjee, Cost Auditor forms part of the Notice convening the 50<sup>th</sup> Annual General Meeting for their ratification.

#### Secretarial Auditor

Secretarial Audit for the financial year 2018-19 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 2018-19 is annexed herewith as **Annexure-6 and forms integral part of the report**. 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 2019-20.

#### REPORTING OF FRAUD

The Auditors of the company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013. Further, no case of Fraud has been reported to the

Management from any other sources.

#### RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. Your Company has an effective and robust Risk Management Framework which would enable timely identification of risks, assessment and evaluation of the same in line with the overall objectives and set adequate mitigation strategy. Your Company believes that managing risks helps in maximizing returns. 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

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. 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. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

#### 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:

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

#### 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 Karvy Fintech Private Limited (KFPL). 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 Directors Report and the Management Discussion & Analysis report describing the Company's Objectives, expectation and forecast may be "forward looking Statements" 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 reposed in the Company during the year.

The Directors place on record a deep sense of appreciation and contribution made by every member of MSP family at all levels whose contribution was significant for the growth of the Company.

For and behalf of the board  
MSP STEEL & POWER LIMITED

Date : 14th August, 2019  
Place : Kolkata

Saket Agrawal  
DIN : 00129208  
Managing Director

Suresh Kumar Agrawal  
DIN : 00587623  
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

1	Name of the Subsidiary	MSP CEMENT LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding	2018-19
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case	Rupees
4	Share Capital	58.07
5	Reserves & Surplus	-
6	Total assets	63.14
7	Total liabilities	63.14
8	Investment	-
9	Turnover	-
10	Profit before taxation	-
11	Provision for taxation	-
12	Profit after taxation	-
13	Proposed Dividend	-
14	% of Shareholding	100.00

## 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, 2019	March 31, 2019
2. Shares of Associate/ Joint Ventures held by the company on the year end		
Number	4,650,175	94,427
Amount of Investment in Associates / Joint Ventures		
Extend of Holding %	42.75%	14.54%
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	101.75
6. Profit / Loss for the year		
i. Considered in Consolidation	-	-
ii. Not Considered in Consolidation	(0.11)	(0.58)

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Saket Agrawal  
Managing Director  
DIN - 00129209

Kamal Kumar Jain  
Chief Financial Officer

Shreya Kar  
Company Secretary

Kolkata  
30th May, 2019

## ANNEXURE -2

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[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 LIMITED								
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								
vi) Whether listed company	Yes								
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited								
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						
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	CIN/GLN	HOLDING/ SUBSIDIARY/	% of shares held	Applicable Section				
1	MSP Cement Limited	U26940CT2008PLC002120	Subsidiary Company	100.00%	Section 2(87)				
3	AA ESS Tradelinks Private Limited	U51109WB1995PTC072185	Associate Company	42.75%	Section 2(6)				
4	Madanpur South Coal Company	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 i.e. 1st April, 2018				No. of Shares held at the end of the year i.e. 31st March, 2019				% 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	-	2,023,240	0.53	2,023,240	-	2,023,240	0.53	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	15,83,82,285	-	15,83,82,285	41.09	15,83,82,285	-	15,83,82,285	41.09	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	160,405,525	-	160,405,525	41.62	160,405,525	-	160,405,525	41.62	-
(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)	160,405,525	-	160,405,525	41.62	160,405,525	-	160,405,525	41.62	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	128,833,034	-	128,833,034	33.43	128,833,034	-	128,833,034	33.43	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs Capital	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	128,833,034	-	128,833,034	33.43	128,833,034	-	128,833,034	33.43	-



2. Non-Institutions									
a) Bodies Corp.									
i) Indian	88,493,898	-	88,493,898	22.96	86481782	1,700,000	88,181,782	22.88	(0.08)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 Lakhs	5,376,753	11,937	5,376,753	1.40	5330344	-	5,330,344	1.38	(0.02)
(ii) Individuals holding nominal share capital in excess of Rs.2 lakhs	2,040,112	51,400	2,091,512	0.54	2427112	-	2,427,112	0.63	0.09
c) Others	202,341	-	202,341	0.05	237,203	-	237,203	0.06	0.01
<b>Sub-total (B)(2)-</b>	<b>96,113,104</b>	<b>63,337</b>	<b>96,176,441</b>	<b>24.95</b>	<b>94,476,441</b>	<b>1,700,000</b>	<b>96,176,441</b>	<b>24.95</b>	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>22,49,46,138</b>	<b>63,337</b>	<b>22,50,09,475</b>	<b>58.38</b>	<b>223,309,475</b>	<b>1,700,000</b>	<b>225,009,475</b>	<b>58.38</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>385,351,663</b>	<b>63,337</b>	<b>385,415,000</b>	<b>100</b>	<b>383,715,000</b>	<b>1,700,000</b>	<b>385,415,000</b>	<b>100</b>	<b>(0.00)</b>

(ii) Shareholding of Promoters								
Sl No.	Shareholder's Name	Shareholding at the beginning of the year i.e.			Share holding at the end of the year i.e. 31st			% change in share holding during 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	
1	MSP SPONGE IRON LTD	24,736,500	6.42	100.00	24,736,500	6.42	100.00	-
2	ADHUNIK GASES LTD.	23,479,000	6.09	23.66	23,479,000	6.09	100.00	-
3	MSP INFOTECH PVT LTD	12,529,760	3.25	57.70	12,529,760	3.25	100.00	-
4	ILEX PRIVATE LIMITED	4,115,000	1.07	100.00	4,115,000	1.07	100.00	-
5	B S CONFIN PVT. LTD.	3,530,000	0.92	100.00	3,530,000	0.92	100.00	-
6	HIGH TIME HOLDINGS PVT. LTD.	3,025,000	0.78	100.00	3,025,000	0.78	100.00	-
7	EMERALD TRADELINK PVT. LTD.	2,500,000	0.65	100.00	2,500,000	0.65	100.00	-
8	RAJNATH VYAPAAR PRIVATE	2,500,000	0.65	100.00	2,500,000	0.65	100.00	-
9	AA ESS TRADELINKS PVT. LTD.	2,650,000	0.69	71.70	2,650,000	0.69	100.00	-
10	DEKO TRADING PVT. LTD.	1,575,000	0.41	100.00	1,575,000	0.41	100.00	-
11	K. C. TEXOFINE PVT. LTD.	8,715,000	2.26	13.94	8,715,000	2.26	100.00	-
12	SIKHAR COMMOTRADE PVT.LTD.	28,984,056	7.52	4.97	28,984,056	7.52	100.00	-
13	RAJ SECURITIES LTD.	5,200,000	1.35	19.23	5,200,000	1.35	100.00	-
14	JAGRAN VYAPAAR PVT LTD	1,950,000	0.51	-	1,950,000	0.51	100.00	-
15	LARIGO INVESTMENT PRIVATE	12,050,000	3.13	8.30	12,050,000	3.13	100.00	-
16	MSP ROLLING MILLS PVT LTD.	4,460,000	1.16	-	4,460,000	1.16	100.00	-
17	PANORAMA COMMERCIAL PVT	1,000,000	0.26	-	1,000,000	0.26	100.00	-
18	SHREE VINAY FINVEST PVT LTD	6,878,543	1.78	-	6,878,543	1.78	100.00	-
19	GILBART MERCHANTS PVT. LTD.	8,504,426	2.21	-	8,504,426	2.21	100.00	-
20	KIRAN AGRAWAL	486,000	0.13	100.00	486,000	0.13	100.00	-
21	NISHA AGRAWAL	336,500	0.09	100.00	336,500	0.09	100.00	-
22	MANISH AGRAWAL	309,000	0.08	100.00	309,000	0.08	100.00	-
23	PRANAY AGRAWAL	306,000	0.08	100.00	306,000	0.08	100.00	-
24	SAKET AGRAWAL	204,000	0.05	100.00	204,000	0.05	100.00	-
25	PURAN MAL AGRAWAL	186,620	0.05	100.00	186,620	0.05	100.00	-
26	SURESH KUMAR AGRAWAL	141,000	0.04	100.00	141,000	0.04	100.00	-
27	PURAN MAL AGRAWAL (HUF)	29,000	0.01	100.00	29,000	0.01	100.00	-
28	SURESH KUMAR AGRAWAL	25,120	0.01	100.00	25,120	0.01	100.00	-
<b>TOTAL :</b>		<b>160,405,525</b>	<b>41.62</b>		<b>160,405,525</b>	<b>41.62</b>	<b>100</b>	<b>-</b>

(iii) Change In Promoters' Shareholding ( please specify, if there is no change)										
Sl. No.	Particulars	Shareholding at the beginning			Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding		
		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	
1	At the beginning of the year At the End of the year	There were no changes in Shareholding of Pomoters during the Financial Year 2018-19.								

(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 1.04.2018 and 31.03.2019 is to be provided)	Shareholding at the beginning		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding	
		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 At the End of the year	46,334,367	12.02	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	46,334,367	12.02
2	MOD COMMODEAL PRIVATE							
	At the beginning of the year At the End of the year	31,501,014	8.17	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	31,501,014	8.17
3	SHRINGAR MERCANTILE PVT. LTD.							
	At the beginning of the year At the End of the year	28,211,200	7.32	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	28,211,200	7.32
4	ALLAHABAD BANK							
	At the beginning of the year At the End of the year	15,401,434	4.00	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	15,401,434	4.00
5	ORIENTAL BANK OF COMMERCE							
	At the beginning of the year At the End of the year	13,356,409	3.47	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	13,356,409	3.47
6	UNION BANK OF INDIA							
	At the beginning of the year At the End of the year	13,056,982	3.39	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	13,056,982	3.39
7	CORPORATION BANK							
	At the beginning of the year At the End of the year	8,482,007	2.20	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	8,482,007	2.20
8	ICICI BANK LTD							
	At the beginning of the year At the End of the year	7,054,764	1.83	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	7,054,764	1.83
9	INDIAN OVERSEAS BANK							
	At the beginning of the year At the End of the year	6,139,611	1.59	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	6,139,611	1.59
10	UCO BANK							
	At the beginning of the year At the End of the year	5,599,897	1.45	1-Apr-18 31-Mar-19	NIL MOVEMENT	-	5,599,897	1.45

(v) Shareholding of Directors and Key Managerial Personnel:								
Sl. No.	Directors and KMP	Shareholding at the beginning		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	SURESH KUMAR AGRAWAL							
	At the beginning of the year At the End of the year	141,000	0.04	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	141,000	0.04
2	MANISH AGRAWAL							
	At the beginning of the year At the End of the year	309,000	0.08	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	309,000	0.08
3	SAKET AGRAWAL							
	At the beginning of the year At the End of the year	204,000	0.05	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	204,000	0.05
4	NAVNEET JAGATRAMKA							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
5	ASHOK KUMAR SOIN							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-17 31-Mar-18	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
6	PRIYANKA TIWARI*							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
7	DHANANJAY UCHIT SINGH							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
8	KAPIL DEO PANDEY							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
9	SHREYA KAR							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
10	KAMAL KUMAR JAIN							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil
11	SUNEETA MOHANTY**							
	At the beginning of the year At the End of the year	Nil	Nil	1-Apr-18 31-Mar-19	-	NIL MOVEMENT DURING THE YEAR	Nil	Nil

\* Mrs. Priyanka Tiwari has resigned from the post of Independent Director on 25th March, 2019.

\*\* Mrs. Suneeta Mohanty has been appointed as an Additional Independent Director on 25th March, 2019.

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs in Lacs)				
	Secured Loans excluding	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the			0	-
i) Principal Amount	58,015.47	30,154.72	-	88,170.19
ii) Interest due but not paid	419.37	-	-	419.37
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>58,434.84</b>	<b>30,154.72</b>	-	<b>88,589.56</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	2,009.53	-	2,009.53
Reduction	4,834.03	40.00	-	4,874.03
<b>Net Change</b>	<b>(4,834.03)</b>	<b>1,969.53</b>	-	<b>(2,864.50)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	53,114.56	32,124.25	-	85,238.81
ii) Interest due but not paid	486.25	-	-	486.25
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>53,600.81</b>	<b>32,124.25</b>	-	<b>85,725.06</b>

## VI. 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)	989,141	3,543,474	4,532,615
	(b) Value of perquisites u/s 17(2) Income-tax Act,	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>989,141</b>	<b>3,543,474</b>	<b>4,532,615</b>
	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
<b>Independent Directors</b>						
1	Fee for attending board /	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	
	<b>Total (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>Other Non-Executive Directors</b>						
2	Fee for attending board /	Nil	Nil			
	Commission	Nil	Nil			
	Others, please specify	30,00,000	29,40,274			
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>			
	<b>Total (B)=(1+2)</b>	<b>Nil</b>	<b>Nil</b>			
	<b>Total Managerial Remuneration</b>	<b>30,00,000</b>	<b>29,40,274</b>			<b>59,40,274</b>
	Overall Ceiling as per the Act		As per Schedule V of the Act			

\* Non-Executive Directors have waived off their remuneration except Mr. Manish Agrawal & Mr. Suresh Kumar Agrawal who derived the remuneration in the form as #Mrs. Priyanka Tiwari got resigned from the Board of Directors w.e.f 25th March,2019 and Mrs. Suneeta Mohanty got appointed on the Board of Directors w.e.f.25th Marc

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Shreya Kar Company Secretary	Mr. Kamal Kumar Jain CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1)	559,835	2,540,787	3,100,622
	(b) Value of perquisites u/s 17(2) Income-tax Act,	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-	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
	<b>Total (C)</b>	<b>559,835</b>	<b>2,540,787</b>	<b>3,100,622</b>

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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NO PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

## ANNEXURE -3

Corporate Social Responsibility for the FY.18-19  
(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:

- Mr. Kapil Deo Pandey - Chairman
- Mr. Saket Agrawal - Member
- Mr. Manish Agrawal - Member

**Average net profit of the Company in the last three financial years:** Rs. (17,196.79) lacs

**Prescribed CSR Expenditure (2% of the average net profit for the last three financial years):** Rs. (343.94) 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)
					Direct expenditure (Rs. In lacs)	Overheads		
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 2017-18 (Rs. In lacs)	Amount spend: Direct or through implementing agency
1.	Eradication of illiteracy	Enhancing education in rural area by setting up a school, renovation of the old school buildings.	Raigarh, Chhattisgarh	58.00	57.03		176.92	Direct
2.	Health	Promoting preventive healthcare	Raigarh, Chhattisgarh	2.00	1.49		50.71	Direct
3.	Infrastructural Development	Rural Development Projects	Raigarh, Chhattisgarh	33.00	32.30		184.33	Direct
4.	Social Activity	Improving Living Conditions	Raigarh, Chhattisgarh	11.00	10.19		198.85	Direct
<b>Total</b>				<b>104.00</b>	<b>101.00</b>		<b>610.81</b>	

## ANNEXURE -4

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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 2017-18	Ratio of Remuneration of each Director/to median remuneration of employees
1	Mr. Saket Agrawal Managing Director	35.43	7.69	35.43:0.25
2.	Mr. Suresh Kumar Agrawal <sup>1</sup> (Chairman)	29.43	9.41	29.43:0.25
3.	Mr. D.Singh Executive Director	8.00	23.63	9.89:0.25
4	Mr. Manish Agrawal Non- Executive Promoter Director <sup>2</sup>	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
9	Mr. Kamal Kumar Jain Chief Financial Officer	25.41	13.08	Not Applicable
8	Ms. Shreya Kar Company Secretary	5.6	23.08	Not Applicable

- The median remuneration of employees of the Company during the financial year was approximately Rs.24,199.5
- There have been increase in the median remuneration as compared to previous year
- There were 984 permanent employees on the rolls of Company as on March 31, 2018;
- Average percentage increase made in the salaries of employees other than the managerial personnel in FY 2017-18 was 32.59%
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees

## 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 31<sup>st</sup> March, 2019 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) -**

- the details of technology imported; N.A
- the year of import; N.A
- whether the technology been fully absorbed; N.A
- 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.

Particulars	2018-19	2017-18
Foreign Exchange Earned	-	368.97
Foreign Exchange Used	12.056.53	13.411.47

## ANNEXURE -6

### SECRETARIAL AUDIT REPORT

for the financial year ended 31<sup>st</sup> March 2019

*[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 and 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 and 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 31<sup>st</sup> March 2019, 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:

- 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 31<sup>st</sup> March, 2019, according to the provisions of:
  - The Companies Act, 2013 (the Act) and the rules made thereunder.
  - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - 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;
  - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- 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;
- 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 :

- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- 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:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- 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 above subject 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:

· 31,13,000 number of Compulsorily Convertible Preference Shares are pending for conversion as on the balance sheet date due to pending statutory approvals.

For PS & Associates

(Swati Bajaj)  
Partner  
C.P.No.: 3502, ACS:13216

Place : Kolkata  
Date :30/05/2019

'Annexure A'

To,  
The Members,  
**MSP Steel and Power Limited**

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

1. Maintenance of Secretarial record is the responsibility of the 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 process 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 process and practices, we followed provide a reasonable basis for our opinion.

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

4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. 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)  
Partner  
C.P.No.: 3502, ACS:13216

Place : Kolkata  
Date :30/05/2019



**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 2018-19 is presented below:

**MSPL'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The essence of Corporate Governance lies in maintaining the right balance between economic, social, individual and community goals. At MSP Steel & Power Ltd. (MSPL) good Corporate Governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decision, thus maximizing long-term shareholder value without compromising on integrity, social obligations, environment and regulatory compliances. As a Company with a strong sense of values and commitment, 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. Our actions are governed by our values and principles, which are reinforced at all levels of the organization. The Company's true success lies in how it maintains its professionalism combined with practice of good Corporate Governance. Your Company is committed to focus its energies and resources in creating and positively leveraging shareholder's wealth and, at the same time, safeguarding the interest of all stakeholders. This is our path to sustainable and profitable existence and growth.

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 bringing in expertise in their respective domains;
- Adoption and implementation of the policies and procedures as would be required for timely disclosures of the information and proper functioning of the Company;
- Systems and processes in place for internal control;
- Timely Disclosure of material operational and financial information to the Stakeholders;
- Transparency and accountability at all the levels ensures that the organization is managed and monitored in a responsible manner.
- 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.

- Proper business conduct by the Board, Senior Management and Employees;
- 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.
- 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 play 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:** Board Committees constitute an important element to good corporate governance practice. Various Board Committees comprising of Executive and Non-Executive Directors are set up under the formal approval of the Board, to focus on specific areas/activities and critical functions concerning the Company, to take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters in their areas or purview.

The Company had 4(Four) Board Committees as on 31<sup>st</sup> March, 2019 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. The Minutes of the meetings of all the Committees are also placed before the Board for their noting. During Financial year 2018-19, there have been no instances where the Board has not accepted any recommendation of/submission by any Committees which is mandatorily required for approval of the Board of Directors.



**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, 2019, the Board comprised of 8 Directors out of which 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.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board

Name Of The Director	Expertise in Specific Functional Area
Mr. Suresh Kumar Agrawal	He is a technically qualified Mechanical Engineer having long experience in Business and Industry for the last 25 years. He is looking after the projects, production and technical matters.

Mr. Saket Agrawal	He is a Commerce graduate and MBA having experience of 8 years in the business of Steel and Industrial Oxygen Gas Manufacturing. He is looking after marketing, finance & administration of the company.
Mr. Manish Agrawal	He is a management graduate from International Management Institute (IMI), New Delhi and having vast experience in the field of Iron & Steel Industry. He is looking after raw material purchases and MIS of the Company.
Mr. Dhananjay Uchit Singh	He is a Metallurgical Engineering graduate having experience around 25 years of experience in the steel and mining industry. He is looking after the day to day affairs of the Company
Mr. Navneet Jagatramka	Qualified in law, he is working as an Industrial Project Consultant since 1997 based out of Raigarh.
Mr. Ashok Kumar Soin	
Mrs. Suneeta Mohanty	She is specialized in Advertising and Public Relations and holds Bachelor Degree in English and Psychology, Journalism and Mass Communications and in Law (LLB)
Mr. Kapil Deo Pandey	He is a Metallurgical Engineering graduate from Banaras Hindu University passed in the year 1960. He is having more than 50 years of experience in extraction and other related metal production process.

The number of Directorships, Committee Memberships / Chairmanships of all Directors is within respective limits prescribed under the Companies Act, 2013 ("Act") and Listing Regulations.

#### Directors' Directorships/Committee memberships

In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in more than 10 committees excluding private limited companies, foreign

companies and companies under Section 8 of the Companies Act, 2013 or act as Chairman of more than 5 committees across all listed entities in which he/she is a Director. The Audit Committee and Stakeholders' Relationship Committee are considered in computation of limits. Further all Directors have informed about their Directorships, Committee Membership/ Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2019 are given below:

#### Directorship/Committee Membership as on 31<sup>st</sup> March, 2019

Sl. No.	Name of Director	Category of Director	Directorships in other Indian Public Limited Companies (excluding MSP Steel & Power Ltd.)	No. of Board Committees in which Chairman/Member (excluding MSP Steel & Power Ltd.)		List of Directorship held in Other Listed Companies and Category of Directorship
				Chairman	Member	
1	Mr. Suresh Kumar Agrawal	Chairman/ Non-Executive Director/Promoter	4	NIL	NIL	Howrah Gases Limited (Managing Director/Executive Director)
2	Mr. Saket Agrawal	Managing Director/ Executive Director /Promoter	6	NIL	NIL	-
3	Mr. Manish Agrawal	Promoter /Non-Executive Director	8	NIL	4	Howrah Gases Limited (Chairman Non-Executive Promoter)
4	Mr. Dhananjay Uchit Singh	Executive Director	NIL	NIL	NIL	-
5	Mr. Navneet Jagatramka	Non-Executive Independent Director	NIL	NIL	NIL	-
6	Mr. Ashok Kumar Sooin	Non-Executive Independent Director	NIL	NIL	NIL	-
7	Mrs. Suneeta Mohanty#	Additional Non-Executive Independent Director	NIL	NIL	NIL	-
8	Mr. Kapil Deo Pandey	Non-Executive Independent Director	2	1	1	-

#### Notes:

- # Mrs. Suneeta Mohanty , Additional Non-Executive Independent Women Director got appointed on the Board w.e.f 25<sup>th</sup> March, 2019.
- Mrs Priyanka Tiwari ,Non-Executive Independent Women Director got resigned from the Board w.e.f 25<sup>th</sup> March, 2019.

#### Independent Directors Confirmation by the Board

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent director, fulfills the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

#### Resignation of Independent Director

Mrs Priyanka Tiwari ,Non-Executive Independent Director got resigned from the Board of Directors of MSP Steel & Power Ltd (MSPL) w.e.f 25<sup>th</sup> March, 2019 due to her engagement in some activities. She also confirmed that there is no material reasons for her resignation from the Board. She has served as the Chairperson of Audit Committee and has given contribution to the Company in various aspects as Women Independent Director.

#### 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.

#### Familiarization Programmes for Board Members

Your Company organised sessions at its various meetings held during the financial year 2018-19 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. Eleven 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, New Alipore, Kolkata – 700053.

Dates on which the Board Meetings were held during the Financial Year 2018-19 are as follows:

Date	Board Strength	Numbers of Directors Present
30th May, 2018	8	5
14th August, 2018	8	5
30th August, 2018	8	4
28th September, 2018	8	5
9th October, 2018	8	5
14th November, 2018	8	5
24th November, 2018	8	4
17th December, 2018	8	4
21st January, 2019	8	4
14th February, 2019	8	5
25th March, 2019	8	5

#### 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 negative impact on the Company, significant labour problems 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, 2018, 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:

The details of the attendance of the Directors at the Board Meetings held during the financial year 2018-19 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 49 <sup>th</sup> AGM	Shareholding in the Company as on 31.03.2019**
Mr. Suresh Kumar Agrawal	Chairman/ NED/PD	11/11	No	141000
Mr. Dhananjay Uchit Singh	ED	1/11	No	0
Mr. Manish Agrawal	NED/PD	11/11	Yes	309000
Mr. Saket Agrawal	Managing Director, ED/PD	6/11	Yes	N.A
Mr. Navneet Jagatramka	ID	4/11	No	0
Mr. Ashok Kumar Soin	ID	2/11	No	0
Mrs. Priyanka Tiwari \$	ID	6/11	No	0
Mr. Kapil Deo Pandey	ID	10/11	Yes	0

#### Notes:

# NED: Non-Executive Director, ED: Executive Director, PD: Promoter Director, ID: Non-Executive Independent Director \$ Mrs. Priyanka Tiwari got resigned from the Board of Directors w.e.f 25<sup>th</sup> March, 2019 and Mrs. Suneeta Mohanty got appointed as Additional Non-Executive Independent Women Director on the Board w.e.f 25<sup>th</sup> March, 2019.

#### 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 following:

- Board of Directors as a whole
- Committees of the Board of Directors
- 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 key objectives of conducting the Board Evaluation process were to ensure that the Board and various Committees of the Board have appropriate Composition of Directors and they have been functioning collectively to achieve common business goals of your Company. Similarly, the key objectives of conducting performance evaluation of the Directors through individual assessment and peer assessment was to ascertain if the Directors actively participate in the Board/Committee Meetings and contribute to achieve the common business goals of the Company.

The Independent Directors had met separately on 14.08.2018 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.

Name	Salary (Rs.) per month (in Lakhs)	Perquisite/Benefit, etc. (fixed component)	Performance Linked Incentive	Period of Contract From
Mr. Suresh Kr. Agrawal (Chairman & Non-executive Promoter Director)	2.0	NIL	0.45	NA
Mr. Saket Agrawal (Managing Director- Executive Director)	2.5	NIL	0.45	14.11.2014
Mr. Dhananjay Uchit Singh (Executive Director)	0.5	NIL	0.32	21.09.2015
Mr. Manish Agrawal (Non-executive Promoter Director)	2.5	NIL	0.00	NA

#### 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](http://www.mspsteel.com).

The Board currently has four Committees:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship Committee
- 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 31<sup>st</sup> March, 2019, comprised of four (4) Directors of which three(3) Directors are independent. Mrs.

Priyanka Tiwari, was 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 2018-19, the Audit Committee met five times on 30<sup>th</sup> May, 2018, 14<sup>th</sup> August, 2018, 30<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019. 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 27<sup>th</sup> September, 2018 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	4
Mr. Kapil Deo Pandey	Independent Director	Member	5	3
Mr. Saket Agrawal	Executive Director	Member	5	2

#### Role of Stakeholders' Relationship Committee

The role and responsibility of the Committee includes the following:

- review the quarterly and half yearly reports as submitted by the Registrar and Share Transfer Agents of the Company;
- 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.;
- approve transfer and transmission of shares and issue of duplicate share certificates;
- 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 2018-19 are stated as under:

Nature of Complaint	Complaints Received	Complaints Resolved	Complaints Pending
Non- Receipt of Securities	2	2	Nil
Consolidation/ Split of Securities	0	0	Nil
Rematerialisation/ Dematerialisation of shares	0	0	Nil
Others	4	4	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 14.02.2019 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](http://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.

#### MEANS OF COMMUNICATION WITH SHAREHOLDERS

##### a) Financial Results:

Prior intimation of the Board Meeting to consider and approve Unaudited/ Audited Financial Results of the Company is given to the Stock Exchanges and also disseminated on the website of the Company at [www.mspsteel.com](http://www.mspsteel.com). The aforesaid Financial Results are immediately intimated to the Stock exchanges after the same are approved at the Board Meeting. The Unaudited Quarterly/Half Yearly Results are announced within forty five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.

Financial Results	Date of Approval	Date of Submission
Un-audited Financial Results for the quarter ended 30 <sup>th</sup> June, 2018	14 <sup>th</sup> August, 2018	14 <sup>th</sup> August, 2018
Un-audited Financial Results for the quarter ended 30 <sup>th</sup> September, 2018	14 <sup>th</sup> November, 2018	14 <sup>th</sup> November, 2018
Un-audited Financial Results for the quarter ended 31 <sup>st</sup> December, 2018	14 <sup>th</sup> February, 2019	14 <sup>th</sup> February, 2019
Financial Results for the year ended 31 <sup>st</sup> March, 2019	30 <sup>th</sup> May, 2019	30 <sup>th</sup> May, 2019

##### b) Publication of Financial Results:

The approved financial results of the Company are forthwith sent to the Stock Exchange and 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 17-18.

##### 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](http://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.

##### d) Press/News Releases:

The Company's Financial Results and Official press releases are displayed on the Company's Website [www.mspsteel.com](http://www.mspsteel.com)

#### GENERAL SHAREHOLDER INFORMATION

##### I. GENERAL BODY MEETINGS

Details Of Last Three Annual General Meetings Held

AGM	Financial Year	Date & Time	Venue	Details of Special Resolution Passed
47 <sup>th</sup> 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.
48 <sup>th</sup> AGM	F.Y. 2016-17	September 23, 2017 at 12.30PM	Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700017	<ul style="list-style-type: none"> <li>Increase in the Authorised Share Capital and consequential amendments to Memorandum of Association of the Company</li> <li>Reclassification of 6% Redeemable Non-cumulative Preference Shares to 6% Compulsorily Convertible Preference Shares ("CCPS"), and allotment of Equity Shares upon Conversion of CCPS</li> <li>Approval for conversion of debt into Optionally Convertible Debentures (OCDS) of the Company pursuant to implementation of the Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") for the Company by its Lenders</li> <li>Ratification of Remuneration payable to Mr. Sambhu Banerjee, appointed as Cost Auditors of the Company for the FY. 2017-18</li> </ul>
49 <sup>th</sup> AGM	F.Y. 2017-18	September 27, 2018 at 3.30PM	Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700017	No Special Resolutions are passed for FY. 2018-19.

#### POSTAL BALLOT

During the year under review, 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.

#### ANNUAL GENERAL MEETING (AGM) FOR THE FINANCIAL YEAR 2018-19

Day, Date and Time	Friday, 20th September, 2019 at 4.00 P.M
Venue	Rotary Sadan, 94/2 Chowringhee Road, Kolkata - 700 020
Book Closure Date	September 12, 2019 to September 19, 2019 (both days inclusive)
Dividend Payment Date	N.A

**b) Tentative Calendar for Financial Year ending March 31, 2020 :**

Financial Calendar[Current Financial Year 2019-20]	Tentative Dates
First Quarter Results ending on 30th June, 2019	Held on 14th August, 2019
Second Quarter & Half yearly Results ending on 30th September, 2019	On or before 14th November, 2019
Third Quarter & Nine Months Ended Results ending on 30th December, 2019	On or before 14th February, 2020
Fourth Quarter & Annual Audited Financial Results of the Current Financial Year ending on 31st March, 2020	On or before 30th May, 2020
AGM for the year ended 2020	On or before 30th September, 2020

**c) Dividend**

The Board of Directors did not declare any dividend for the financial year 2018-19 as your company had inadequate profit.

**Dividend History for the last 8 Years**

The Table below highlights the history of Dividend declared by the Company in the last 8 Financial 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
2017-18	No Dividend declared	Nil

**Unclaimed Dividend/Shares**

Pursuant to the provisions of Section 124(5) 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, 2019:**

Year of Declaration of Dividend	Date of Declaration of Dividend	Unclaimed Amount (Rs)	Due Date for transfer to IEPF Account
2010-11	19th Sep 2011	89,789	26th Oct 2018
2011-12	18th Sep 2012	44,797	25th Oct 2019

**e) Listing of Equity Shares on the Stock Exchanges with Stock Code**

The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	MSPL
BSE Limited (BSE)	P J Towers, Dalal Street, Mumbai - 400 001	532650

Annual Listing Fees for the financial year 2019-20 has not been paid to NSE and BSE.

**e) Stock Market Performance**

Share price data-during each month in Financial Year 2018-19 are:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-18	19.40	16.50	19.70	16.35
May-18	18.00	12.25	18.50	12.10
Jun-18	16.15	12.35	15.60	12.30
Jul-18	13.65	11.32	13.60	11.35
Aug-18	15.60	12.25	13.75	12.00
Sep-18	15.70	12.66	15.80	12.90
Oct-18	15.95	12.03	14.45	11.60
Nov-18	15.00	11.00	14.95	12.75
Dec-18	15.89	12.03	15.15	11.60
Jan-19	14.00	11.07	13.90	11.05
Feb-19	14.86	9.75	15.10	9.00
Mar-19	16.29	12.25	16.50	11.75

**f) Registrar and Share Transfer Agents:**

The Company has engaged the services of Karvy Fintech Private Limited for providing 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:** Karvy Selenium Tower-B, Plot No.-31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally,

Hyderabad-500032, Telangana

**Ph. No.:** (040) -2331-2454/2332

**Fax No.:** (040)-2331-1968

**E-mail:** compliance.kfpl@karvy.com

**Website:** www.karvy.com

**g) Share Transfer System**

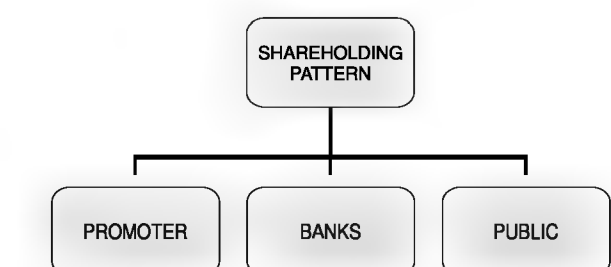
The Board has delegated the power of transfer of shares to the Karvy Fintech Pvt. Ltd. the Registrars and Share Transfer Agent (RTA) of the Company. The transfer of shares is processed and completed by the RTA within a period of fifteen days provided the documents are proper. In compliance with the Listing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

**h) Distribution of Shareholding as on 31<sup>st</sup> March, 2019**

Sl No.	Category	Cases	% of Cases	No. of Shares.	% Share holding
1	upto 1 - 5000	8160	80.03	13283550	0.34
2	5001 - 10000	923	9.05	7995170	0.21
3	10001 - 20000	491	4.82	7791200	0.20
4	20001 - 30000	170	1.67	4425910	0.11
5	30001 - 40000	72	.71	2612930	0.07
6	40001 - 50000	71	.70	3355240	0.09
7	50001 - 100000	129	1.27	9697330	0.25
8	100001 & ABOVE	180	1.77	3804988670	98.72
<b>Total:</b>		<b>10196</b>	<b>100.00</b>	<b>3,854,150,000</b>	<b>100.00</b>

**Shareholding Pattern for the year ended 31<sup>st</sup> March, 2019**

Category	No. of Shares Held	% of Holding
Promoter Individuals	2,023,240	0.52
Promoters Body Corporates	158,382,285	41.09
Bodies Corporates	88,181,782	22.88
HUF	-	-
Resident Individuals	7,757,456	2.01
Banks	128,833,034	33.43
NBFC	739	0.01
Non-Resident Indians	170,784	0.04
NRI Non-Repatriation	45,993	0.01
Clearing Members	19687	0.01
<b>Total</b>	<b>385,415,000</b>	<b>100.00</b>



Sl	Name of Share holders	Total Shareholding	Percent to Capital
1	STATE BANK OF INDIA	46334367	12.02
2	MOD COMMDEAL PVT. LTD.	31322651	8.17
3	SHRINGAR MERCANTILE PVT. LTD.	28211200	7.32
4	ALLAHABAD BANK	15401434	4.00
5	ORIENTAL BANK OF COMMERCE	13356409	3.47
6	UNION BANK OF INDIA	13056982	3.39
7	CORPORATION BANK	8482007	2.20
8	ICICI BANK LTD	7054764	1.83
9	INDIAN OVERSEAS BANK	6139611	1.59
10	UCO BANK	5599897	1.45
	<b>TOTAL</b>	<b>174959322</b>	<b>44.45</b>

### Pledge of Shares :- the existing shares of the promoters are pledged, holding of the pledged shares are given below:

Category	Category of Shareholder	No of Share holders	No of fully paid up equity shares held	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	
				No.	As a % of total Shares held	No.	As a % of total Shares held
(A)	Promoter & Promoter Group	29	160405525	96479056	60.15	160405525	41.62
(B)	Public	9796	225009475	200835944	89.26		
(C)	Non Promoter-Non Public						
(C1)	Shares underlying DRs	0	0	0	0.00		
(C2)	Shares held by Employees Trusts	0	0	0	0.00		
	<b>Total:</b>	<b>9825</b>	<b>385415000</b>	<b>297315000</b>	<b>77.14</b>	<b>160405525</b>	<b>41.62</b>

### k) Dematerialization of shares

The shares are regularly traded in dematerialized form to facilitate dematerialization of shares the Company has entered into arrangement with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 98.74% of the total equity shares, are held in dematerialized form and 0.45% of the Equity Shares are held in physical form. The register of Members is being maintained by the RTA in electronic form. The dematerialization requests received, if any, during the year were confirmed within 21 days. The Company has entered into agreements with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the Depositories.

Name of Depository	No. of Shares	% of total issued Capital
Held in dematerialized form in NSDL	38,06,86,589	97.98
Held in dematerialized form in CDSL	29,65,207	.76
Physical	17,63,204	.45
<b>Total</b>	<b>38,54,15,000</b>	<b>99.20</b>

### Reconciliation of Share Capital Audit report

As stipulated by SEBI, a qualified Practicing Company Secretaries carries out Secretarial Audit to reconcile the total admitted capital with National Security Depository

Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's Shares are listed. The audit confirms that the total Listed and Paid up Capital is in agreement with the aggregate of the Total number of Shares in dematerialized forms(held with NSDL and CDSL) and total number of shares in physical form.

### Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of Corporate law and practices. The Company has complied with each of them.

### l) Credit Rating

During the Financial Year ended March 31,2019, Credit Rating Information Services of India Limited(CRISIL) and India Ratings & Research ,has reaffirmed the Credit Rating for the long term debts, short term debts and Non-fund based working Capital limits of the Company.

Credit Rating Information Services of India Limited (CRISIL) has reaffirmed the Credit Rating as '[CARE BBB:-Stable]' for Long Term Bank Facilities and '[CARE A3]' for Short term Non-Fund Based facilities.

India Ratings & Research has reaffirmed the Credit Rating as '[IND BBB-/Stable]' for long term loan, '[IND BBB-/Stable]' for fund based working Capital limits and '[IND A3]' for Non-Fund Based Working Capital Limits.

The outlook on the long term Rating is 'Stable'.

### m) Plant Location

The Company's plant is located at Jamgaon Village and PO, in the district of Raigarh, Chhattisgarh. The names of the Plants at Raigarh are as follows:

Sl.	Plant Name	Capacity
1	Pellet	900000 MTPA
2	Sponge Iron Division	3,07,500 MTPA
3	Billet (SMS Plant)	3,15,109 MTPA
4	TMT	1,05,000 MTPA
5	Structural TMT	1,28,000 MTPA
6	Light Structural TMT	40,000 MTPA
7	Power(Captive Power)	76 Megawatt

### n) Address for Correspondence:

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

### OTHER DISCLOSURES

#### 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.msspsteel.com](http://msspsteel.com) (Web link: <http://msspsteel.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, 2018, 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.

##### 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://msspsteel.com/related-party-transaction-policy>.

##### b) No Non-Compliance during last three years

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. There has been no instance of non-compliance by the Company on any matter related to Capital markets during last three years. No penalty/stricture have been imposed on the Company by the Stock exchanges or SEBI or any other Statutory authorities on such matters.

##### c) Whistle Blower Policy/Vigil Mechanism

Pursuant to Section 177(9) and (10) of the Companies Act,2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Mechanism for vigil mechanism of 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 employees and Directors who use such mechanism and makes provisions for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to 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.msspsteel.com](http://msspsteel.com) <http://msspsteel.com/vigil-policy>. A brief on the policy is also given in the Director's Report.

##### d) Details of Mandatory and Non-Mandatory Corporate Governance Requirements

The Quarterly/Yearly Reports on compliance of corporate governance in the prescribed format have been submitted to the Stock Exchange where the shares are listed within the stipulated time frame and the same are also uploaded on the Company's website at [www.msspsteel.com](http://www.msspsteel.com).

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

##### Non-mandatory items of Corporate Governance

The Status of Compliances with the Non-Mandatory requirements of the Listing regulations is provided below:

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

### THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)

Sr. No	Particulars	Regulations	Brief Description of the Regulations	Compliance Status(Yes/No/N.A)
1	Board of Directors	17(1)	Composition of board	Yes
		17(2)	Meeting of Board of directors	Yes
		17(3)	Review of Compliance Reports	Yes
		17(4)	Plans for orderly succession for appointments	Yes
		17(5)	Code of Conduct	Yes
		17(6)	Fees/Compensation	Yes
		17(7)	Minimum information to be placed before the Board	Yes
		17(8)	Compliance Certificate	Yes
		17(9)	Risk Assessment & Management	Yes
		17(10)	Performance Evaluation	Yes
2	Audit Committee	18(1)	Composition of Audit Committee & presence of the Chairman of the Committee at the Annual General Meeting	Yes
		18(2)	Meeting of Audit Committee	Yes
		18(3)	Role of the Committee and Review of Information by the Committee	Yes
3	Nomination and Remuneration Committee	19(1) & (2)	Composition of Nomination and Remuneration Committee	Yes
		19(3)	Presence of the Chairman of the Committee at the Annual general Meeting	Yes
4	Stakeholder Relationship Committee	20(1),(2) & (3)	Composition of Stakeholder Relationship Committee	Yes
		20(4)	Role of the Committee	Yes

4	Stakeholder Relationship Committee	20(1),(2) & (3)	Composition of Stakeholder Relationship Committee	Yes
		20(4)	Role of the Committee	Yes
5	Risk Management Committee	21(1),(2) & (3)	Composition of Risk Management Committee	N/A
		21(4)	Role of the Committee	N/A
6	Vigil Mechanism	22	Formulation of Vigil Mechanism for Directors and Employee	Yes
7	Related Party Transaction	23(10),(5),(6),(7) & (8)	Policy For Related Party Transaction	Yes
		23(2) & (3)	Approval including omnibus approval of Audit committee for all Related Party Transactions and review of transaction by the Committee	Yes
		23(4)	Approval for Material Related Party Transaction	Yes
8	Subsidiaries of the Company	24(1)	Composition of Board of Directors of Unlisted Material Subsidiary	No
		24(2),(3),(4),(5) & (6)	Other Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
9	Obligation with Respect to Independent Director	25(1) & (2)	Maximum Directorship & Tenure	Yes
		25(3)	Meeting of Independent Director	Yes
		25(4)	Review of Performance by the Independent Directors	Yes
		25(7)	Familiarization of Independent Director	Yes
10	Obligations with respect to directors and Senior Management	26(1) & (2)	Memberships & Chairmanship in committees	Yes
		26(3)	Affirmation with compliance to Code of Conduct from members of Board of directors and Senior Management Personnel	Yes
		26(4)	Disclosures of Shareholding by Non-Executive Directors	Yes
		26(5)	Disclosures by senior Management about potential conflict of interest	Yes
11	Other Corporate Governance Requirements	27(1)	Compliance of Discretionary Requirements	Yes
		27(2)	Filing of Quarterly Compliance Report on Corporate Governance	Yes
12	Disclosures on website of the Company	46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes
		46(2)(c)	Composition of Various Committees of Board of Directors	Yes
		46(2)(d)	Code of conduct of Board of Directors and senior Management Personnel	Yes
		46(2)(e)	Details of establishment of Vigil Mechanism/Whistle Blower Policy	Yes
		46(2)(f)	Criteria of making payments to Non-Executive Directors	Yes
		46(2)(g)	Policy on Related Party Transactions	Yes
		46(2)(h)	Policy of Determining Material Subsidiaries	Yes
		46(2)(i)	Details of familiarization programmes Imparted to Independent Director	Yes

#### 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](http://www.mspsteel.com/Company_Info/Corporate_Policies/Policy).

#### f) Certificate from Practicing Company Secretary

A certificate confirming that none of the Director on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, has been received from Ms. Swati Bajaj of M/s. PS & associates, Companies Secretaries.

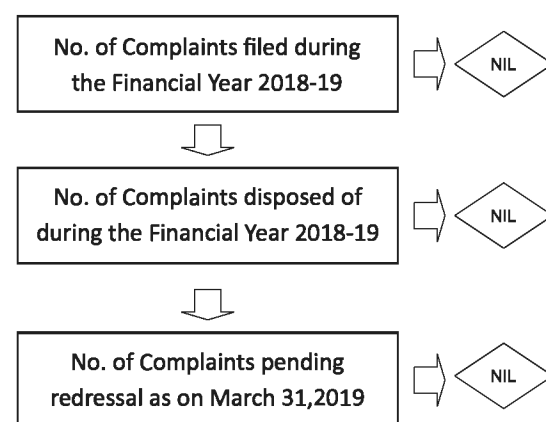
#### g) Details of utilization of funds raised

No funds were raised by the Company through preferential allotment or qualified institutions placement.

#### h) Disclosure in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act, 2013 and Rules framed thereunder

In terms of the provision of sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

and Rules framed thereunder, the number of complaints received during the financial year 2018-19 along with their status of redressal as on financial year ended March 31, 2019 are as under:



#### i) Payment Made to Statutory Auditors

During the Financial Year ended March 31, 2019, the total fees paid by the Company to M/s Singhi & Co, Chartered Accountants (ICAI Firm Registration No.302049E), the Statutory Auditors, on a consolidated basis towards the services availed by the Company aggregates to Rs.....

#### j) Declaration affirming Compliance of Code of Conduct

The Company has received confirmation from all the Board of Directors as well as the Senior Management Executives regarding Compliance of the code of Conduct during the period under review.

A declaration by the Chairman Mr. Suresh Kumar Agrawal and Chief Financial Officer (CFO) affirming compliance of Board Members and Senior Management Personnel to the Code is also annexed herewith.

For and behalf of the board  
**MSP STEEL & POWER LIMITED**

Date : 30th May 2019  
Place : Kolkata

**Suresh Kumar Agrawal**     **Manish Agrawal**  
DIN : 00587623     DIN : 00129240  
Chairman     Director

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

#### To the members of Members of MSP Steel & Power Limited

- We, Singhi & Co., Chartered Accountants, the statutory auditors of **Members 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, 2019 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) as amended (the Listing Regulation).

#### Managements' Responsibility

- 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

- 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 an audit nor an expression of opinion on the financial statements of the company.
- 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.
- 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.
- 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

- 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, 2019.

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  
(Anurag Singhi) Partner  
Membership No. 066274

Place: Kolkata

Dated: May 30, 2019

### Declaration Affirming Compliance With The Code Of Conduct

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all the Members of the Board and Senior Management Personnel of the Company have affirmed their compliance with the code of conduct for the Financial Year ended 31<sup>st</sup> March, 2019.

For and behalf of the board  
**MSP STEEL & POWER LIMITED**

Date : 30th May 2019  
Place : Kolkata

**Suresh Kumar Agrawal**     **Manish Agrawal**  
DIN : 00587623     DIN : 00129240  
Chairman     Director

**CEO & CFO Certification**

*[Pursuant to Regulation 17(8) read with Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

**The Board of Directors****MSP Steel & Power Limited**

1, Crooked Lane, Kolkata- 700 069

In pursuance of 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 to the Board of Directors that:

- a) We have reviewed the financial statements and cash flow statements for the financial year ended on 31<sup>st</sup> March, 2019 and to the best of our knowledge and belief, state that:
  - 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 31<sup>st</sup> March, 2019 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 and consequently no involvement therein, of the management or any

employee having a significant role in the Company's internal control system over the financial reporting.

For and behalf of the board  
**MSP STEEL & POWER LIMITED**

Date : 30th May 2019  
Place : Kolkata

<b>Suresh Kumar Agrawal</b>	<b>Manish Agrawal</b>
DIN : 00587623	DIN : 00129240
Chairman	Director

**INDEPENDENT  
AUDITOR'S  
REPORT**

**INDEPENDENT AUDITOR'S REPORT****To the Members of****MSP Steel & Power Limited****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of **MSP Steel & Power Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, (including the Statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants (ICAI) of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

**Descriptions of Key Audit Matter****Revenue Recognition**

(Refer Note No. 1 and 23 and of the standalone Financial Statement):

Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.

**Assessment of carrying value of equity investments in associate**

[Refer to Note 4 to the Standalone Financial Statements – "Investments in subsidiaries, associates and joint ventures"]

The Company has equity investment in associate. The Company accounts for equity investments in associate at cost (subject to impairment assessment). For investments carried at cost where an indication of

**How we addressed the matter in our audit** Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures. Our audit procedures included the following:

- We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the impairment assessment.
- We evaluated the Company's process regarding impairment assessment by involving auditor's valuation experts to assist in assessing the appropriateness of the valuation model including the independent assessment of the underlying assumptions.
- We evaluated the adequacy of the disclosures made

impairment exists, the carrying value of investment is assessed for impairment and where applicable an impairment provision is recognised, if required, to its recoverable amount.

The accounting for investments in associate is a Key Audit Matter as the determination of recoverable value for impairment assessment/fair valuation involves significant management judgement. The impairment assessment and fair valuation for such investments have been done by the certified valuer on the basis of Net Assets Value method in accordance with Ind AS 36 and Ind AS 113 respectively.

**Inventory Management**

(Refer Note No. 1 and 9 and of the standalone Financial Statement):

The company deals with various types of bulk material such as Coal, Iron Ore, and sponge iron & pellets etc. The total inventory of such materials amounts to Rs. Rs. 29,975.61 lakhs as on March 31, 2019.

The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.

We determined this to be a matter of significance to our audit due to quantum of the amount, estimation involved.

in the standalone Financial Statements.

Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of equity investments associate.

Our audit procedures included the following:

- Obtained the understanding of the management with regards to internal financial controls relating of Inventory management.
- The Company deployed an Independent agency for verification of Bulk Materials. We have reviewed the internal verification process by the management for certain inventory items.
- We have reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company.

Based on the above procedures performed, we concluded that measurement and valuation of the inventory at year end is appropriate.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge

obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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) specified under section 133 of the Act

read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- § Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- § Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- § Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- § Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- § Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

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

2. As required by section 143 (3) of the Act, we report 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 the Statement of 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 standalone financial statements – Note 38 to the standalone financial statements;

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.

#### For Singhi & Co.

##### Chartered Accountants

Firm Registration No.302049E

(Anurag Singhi)

Partner

Membership No. 066274

Place: Kolkata

Dated: May 30, 2019

#### Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 1 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, 2019)

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. 3 of the standalone 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 the Company has not granted any loan secured/unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the Order are not applicable to the Company. However, we have relied upon register maintained under section 189 and management's representation in this regards.

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:

The Company is regular in depositing undisputed statutory dues including Provident fund, Employee's state insurance, Income tax, Duty of Customs, 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, Employee's state insurance, Income tax, Duty of Customs, Goods and Service tax and Other material statutory dues were in arrears as at March 31, 2019 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 Lakhs)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	164.65	Assessment year -2006-07, 2007-08, 2008-09, 2009-10 and 2014-15

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, which have not been deposited on account of any dispute and the forum where the dispute is pending as at March 31, 2019 are as under :-

Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the Dispute is Pending
Central Excise Act, 1944	Excise Duty	750.49	2006-07 to 2010-11	Supreme Court
	Excise Duty	1115.11	2006-07 to 2015-16.	Chief Commissioner-Raipur
	Excise Duty	23.12	2009-10	Additional Deputy Commissioner
The Finance Act 1994	Service Tax	20.29	2015-16	Commissioner (A)
	Service Tax	182.62	2014-15	ITAT
Income Tax Act, 1961	Income Tax	5.37	Assessment year 2010-11	Assessing Officer (rectification)
	Income Tax	30.37	Assessment year 2011-12	Commissioner of Income Tax (Appeals)
	Income Tax	289.83	Assessment year 2014-15	Dy. Commissioner of Income Tax (Appeals)
Central Sales Tax	Central Sales Tax	52.50	2009-10	Additional Commissioner of Sales tax

viii. According to the information and explanations given by the management, the Company has not defaulted in dues to banks subject to Note 47 of the standalone Financial Statements.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year and no term loan has been raised by the company during the year. Therefore this

clause is not applicable for the company.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone 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 or 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 standalone financial statements as required by the applicable Indian accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

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, clause 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 Registration No.302049E**  
**(Anurag Singhi)**  
 Partner  
 Membership No. 066274  
 Place: Kolkata  
 Dated: May 30, 2019

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **MSP Steel & Power Limited** of even date)

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

We have audited the internal financial controls with reference to financial statement of **MSP Steel & Power Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statement 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. 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 respective 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 internal financial controls with reference to financial statement 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statement 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 with reference to financial statement and their operating effectiveness. Our audit of internal financial controls with reference to financial statement included obtaining an understanding of internal financial controls with reference to financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to financial statement

A company's internal financial control with reference to financial statement 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 with reference to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Limitations of Internal Financial Controls with reference to financial statement

Because of the inherent limitations of internal financial

controls with reference to financial statement, 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 with reference to financial statement to future periods are subject to the risk that the internal financial control with reference to financial statement 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at March 31, 2019, based on the internal control with reference to financial statement 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 Registration No.302049E  
(Anurag Singhi)  
Partner  
Membership No. 066274  
Place: Kolkata  
Dated: May 30, 2019

#### INDEPENDENT AUDITOR'S REPORT

##### To the Members of MSP Steel & Power Limited Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of **MSP Steel & Power Limited** (hereinafter referred to as "the Holding") and its subsidiary (the Holding and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associate and joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2019, 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 significant accounting policies and other explanatory information.

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 associate and joint venture referred to below in the Other Matter section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate and joint venture as at March 31, 2019, and

its loss including other comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Descriptions of Key Audit Matter	How we addressed the matter in our audit
<p><b>Revenue Recognition</b> (Refer Note No. 1 and 23 and of the consolidated Financial Statement): Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.</p>	<p>Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.</p>
<p><b>Assessment of carrying value of equity investments in associate</b> [Refer to Note 4 to the consolidated Financial Statements – "Investments in associate and joint venture"] The Group has equity investment in associate. The Group accounts for equity investments in associate at cost (subject to impairment assessment). For investments</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over the impairment assessment.</li> <li>● We evaluated the Company's process regarding impairment assessment by involving auditor's valuation experts to assist in assessing the</li> </ul>

<p>carried at cost where an indication of impairment exists, the carrying value of investment is assessed for impairment and where applicable an impairment provision is recognised, if required, to its recoverable amount.</p> <p>The accounting for investments in associate is a Key Audit Matter as the determination of recoverable value for impairment assessment/fair valuation involves significant management judgement. The impairment assessment and fair valuation for such investments have been done by the certified valuer on the basis of Net Assets Value method in accordance with Ind AS 36 and Ind AS 113 respectively.</p>	<p>appropriateness of the valuation model including the independent assessment of the underlying assumptions.</p> <ul style="list-style-type: none"> <li>● We evaluated the adequacy of the disclosures made in the standalone Financial Statements.</li> </ul> <p>Based on the above procedures performed, we did not identify any significant exceptions in the management's assessment in relation to the carrying value of equity investments associate.</p>
<p><b>Inventory Management</b> (Refer Note No. 1 and 9 and of the consolidated Financial Statement):</p> <p>The Group deals with various types of bulk material such as Coal, Iron Ore, and sponge iron &amp; pellets etc. The total inventory of such materials amounts to Rs. 29,975.61 Lakhs lakhs as on March 31, 2019.</p> <p>The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.</p> <p>We determined this to be a matter of significance to our audit due to quantum of the amount, estimation involved.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● Obtained the understanding of the management with regards to internal financial controls relating of Inventory management.</li> <li>● The Company deployed an Independent agency for verification of Bulk Materials. We have reviewed the internal verification process by the management for certain inventory items.</li> <li>● We have reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company.</li> </ul> <p>Based on the above procedures performed, we concluded that measurement and valuation of the inventory at year end is appropriate.</p>

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or

otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors

of the companies included in the Group and of its associates 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 its associates and joint venture respectively and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated

Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

We did not audit the financial statements / financial information of the subsidiary company whose financial statements / financial information reflect total assets of Rs. 63.14 Lakh and net assets of Rs. 58.07 Lakh as at March 31, 2019, 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. 324.06 Lakh and Rs. 2.94 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 these subsidiary, associate and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, associate and joint venture is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of subsidiary, associate and joint venture companies incorporated in India, referred in the Other Matters paragraph above 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 of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, associate and joint venture companies incorporated

in India, none of the directors of the Group companies and its associate and joint venture companies incorporated in India is disqualified as on March 31, 2019 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 with reference to financial statement and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary company, associate and joint venture incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - I. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate and joint venture- Note 38 to the Consolidated financial statements
  - II. The Group, its associate and Joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.

**For Singhi & Co.**  
**Chartered Accountants**  
**Firm Registration No.302049E**  
**(Anurag Singhi)**  
 Partner  
 Membership No. 066274  
 Place: Kolkata  
 Dated: May 30, 2019

#### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **MSP Steel & Power Limited** of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial control with reference to consolidated financial statement of **MSP Steel & Power Limited** ("the Holding Company") and its subsidiary company and its associate company and its joint venture, which are incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company and its associate and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statement criteria established by the respective companies 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. 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 respective 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 internal financial controls with reference to financial statement of the Holding Company, its subsidiary companies, its associate and joint venture, which are companies incorporated in India 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, 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 financial controls system with reference to financial statement of the Company, its subsidiary companies, its associate and joint venture, which are companies incorporated in India.

**Meaning of Internal Financial Controls with reference to financial statement**

A company's internal financial control with reference to financial statement 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 with reference to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

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

**Inherent Limitations of Internal Financial Controls with reference to financial statement**

Because of the inherent limitations of internal financial controls with reference to financial statement, 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 with reference to financial statement to future periods are subject to the risk that the internal financial control with reference to financial statement 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, to the best of our information and according to the explanations given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary company and associate and joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial control with reference to financial statement and such internal financial control with reference to financial statement were operating effectively as at March 31, 2019, based on the criteria for internal controls with reference to financial statement established by the respective companies 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 aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statement insofar as it relates to the subsidiary company and its associate and joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Singhi & Co.**

**Chartered Accountants**

**Firm Registration No.302049E**

**(Anurag Singhi)**

Partner

Membership No. 066274

Place: Kolkata

Dated: May 30, 2019



# FINANCIAL STATEMENTS

**MSP Steel & Power Limited**  
**Standalone Balance Sheet As At 31st March, 2019**

(₹ in Lakhs)

SI No.	Particulars	Note No.	As as 31st March, 2019	As as 31st March, 2018
<b>A</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	3	95,856.34	101,259.41
	(b) Capital Work in Progress	3	112.50	19.60
	(c) Intangible Assets	3	65.66	-
	(d) Investment in Subsidiary, Associate & Joint Venture	4	3,081.97	3,135.96
	(e) Financial Assets			
	(i) Investments	4	221.49	210.56
	(ii) Loans	5	204.97	280.14
	(iii) Other Financial Assets	6	214.82	280.70
	(f) Deferred Tax Assets (Net)	7	4,221.05	5,828.38
	(g) Income Tax Assets (Net)	8	115.55	98.44
			<b>104,094.35</b>	<b>111,113.19</b>
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	9	37,188.75	35,114.76
	(b) Financial Assets			
	(i) Trade Receivables	10	11,041.49	10,377.50
	(ii) Cash and Cash Equivalents	11	1,372.92	1,349.54
	(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80
	(iv) Loans	5	-	879.49
	(v) Other Financial Assets	6	138.39	192.26
	(c) Other Current Assets	13	12,750.52	15,062.68
			<b>63,796.84</b>	<b>65,752.03</b>
	<b>TOTAL ASSETS</b>		<b>167,891.19</b>	<b>176,865.22</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>EQUITY</b>			
	(a) Equity Share Capital	14	38,541.50	38,541.50
	(b) Other Equity	15	25,957.04	28,015.78
			<b>64,498.54</b>	<b>66,557.28</b>
<b>2</b>	<b>LIABILITIES</b>			
	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	16	56,499.03	58,773.33
	(b) Provisions	17	90.18	78.41
			<b>56,589.21</b>	<b>58,851.74</b>
<b>3</b>	<b>Current Liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	18	24,841.71	25,383.59
	(ii) Trade Payables			
	(a) To micro and small enterprises	19	100.87	59.22
	(b) To other than micro and small enterprises	19	15,644.13	18,338.29
	(iii) Other Financial Liabilities	20	4,966.01	6,306.51
	(b) Other Current Liabilities	21	1,049.51	1,337.90
	(c) Provisions	17	48.35	30.69
	(d) Current Tax Liabilities	22	152.86	-
			<b>46,803.44</b>	<b>51,456.20</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>167,891.19</b>	<b>176,865.22</b>

Significant Accounting Policies 1  
Key accounting estimates and judgements 2

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

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Saket Agrawal  
Managing Director  
DIN - 00129209

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, 2019**

(₹ in Lakhs)

Particulars	Note No.	As as 31st March, 2019	As as 31st March, 2018
<b>INCOME</b>			
Revenue from Operations	23	166,980.19	118,794.72
Other Income	24	200.17	261.85
<b>Total (I)</b>		<b>167,180.36</b>	<b>119,056.57</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	25	126,174.90	86,868.03
Purchase of Stock in Trade	26	608.17	-
Changes in Inventories of Finished Goods, By-products and Work in Progress	27	(1,566.60)	(765.93)
Excise Duty		-	2,757.67
Employee Benefits Expenses	28	3,877.64	3,323.61
Finance Costs	29	7,911.54	12,922.27
Depreciation and Amortization Expenses	30	5,466.39	5,692.03
Other Expenses	31	24,849.22	14,890.92
<b>Total (II)</b>		<b>167,321.26</b>	<b>125,688.60</b>
<b>Profit/(Loss) before Exceptional Item and Tax (I-II)</b>		<b>(140.90)</b>	<b>(6,632.03)</b>
<b>Exceptional Items (Gain)/Loss</b>	<b>32</b>	<b>53.99</b>	<b>(476.24)</b>
<b>Profit Before Tax</b>		<b>(194.89)</b>	<b>(6,155.79)</b>
<b>Tax Expenses</b>	<b>33</b>		
Current Tax		-	-
Income tax for Earlier Year		252.86	-
Deferred Tax		1,611.88	(585.27)
<b>Total Tax Expenses</b>		<b>1,864.74</b>	<b>(585.27)</b>
<b>Profit/(Loss) for the Year</b>		<b>(2,059.63)</b>	<b>(5,570.52)</b>
<b>Other Comprehensive Income</b>	<b>34</b>		
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(14.60)	26.32
(b) Equity Instruments through Other Comprehensive Income		10.93	3.89
(ii) Income taxes on items that will not be reclassified to profit or loss		4.56	(8.21)
Other Comprehensive Income (Net of Tax)		0.89	22.00
<b>Total Comprehensive Income for the year</b>		<b>(2,058.74)</b>	<b>(5,548.52)</b>
<b>Earnings per equity share of face value of ₹ 10/- each</b>	<b>35</b>		
<b>Basic (₹)</b>		<b>(0.53)</b>	<b>(5.79)</b>
<b>Diluted (₹)</b>		<b>(0.53)</b>	<b>(5.79)</b>

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Saket Agrawal  
Managing Director  
DIN - 00129209

Kamal Kumar Jain  
Chief Financial Officer

Shreya Kar  
Company Secretary

## MSP Steel &amp; Power Limited

## Standalone Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	(194.89)	(6,155.79)
<b>Adjustments for:</b>		
Depreciation	5,466.39	5,692.03
Interest on loans, deposits etc.	(137.98)	(179.54)
Interest Expenses	5,462.37	11,730.90
Preference Share Liability Recognised	-	509.72
Debenture Liability Recognised	2,009.23	45.32
Other Finance Expenses	439.94	636.33
Provision for Doubtful debts/Advances/Deposits and Claims	2,190.44	781.97
Gain on derecognition of Financial Liability as per S4A Scheme	-	(1,900.99)
Impairment of Investment in Associate	53.99	1,424.75
(Profit) / Loss on sale of property, plant & equipment (net)	(5.70)	(26.23)
Loss on Sale of Investments (Net)	-	13.68
Dividend Income	-	(0.05)
<b>Operating Profit before working capital changes</b>	<b>15,283.79</b>	<b>12,572.10</b>
<b>Movement in Working Capital for:</b>		
(Increase)/ Decrease in Trade & Other Receivables	509.16	2,845.11
(Increase)/ Decrease in Inventories	(2,073.99)	(5,513.11)
Increase/ (Decrease) in Trade & Other Payables	(4,233.07)	4,817.32
Increase/ (Decrease) in Provisions	14.83	4.95
<b>Cash generated from Operations</b>	<b>9,500.71</b>	<b>14,726.37</b>
Less: Direct Taxes Paid	117.11	21.33
<b>Net Cash generated from Operating Activities</b>	<b>9,383.60</b>	<b>14,705.04</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant & equipment [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(223.18)	(30.28)
Discard / Sale of property, plant & equipment	1.30	52.04
Loss on Sale of property, plant & equipment	5.70	26.23
Fixed Deposit given in form of Margin Money	1,536.91	(2,028.71)
Sale of Investments	-	30.01
Interest received	95.07	96.99
Dividends received	-	0.05
<b>Net cash flow/used in investing activities</b>	<b>1,415.80</b>	<b>(1,853.67)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long Term Borrowings Received/ (paid) (Net)	(3,742.61)	(2,476.56)
Short Term Borrowings Received/ (paid) (Net)	(534.91)	(805.28)
Interest Paid	(6,058.58)	(8,323.63)
Other Finance Expenses Paid	(439.94)	(636.33)
<b>Net cash generated in financing activities</b>	<b>(10,776.03)</b>	<b>(12,241.80)</b>
Net (Decrease) in Cash and Cash equivalents (A+B+C)	23.38	609.57
Cash and Cash equivalents as at the beginning of the year	1,349.54	739.97
Cash and Cash equivalents as at the end of the year	1,372.92	1,349.54

## Note

- a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow

b) Components of Cash and Cash equivalents	Year Ended	Year Ended
	31st March 2019	31st March 2018
Cash on hand	11.51	23.07
With Scheduled Banks on Current Account	1,361.41	1,326.47
	<b>1,372.92</b>	<b>1,349.54</b>

- c) 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.

(₹ in Lakhs)

Head	31st March 2018	Cash Flow	Non Cash Changes	Interest Paid	31st March 2019
			Interest Expenses		
Long Term Borrowings*	46,050.72	(3,809.49)	2,740.22	3,329.45	41,652.00
Other Financial Liabilities	419.37	66.88	134.48	134.48	486.25
Borrowings - Current	25,383.59	(534.91)	2,587.67	2,594.65	24,841.71
	<b>71,853.67</b>	<b>(4,277.52)</b>	<b>5,462.37</b>	<b>6,058.58</b>	<b>66,979.95</b>

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

As per our report of even date:  
For Singh & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Saket Agrawal  
Managing Director  
DIN - 00129209

Kamal Kumar Jain  
Chief Financial Officer

Shreya Kar  
Company Secretary



## MSP Steel &amp; Power Limited

## Standalone Statement of Changes in Equity for the year ended 31st March, 2019

A	Equity Share Capital	(₹ in Lakhs)	
		As At	As At
	Particulars	31st March, 2019	31st March, 2018
	As at the beginning of the year	38,541.50	8,810.00
	Change in equity share capital	-	29,731.50
	As at the end of the year	38,541.50	38,541.50

B	Other Equity	(₹ in Lakhs)					
		Reserve & Surplus			Items of Other Comprehensive Income		
Particulars	Securities Premium	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, 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			32,844.49	(30,837.69)			2,006.80
Conversion of CCPS to Equity			(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
Balance as at 1st April, 2018	15,055.59	(18,853.26)	3,112.99	28,506.44	194.02	-	28,015.78
Profit/ (Loss) for the year		(2,059.63)					(2,059.63)
Remeasurement benefits Gain/(Loss) (Net of tax)		(10.04)					(10.04)
Fair Value of Equity Instrument through FVOCI					10.93		10.93
Balance as at 31st March, 2019	15,055.59	(20,922.93)	3,112.99	28,506.44	204.95	-	25,957.04

Significant Accounting Policies 1  
Key accounting estimates and judgements 2

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

As per our report of even date:  
For Singh & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singh  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Kamal Kumar Jain  
Chief Financial Officer

Saket Agrawal  
Managing Director  
DIN - 00129209

Shreya Kar  
Company Secretary

## MSP Steel &amp; Power Limited

## Notes to the Financial Statements for the year ended 31st March, 2019

## 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	10 to 60 years
Plant & Machinery	5 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.

#### Intangible assets

##### Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

##### Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Particulars	No. of Years
Computer Software	5

The amortization period and the amortization method for an intangible asset with finite useful life is 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 intangible asset 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 intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

##### Intangible Assets under Development

Intangible Assets under development is stated at cost which includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

##### 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 from contracts with customers is recognized on transfer of control of promised goods/services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods/services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods/services sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

##### Sale of products

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer.

The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract. No element of financing is deemed present as the sales are generally made with a credit term of 45 -60 days, which is consistent with market practice. The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

##### Sale of power

Revenue from sale of power is recognized when the services are provided to the customer based on approved tariff rates established by the respective regulatory authorities / agreement with parties.

**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.

## 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.

#### I. 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.

#### W. Rounding Off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per requirement of Schedule III, unless otherwise stated.

#### 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 Significant judgments when applying Ind AS 115

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### 2.2 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.

#### 2.3. 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.

#### 2.4. 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.

#### 2.5. 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.

#### 2.6. 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.

#### 2.7. 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.

#### 2.8. 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:**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 01 April, 2019: The Company will adopt new standard and amendment to existing standards with effect from April 1, 2019.

**a. Ind AS 116:** Leases -Ind AS 116 will supersede the existing Ind AS 17. The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both the lessee and lessor. The new standard requires entities to make more judgments and estimates (e.g., determining when a customer has the right to direct the use of an identified asset, estimating the incremental rate of borrowing) and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information).

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Ind AS 17 required classifying leases as finance lease and operating lease, the same is not required under Ind AS 116. Under Ind AS 116, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.

The Company does not expect any significant impact from this standard.

**b. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** Ministry of Corporate Affairs has notified Ind AS 12 Appendix 'C' Uncertainty over Income Tax Treatments on March 30, 2019. According to the appendix, the company need to determine the probability of the relevant tax authority accepting each tax treatment, or the Company of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Company has decided to adjust the cumulative effect in equity on the date of initial application without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

**c. Amendment to Ind AS 12 – Income taxes:** Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes accordingly an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. There is no impact of this amendment on the financial statements.

**d. Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', On 30 March, 2019, in connection with accounting for plan amendments, curtailments and settlements. The Company does not have any impact on account of this amendment.

**e. Ind AS 23 – Borrowing Costs** -The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

MSP Steel & Power Limited  
Assets & Liabilities

3. Property, Plant & equipment

Particulars	Land	Factory Building	Others	Plant & Machinery	Vehicle	Office Equipments	Furniture & Fixtures	Total
<b>GROSS BLOCK</b>								
Balance as at 31st March, 2017	926.80	11,790.60	7,681.07	98,261.99	262.20	23.66	38.02	118,984.34
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	118,907.69
Additions	-	-	-	-	8.74	24.83	29.62	63.19
Deductions	-	-	-	-	26.10	-	-	26.10
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	926.80	11,790.60	7,681.07	98,261.99	157.50	55.40	71.42	118,944.78
<b>ACCUMULATED DEPRECIATION</b>								
Balance as at 31st March, 2017	-	859.57	568.57	10,427.35	104.30	17.76	13.99	11,991.54
Depreciation expense	-	429.79	284.27	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
Depreciation expense	-	429.79	284.27	4,721.04	20.25	2.66	6.95	5,464.96
Deductions	-	-	-	-	24.80	-	-	24.80
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	-	1,719.15	1,137.11	20,079.96	101.39	23.21	27.62	23,088.44
<b>CARRYING VALUE</b>								
Balance as at 31st March, 2018	926.80	10,501.24	6,828.23	82,903.07	68.92	10.02	21.13	101,259.41
Balance as at 31st March, 2019	926.80	10,071.45	6,543.96	78,182.03	56.11	32.19	43.80	95,856.34

\* Note : Title deeds of land of Rs. 6.51 Lakhs is pending for registration.

Capital Work in Progress	As at 31st March, 2019	As at 31st March, 2018
As at the beginning of the year	19.60	-
Movement during the year	92.90	19.60
As at the end of the year	112.50	19.60

Intangible Assets	As at 31st March, 2019	As at 31st March, 2018
As at the beginning of the year	-	-
Capitalized during the year	67.09	-
Amortized during the year	1.43	-
As at the end of the year	65.66	-

4. Non Current Investments	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares / Units	(₹ in Lakhs)	Number of Shares / Units	(₹ in Lakhs)
<b>(a) Unquoted Investments in Equity Instruments</b>				
<b>(i) In Subsidiary (at cost)</b>				
MSP Cement Limited (₹ 10 each)	580,698	58.07	580,698	58.07
		<b>58.07</b>		<b>58.07</b>
<b>(ii) In Associate Company (at cost)</b>				
AA ESS Tradelinks Private Limited (₹ 10 each)	4,650,175	4,370.68	4,650,175	4,370.68
Less: Impairment of investment in Associate (refer note no. 32)		(1,478.74)		(1,424.75)
		<b>2,891.94</b>		<b>2,945.93</b>
<b>(iii) In Joint Venture (at cost)</b>				
"Madanpur South Coal Company Limited (₹ 10 each)	94,427	131.96	94,427	131.96
		<b>131.96</b>		<b>131.96</b>
<b>Investment in Subsidiary, Associate &amp; Joint Venture (i+ii)</b>		<b>3,081.97</b>		<b>3,135.96</b>
<b>(iv) In Others (at fair value through OCI)</b>				
MSP Metallics Limited (₹ 10 each)	420,000	-	420,000	68.88
MSP Properties (I) Limited (₹ 10 each)	7,500	5.36	7,500	5.48
MSP Sponge Iron Limited (₹ 10 each)	313,000	194.59	313,000	114.87
MSP Power Limited (₹ 10 each)	8,000	0.80	8,000	0.80
		<b>200.75</b>		<b>190.03</b>
<b>(b) Quoted Investments in Equity Instruments (at fair value through OCI)</b>				
Howrah Gases Ltd (₹ 10 each)	93,700	14.52	93,700	14.51
Ashirwad Steel and Industries Limited (₹ 10 each)	2,500	0.27	2,500	0.29
Nageshwar Investment Limited (₹ 10 each)	11,000	0.22	11,000	0.22
Indian Overseas Bank (₹ 10 each)	2,900	0.42	2,900	0.51
IDFC Bank Limited (₹ 10 each)	5,201	2.89	5,201	2.46
IDFC Limited (₹ 10 each)	5,201	2.42	5,201	2.54
		<b>20.74</b>		<b>20.53</b>
<b>Other Non Current Investment</b>		<b>221.49</b>		<b>210.56</b>
<b>TOTAL (a+b)</b>		<b>3,303.46</b>		<b>3,346.52</b>
Aggregate amount of Quoted Investments - at Cost		<b>19.24</b>		<b>19.24</b>
Aggregate amount of the Quoted Investments - at Market value		<b>20.74</b>		<b>20.53</b>
Aggregate value of unquoted Investments - at cost		<b>5,013.75</b>		<b>5,013.75</b>
Aggregate amount of impairment in value of investment (refer note no. 32)		<b>1,478.74</b>		<b>1,424.75</b>

5. Loans	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
	Loans to related parties *	-	-	-
	-	-	-	<b>879.49</b>
<b>Breakup</b>				
Loans considered Goods - Secured	-	-	-	-
Loans considered Goods - Un Secured	-	-	-	879.49
Loans which have significant increase in credit risk	-	-	-	-
Loans - Credit impaired	-	-	-	-
	-	-	-	<b>879.49</b>
Less : Loss Allowance	-	-	-	-
(A)	-	-	-	<b>879.49</b>
Security Deposit	204.97	280.14	-	-
(B)	<b>204.97</b>	<b>280.14</b>	-	-
<b>TOTAL (A+B)</b>	<b>204.97</b>	<b>280.14</b>	-	<b>879.49</b>

\* For business purpose only.

6. Other Financial Assets	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
	<b>Unsecured, Considered Good Unless Otherwise Stated</b>			
Deposits with Banks (Refer Note No. 12)	214.82	280.70	-	-
(A)	<b>214.82</b>	<b>280.70</b>	-	-
Interest Accrued on Fixed Deposits and Others	-	-	137.69	149.73
Loans and Advances to Employees*	-	-	0.70	42.53
(B)	-	-	<b>138.39</b>	<b>192.26</b>
<b>TOTAL (A+B)</b>	<b>214.82</b>	<b>280.70</b>	<b>138.39</b>	<b>192.26</b>

\* Includes dues from executive director ₹ 0.00 (Previous year ₹ 0.21 Lakhs)

7. Deferred Tax Assets (NET)	As at 31st March, 2019	As at 31st March, 2018
<b>Deferred Tax Liabilities :</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purpose	(14,140.57)	(13,369.75)
<b>Deferred Tax Assets :</b>		
Tax impact of expenses charged to the statement of profit & Loss but allowable under tax law deferred	1,122.89	489.92
Tax impact of unabsorbed loss / Allowances	14,590.02	14,610.59
MAT Credit Entitlement	2,648.71	4,097.62
	<b>4,221.05</b>	<b>5,828.38</b>

#### Movement in deferred tax asset and deferred tax liabilities during the year ended 31st March, 2018 and 31st March, 2019

Particulars	As at 1st April, 2017	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2018
<b>Deferred Income Tax Liabilities</b>				
Property, Plant & Equipment's	(12,236.02)	(1,133.73)	-	(13,369.75)
	<b>(12,236.02)</b>	<b>(1,133.73)</b>	-	<b>(13,369.75)</b>
<b>Deferred Income Tax Assets</b>				
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
	<b>17,487.34</b>	<b>1,719.00</b>	<b>(8.21)</b>	<b>19,198.13</b>
<b>Deferred Tax Assets (Net)</b>	<b>5,251.32</b>	<b>585.27</b>	<b>(8.21)</b>	<b>5,828.38</b>
Particulars	As at 1st April, 2018	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2019
<b>Deferred Income Tax Liabilities</b>				
Property, Plant & Equipment's & Intangible Assets	(13,369.75)	(770.82)	-	(14,140.57)
	<b>(13,369.75)</b>	<b>(770.82)</b>	-	<b>(14,140.57)</b>
<b>Deferred Income Tax Assets</b>				
Allowance for credit loss	325.03	602.93	-	927.96
Expense allowed under Income Tax on payment basis	164.89	25.49	4.56	194.93
Unabsorbed depreciation	14,610.59	(20.57)	-	14,590.02
Mat Credit Entitlement	4,097.62	(1,448.91)	-	2,648.71
	<b>19,198.13</b>	<b>(841.06)</b>	<b>4.56</b>	<b>18,361.62</b>
<b>Deferred Tax Assets (Net)</b>	<b>5,828.38</b>	<b>(1,611.88)</b>	<b>4.56</b>	<b>4,221.05</b>

MAT credit entitlement is the amount which can be recovered and set off in subsequent years as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

For Financial Year	Amount	Year of expiry#
2010-11	918.18	Financial Year 2020-21
2011-12	472.72	Financial Year 2021-22
2012-13	592.68	Financial Year 2022-23
2013-14	665.13	Financial Year 2022-24
	<b>2,648.71</b>	

# Expiry date has been stated based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date.

8. Income Tax Assets (Net)	As at 31st March, 2019	As at 31st March, 2018
Advance Income Tax & TDS (Net)	115.55	98.44
	<b>115.55</b>	<b>98.44</b>



(₹ in Lakhs)

9. Inventories (Valued at Lower of Cost and Net Realizable Value)*	As at 31st March, 2019	As at 31st March, 2018
Raw Materials and Components [includes in transit ₹2,525.53 Lakhs (31st March 2018 : ₹4,590.47 Lakhs)]	25,771.03	25,158.82
Work - in - Progress	3,200.19	2,499.00
Finished Goods	5,506.16	4,265.55
Stores and Spares	2,233.96	2,338.78
By Products (at Net Realisable Value)	477.41	852.61
*refer note no. 50	<b>37,188.75</b>	<b>35,114.76</b>

(₹ in Lakhs)

10. Trade Receivables	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
Trade Receivables	-	-	9,323.44	9,063.70
Receivables from Related Party	-	-	2,874.62	1,943.70
Less : loss Allowance	-	-	(1,156.57)	(629.90)
	-	-	<b>11,041.49</b>	<b>10,377.50</b>
<b>Breakup</b>				
Trade Receivables considered Goods - Secured	-	-	-	-
Trade Receivables considered Goods - Un Secured	-	-	11,041.49	10,377.50
Trade Receivables -Doubtful	-	-	1,156.57	629.90
	-	-	<b>12,198.06</b>	<b>11,007.40</b>
Less : loss Allowance			(1,156.57)	(629.90)
<b>Total (A)+(B)</b>	-	-	<b>11,041.49</b>	<b>10,377.50</b>

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

b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

c) In determining allowance for credit losses of trade receivables, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of the receivables and rates used in the provision matrix.

#### Ageing of Trade Receivables and Credit Risk arising therefrom is as below :-

(₹ in Lakhs)

(As on 31st March 2019)	Within 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
Gross credit risk	9,449.85	53.18	34.49	2,660.54	12,198.06
Less: Expected credit loss provision		(11.50)	(46.49)	(1,098.58)	(1,156.57)
<b>Net Credit Risk</b>	<b>9,449.85</b>	<b>41.68</b>	<b>(12.00)</b>	<b>1,561.96</b>	<b>11,041.49</b>

(₹ in Lakhs)

(As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
Gross credit risk	6,249.61	288.65	782.96	3,686.18	11,007.40
Less : Expected credit loss provision		(5.77)	(39.15)	(584.98)	(629.90)
<b>Net Credit Risk</b>	<b>6,249.61</b>	<b>282.88</b>	<b>743.81</b>	<b>3,101.20</b>	<b>10,377.50</b>

#### Reconciliation of Expected credit loss Allowance provision

(₹ in Lakhs)

Particulars	Amount
As at 31st March 2018	629.90
Changes in provision	526.67
<b>As at 31st March 2019</b>	<b>1,156.57</b>

(₹ in Lakhs)

11. Cash and Cash equivalents	Current	
	As at 31st March, 2019	As at 31st March, 2018
<b>Cash and Cash Equivalents</b>		
Cash on Hand	11.51	23.07
<b>Balance with Banks:</b>		
On Current Accounts	1,361.41	1,326.47
	<b>1,372.92</b>	<b>1,349.54</b>

(₹ in Lakhs)

12. Bank Balances other than Cash and Cash equivalents	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
Fixed Deposits - Earmarked for LC & BG	214.82	280.70	1,302.25	2,766.83
Fixed Deposits - Non - Earmarked	-	-	-	6.45
	<b>214.82</b>	<b>280.70</b>	<b>1,302.25</b>	<b>2,773.28</b>
Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 6)	(214.82)	(280.70)	-	-
Unpaid Dividend Accounts	-	-	2.52	2.52
	-	-	<b>1,304.77</b>	<b>2,775.80</b>

(₹ in Lakhs)

13. Other Current Assets	Current	
	As at 31st March, 2019	As at 31st March, 2018
<b>Advances to Suppliers other than capital advances</b>		
Considered Good	11,934.20	14,068.96
Considered Doubtful	1,938.19	411.87
	<b>13,872.39</b>	<b>14,480.83</b>
Less: Allowances for doubtful advances	1,938.19	411.87
	<b>(A)</b>	<b>11,934.19</b>
<b>Other Advances</b>		
Prepaid Expenses	88.84	96.40
Advances to Related Parties	445.93	439.75
Balances with Statutory/Government Authorities	281.55	457.57
	<b>(B)</b>	<b>816.32</b>
<b>TOTAL (A+B)</b>	<b>12,750.52</b>	<b>15,062.68</b>

**MSP Steel & Power Limited**  
**Equity Share Capital**

(₹ in Lakhs)		
14. Equity Share Capital		
Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Authorised Share Capital</b>		
800,000,000 (31.03.2018 - 800,000,000) equity shares of ₹ 10/- each	80,000.00	80,000.00
100,000,000 (31.03.2018 - 100,000,000) preference shares of ₹ 10/- each	10,000.00	10,000.00
<b>Issued, Subscribed and Fully Paid-up Share Capital</b>		
38,54,15,000 (31.03.2018 - 38,54,15,000) equity shares of ₹ 10/- each	38,541.50	38,541.50
<b>Total</b>	<b>38,541.50</b>	<b>38,541.50</b>

**Notes:****(i) Reconciliation of number of Shares**

(₹ in Lakhs)				
Particulars	As At 31st March 2019		As At 31st March 2018	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>Equity Shares:</b>				
Balance at the beginning of the year	385,415,000	38,541.50	88,100,000	8,810.00
Movement during the year	-	-	297,315,000	29,731.50
<b>Balance at the end of the year</b>	<b>385,415,000</b>	<b>38,541.50</b>	<b>385,415,000</b>	<b>38,541.50</b>

**(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:**

Particulars	As At 31st March 2019		As At 31st March 2018	
	No of shares	% of shares	No of shares	% of shares
<b>Equity Shares:</b>				
State Bank of India	46,334,367	12.02%	46,334,367	12.02%
Mod Comodeal Pvt. Limited	31,501,014	8.17%	31,322,651	8.13%
Adhunik Gases Limited	23,479,000	6.09%	23,479,000	6.09%
Sikhar Commotrade Pvt. Limited	28,984,056	7.52%	28,984,056	7.52%
Shringar Mercantile Pvt. Limited	28,211,200	7.32%	28,211,200	7.32%
MSP Sponge Iron Limited	24,736,500	6.42%	24,736,500	6.42%

**Additional Disclosure in the respect of Equity Share**

- The Company does not have any Holding Company or Ultimate Holding Company.
- 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.
- The Company has not bought back any shares during the period of five years preceding the date at which the Balance Sheet is prepared.
- 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.

**15 Other Equity**

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Securities Premium	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
<b>Balance as at 1st April, 2017</b>	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	-	18.11		-			18.11
Gain/(Loss) (Net of tax)							
Fair Value of Equity Instrument through FVOCI					3.89		3.89
Conversion of NCPS to CCPS			32,844.49	(30,837.69)			2,006.80
Conversion of CCPS to Equity			(29,731.50)				(29,731.50)
Issue of OCD				28,506.44			28,506.44
Other Movement during the year		(0.33)				0.33	-
<b>Balance as at 31st March, 2018</b>	<b>15,055.59</b>	<b>(18,853.26)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>194.02</b>	<b>-</b>	<b>28,015.78</b>
<b>Balance as at 1st April, 2018</b>	<b>15,055.59</b>	<b>(18,853.26)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>194.02</b>	<b>-</b>	<b>28,015.78</b>
Profit/(Loss) for the year		(2,059.63)					(2,059.63)
Remeasurement benefits		(10.04)					(10.04)
Gain/(Loss) (Net of tax)							
Fair Value of Equity Instrument through FVOCI					10.93		10.93
<b>Balance as at 31st March, 2019</b>	<b>15,055.59</b>	<b>(20,922.93)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>204.95</b>	<b>-</b>	<b>25,957.04</b>

**Description of nature and purpose of each reserve****Securities Premium**

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**

It comprises of accumulated profit/(losses) of the company.

**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. 31,13,000 number of shares is pending for conversion as on the balance sheet date due to pending statutory approvals.

## 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.

### 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	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Secured</b>				
<b>a. Term loans</b>				
<b>From Banks</b>				
Indian rupee loan	24,374.78	28,618.61	3,521.00	3,521.00
Foreign currency loan	-	-	377.07	490.54
	<b>24,374.78</b>	<b>28,618.61</b>	<b>3,898.07</b>	<b>4,011.54</b>
<b>b. Finance Lease Obligation</b>				
From Banks	-	-	-	1.73
	-	-	-	<b>1.73</b>
<b>c. Unsecured</b>				
Inter Corporate Deposits	-	20.67	-	-
Loans from related parties	521.35	540.37	-	-
Interest free loan	12,857.80	12,857.80	-	-
	<b>13,379.15</b>	<b>13,418.84</b>	-	-
<b>d. Liability Component of Compound Financial Instruments</b>				
Optionally Convertible Debenture	18,745.10	16,735.88	-	-
	18,745.10	16,735.88	-	-
<b>Total (a+b+c+d)</b>	<b>56,499.03</b>	<b>58,773.33</b>	<b>3,898.07</b>	<b>4,013.27</b>
<b>The above amount includes:</b>				
Secured borrowings	24,374.78	28,618.61	3,898.07	4,013.27
Unsecured borrowings	32,124.25	30,154.72	-	-
Less: Amount disclosed under the head "Other Financial Liabilities" (Note No. 20)	-	-	(3,898.07)	(4,013.27)
<b>Net Amount</b>	<b>56,499.03</b>	<b>58,773.33</b>	-	-

### Terms of Repayments

a) 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%.

b) The Company has issued 451,970,554 nos. of OCDs amounting to ₹451,97.05 lakhs during the year 2017-18. The OCDs shall have moratorium period of 7 years and shall be repayable in 36 structured quarterly instalments starting from December, 2024 and maturing on September 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. OCDs may be redeemed alongwith a redemption premium. The redemption premium will be calculated with YTM @ 2.00% p.a. compounded quarterly.

c) Pursuant to the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India, the Promoter / Promoters' group has transferred 12,85,78,044 equity shares, at ₹10/- per equity share of Rs. 12857.80 lakhs, to JLF lenders, as a part payment of unsustainable debt and the same is treated as unsecured loan and shall always be subordinated to the existing senior debt of the borrower.

d) Rate of Interest for the loan from the related parties is maximum being 10%.

Terms of Repayments	As At 31st March 2019		As At 31st March 2018	
	Non-Current	Current	Non-Current	Current
<b>Rupee Term Loans From Banks (Secured)</b> (Repayable in 30 Quarterly Instalments from December 2017. Last instalment due in March 2025.	24,374.78	3,521.00	28,618.61	3,521.00
<b>Foreign Currency Term Loans From Banks (Secured)</b> (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024.	-	377.07	-	490.54
<b>Rupee Term Loans From Financial Institutions (Secured)</b> <b>From Bank</b> (Repayable in monthly Instalments Starting from April 2015, Maturity in October 2018.	-	-	-	1.73
<b>Total Term loan –Secured</b>	<b>24,374.78</b>	<b>3,898.07</b>	<b>28,618.61</b>	<b>4,013.27</b>
<b>Unsecured Borrowings</b>	<b>32,124.25</b>	<b>-</b>	<b>30,154.72</b>	<b>-</b>
<b>Total Term Loan</b>	<b>56,499.03</b>	<b>3,898.07</b>	<b>58,773.33</b>	<b>4,013.27</b>

17. Provisions	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Provision for employee benefits</b>				
For Gratuity (Refer Note No. 42)	-	-	46.32	29.80
For Leave Benefits	90.18	78.41	2.03	0.89
<b>Other provisions</b>	<b>90.18</b>	<b>78.41</b>	<b>48.35</b>	<b>30.69</b>

18. Short-Term Borrowings	As at 31st March, 2019		As at 31st March, 2018	
	Secured	Unsecured	Secured	Unsecured
<b>Rupee Loan from Banks</b>				
Cash Credit Facility	24,841.71	-	25,383.59	-
	24,841.71	-	25,383.59	-
<b>The above amount includes</b>				
Secured Borrowings	24,841.71	-	25,383.59	-
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%.

(₹ in Lakhs)		
19. Trade Payables	As at 31st March, 2019	As at 31st March, 2018
<b>Total outstanding dues of creditors</b>		
to micro enterprises and small enterprises (refer Note no. 39)	100.87	59.22
to other than micro enterprises and small enterprises	15,644.13	18,338.29
	<b>15,745.00</b>	<b>18,397.51</b>

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

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 ₹ 6,754.72 Lakhs (previous year ₹ 6,608.72 Lakhs)

(₹ in Lakhs)		
20. Other Financial Liabilities	Current	
	As at 31st March, 2019	As at 31st March, 2018
Retention / Security Deposit	309.27	303.82
Current maturities of long-term borrowings (refer Note No. 16)	3,898.07	4,013.27
Other Payables on capital purchases	269.90	1,567.53
Interest accrued and due on borrowings	486.25	419.37
Unpaid Dividend	2.52	2.52
	<b>4,966.01</b>	<b>6,306.51</b>

(₹ in Lakhs)		
21. Other Current Liabilities	As at 31st March, 2019	As at 31st March, 2018
Others (including statutory dues payable)	1,049.51	1,337.90
	<b>1,049.51</b>	<b>1,337.90</b>

(₹ in Lakhs)		
22 Current Tax Liabilities	As at 31st March, 2019	As at 31st March, 2018
Income Tax Liability	152.86	-
	<b>152.86</b>	<b>-</b>

(₹ in Lakhs)		
23. Revenue from Operations	2018-19	2017-18
<b>Sale of Products</b>		
Finished Goods	163,082.70	115,319.11
Power	1,919.65	2,542.77
Traded Goods	611.96	-
<b>Other Operating Revenue</b>		
Sale of scrap and By-products	1,365.88	598.49
Miscellaneous Sales	-	334.35
<b>Total</b>	<b>166,980.19</b>	<b>118,794.72</b>

The Company is engaged in the manufacturing of Iron & Steel Products and generates revenue from the sale of Iron & Steel products and the same is only the reportable segment of the Company.

(₹ in Lakhs)	
Disaggregation of Revenue	2018-19
<b>Revenue as per Geography</b>	
Domestic	157,912.35
Exports	9,067.84
<b>Total</b>	<b>166,980.19</b>
<b>Revenue as per Major Products</b>	
Pellet	33,689.24
Sponge Iron	18,877.35
MS Billets	17,406.08
TMT Bars (incl Structural Products)	93,110.03
Power	1,919.65
Others	1,977.84
<b>Total</b>	<b>166,980.19</b>
<b>Timing of Revenue</b>	
At a point in time	166,980.19
Over time	-
<b>Total</b>	<b>166,980.19</b>
<b>Sales Channel</b>	
Direct to Customers	56,533.99
Through Intermediaries	110,446.20
<b>Total</b>	<b>166,980.19</b>
<b>Contract balances</b>	
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers Receivables, which are included in 'Trade receivables'	
Trade Receivables	11,041.49
Contract assets	-
Contract liabilities	541.20
<b>Other Information</b>	
a) Transaction price allocated to the remaining performance obligations	Nil
b) The amount of revenue recognised in the current year that was included in the opening contract liability balance	Nil
c) The amount of revenue recognised in the current year from performance obligations satisfied fully or partially in previous years	Nil
d) Performance obligations- The Company satisfy the performance obligation on shipment/delivery.	Nil
<b>Significant payment terms</b>	
Financing Component	Nil

(₹ in Lakhs)

Reconciliation of Revenue from operations with contract price	2018-19
Contract Price	167,691.68
<b>Less :</b>	
Sales Returns	97.84
Trade & Cash Discount	403.43
Incentives	210.22
Others	-
<b>Total</b>	<b>166,980.19</b>

The Company has consistently applied the accounting policies to all periods presented in these Standalone financial statements. The Company has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of 1 April 2018. As a result, the Company has changed its accounting policy for revenue recognition. The company has adopted modified retrospective approach and had applied Ind AS 115 only retrospectively to the current period by recognizing the cumulative effect of initially applying Ind AS-115 as an adjustment to the opening balance of retained earnings at the date of initial application i.e. April 1, 2018. Under the modified retrospective method, the comparative information in the financial statement is not restated and would be presented based on the requirements of the previous standards (e.g. Ind AS-18 / Ind AS-11). However there is no Impacts on financial statements with respect to change in accounting policy.

Subsequent to introduction of Goods and Services Tax (GST) w.e.f. July 01, 2017, Revenue from Operations is required to be disclosed net of GST whereas Excise Duty & Cess formed part of expense in previous year. Accordingly, the figure of Revenue from operation for the year ended March 31, 2019 is not comparable with the figures of year ended March 31, 2018.

(₹ in Lakhs)

24. Other Income	2018-19	2017-18
<b>Interest income on</b>		
Loans, Fixed Deposits, etc.	137.98	179.54
<b>Dividend Income on</b>		
Long-Term Investments	-	0.05
Profit on sale of fixed assets	5.70	26.23
<b>Other Non-Operating Income</b>	<b>56.49</b>	<b>56.03</b>
<b>Total</b>	<b>200.17</b>	<b>261.85</b>

## MSP Steel &amp; Power Limited

## Notes to the Profit &amp; Loss Statement for the year ended 31st March, 2019

	(₹ in Lakhs)	
	2018-19	2017-18
<b>25. Cost of Materials Consumed</b>		
Inventory at the beginning of the period	25,158.82	20,273.75
Add: Purchases	126,787.11	91,753.10
Less: Sales	-	-
Less: Inventory at the end of the period	25,771.03	25,158.82
<b>Total</b>	<b>126,174.90</b>	<b>86,868.03</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>26. Purchase of Stock in Trade</b>		
Coal	608.17	-
<b>Total</b>	<b>608.17</b>	<b>-</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>27. Changes in Inventories of Finished Goods, By-products and Work-in Progress</b>		
<b>Inventories at the end of the period</b>		
Finished Goods	5,506.16	4,265.55
Work-in-Progress	3,200.19	2,499.00
By-Products	477.41	852.61
	<b>9,183.76</b>	<b>7,617.16</b>
<b>Inventories at the beginning of the period</b>		
Finished Goods	4,265.55	3,746.57
Work-in-Progress	2,499.00	2,070.78
By-Products	852.61	1,033.88
	<b>7,617.16</b>	<b>6,851.23</b>
<b>(Increase)/Decrease in Inventories</b>		
Finished Goods	(1,240.61)	(518.98)
Work-in-Progress	(701.19)	(428.22)
By-Products	375.20	181.27
<b>Total</b>	<b>(1,566.60)</b>	<b>(765.93)</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>28. Employee Benefits Expenses</b>		
Salaries, Wages and Bonus	3,529.99	3,005.71
Contribution to Provident and Other Funds	198.55	187.98
Gratuity (refer note 42)	73.61	77.80
Staff Welfare Expenses	75.49	52.12
<b>Total</b>	<b>3,877.64</b>	<b>3,323.61</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>29. Finance Costs</b>		
Interest Expenses		
- On Loans	5,462.37	11,730.90
- On OCD	2,009.23	45.32
- On Preference Shares		509.72
Other Finance Charges	439.94	636.33
<b>Total</b>	<b>7,911.54</b>	<b>12,922.27</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>30. Depreciation and amortization expense</b>		
Depreciation of tangible assets	5,464.96	5,692.03
Amortization of intangible assets	1.43	-
<b>Total</b>	<b>5,466.39</b>	<b>5,692.03</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>31. Other Expenses</b>		
Consumption of Stores and Spares	8,066.16	5,682.02
Power and Fuel	1,095.01	1,019.25
Rent	84.63	78.91
Rates and Taxes	558.80	278.35
Insurance	108.97	77.28
Repairs and Maintenance		
Plant and Machinery	1,260.89	676.93
Buildings	323.12	37.11
Others	244.80	113.41
Material Handling Charges	3,626.41	2,804.52
Vehicle Running Expenses	710.64	627.31
Advertising and Sales Promotion	345.26	111.27
Freight Outward	860.79	1,214.99
Sales Commission	382.45	164.57
Legal and Professional Charges	715.38	522.55
Charity and Donations	63.72	24.09
Payment to Auditors (Refer details below (31.1))	13.70	13.90
Exchange Differences (Net)	128.87	44.01
Provision for Expected Credit Loss on Trade Receivable & Advances	2,190.44	781.97
Less: Written Back	-	2,190.44
Loss on Investment written-off		13.68
Corporate Social Responsibility (refer note no. 49)	101.00	46.79
Miscellaneous Expenses	3,968.18	558.01
<b>Total</b>	<b>24,849.22</b>	<b>14,890.92</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>31.1 Payment to Auditors</b>		
<b>As Auditors:</b>		
Statutory Audit fee	7.50	7.50
Limited Review	4.50	4.50
Taxation matters	-	0.50
Certification fees and other services	1.59	1.20
Reimbursement of expenses	0.11	0.20
<b>Total</b>	<b>13.70</b>	<b>13.90</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>32. Exceptional Items</b>		
Gain on derecognition of Financial Liability as per S4A Scheme	-	(1,900.99)
Impairment of Investment in Associate (refer note below)	53.99	1,424.75
<b>Total</b>	<b>53.99</b>	<b>(476.24)</b>

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 2019. 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 ₹ 53.99 Lakhs (Previous year - ₹ 1,424.75 Lakhs)

**33. Income Tax**

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>A. The major components of income taxes expense for the year are as under:</b>		
i Income tax expense recognised in the statement of profit and loss	-	-
<b>Current Tax for the year</b>		
Income tax for earlier year	252.86	-
Current Tax	-	-
Deferred Tax	1,611.88	(585.27)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>1,864.74</b>	<b>(585.27)</b>
ii Income tax expense recognised in OCI		
Deferred Tax :		
Deferred tax (expenses) on remeasurement benefit of defined benefit plans	(4.56)	8.21
Income tax (expense) recognised in OCI	(4.56)	8.21
<b>Total Tax (i+ii)</b>	<b>1,860.18</b>	<b>(577.06)</b>
<b>B. Reconciliation of tax expense and the accounting profit for the year is as under</b>	<b>2018-19</b>	<b>2017-18</b>
<b>Profit / (loss) before tax</b>	<b>(194.89)</b>	<b>(6,155.99)</b>
Income tax expense	(60.81)	(1,920.61)
MAT Credit Reversal	1,448.91	-
Deferred tax assets not recognised because realisation is not probable	-	1,448.00
Effects of permanent disallowances	626.88	-
Utilisation other tax benefits	(432.73)	-
Other Items	25.07	(104.45)
Adjustment in respect of current income tax of earlier year	252.86	-
<b>Tax expenses as per Statement of Profit and Loss &amp; OCI</b>	<b>1,860.18</b>	<b>(577.06)</b>

(₹ in Lakhs)

34. Other Comprehensive Income	2018-19	2017-18
Remeasurements of the defined benefit plans	(14.60)	26.32
Equity Instruments through Other Comprehensive Income	10.93	3.89
Less : Income tax on the above	4.56	(8.21)
<b>Total</b>	<b>0.89</b>	<b>22.00</b>

(₹ in Lakhs)

35. Earnings Per Share (EPS)	2018-19	2017-18
Earnings Per Share has been computed as under:		
Profit After Tax	(2,059.63)	(5,570.52)
<b>Net Profit for Calculation of Basic and Diluted EPS</b>	<b>(2,059.63)</b>	<b>(5,570.52)</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of equity shares in calculating Basic EPS	385,415,000	96,245,616
Weighted average number of equity shares in calculating Diluted EPS	388,526,000	96,245,616
Face value of share (₹)	10	10
Earnings Per Share		
<b>Basic (₹)</b>	<b>(0.53)</b>	<b>(5.79)</b>
<b>Diluted (₹)</b>	<b>(0.53)</b>	<b>(5.79)</b>

**36. 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, 2019 and March 31, 2018:

(₹ in Lakhs)

Particulars	31st March 2019			31st March 2018		
	FVTPL	FVOCI	Amotised Cost	FVTPL	FVOCI	Amotised Cost
<b>Financial assets</b>						
Investments						
Equity instruments*	-	221.49	-	-	210.56	-
Trade receivables	-	-	11,041.49	-	-	10,377.50
Cash and cash equivalents	-	-	1,372.92	-	-	1,349.54
Other Bank Balances	-	-	1,304.77	-	-	2,775.80
Loans	-	-	204.97	-	-	1,214.58
Other Financial Assets	-	-	353.21	-	-	418.01
<b>Total</b>	<b>-</b>	<b>221.49</b>	<b>14,277.36</b>	<b>-</b>	<b>210.56</b>	<b>16,135.42</b>
<b>Financial liabilities</b>						
Borrowing	-	-	81,340.74	-	-	84,156.92
Trade Payable	-	-	15,745.00	-	-	18,397.50
Other financial Liabilities	-	-	4,966.01	-	-	6,306.51
<b>Total</b>	<b>-</b>	<b>-</b>	<b>102,051.75</b>	<b>-</b>	<b>-</b>	<b>108,860.93</b>

\*Equity investments exclude investments made in subsidiary, associates & joint venture of ₹ 3081.97 Lakhs (previous year - ₹3135.96 Lakhs) 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.

(₹ in Lakhs)

31st March, 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments at FVOCI</b>					
Equity instruments*		20.74			20.74
Unquoted		-	-	200.75	200.75
<b>Total financial assets</b>		<b>20.74</b>	<b>-</b>	<b>200.75</b>	<b>221.49</b>
<b>Financial liabilities</b>					
<b>Financial instruments at FVTPL</b>					
Derivative liability		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no movement between level 1 and level 2 during the period.

Financial Instruments measured at fair value					
31st March, 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments at FVOCI</b>					
Equity instruments*		20.53			20.53
Unquoted			-	190.03	190.03
<b>Total financial assets</b>		<b>20.53</b>	<b>-</b>	<b>190.03</b>	<b>210.56</b>
<b>Financial liabilities</b>					
<b>Financial instruments at FVTPL</b>					
Derivative liability		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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:

- Quoted investments (Equity Shares)- Market Value
- Unquoted Investments - As determined by Independent Valuer. The equity shares of ₹ 221.49 Lakhs (previous year - ₹ 210.56 Lakhs) 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.
- 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.

(₹ in Lakhs)

Particulars	Significant Unobservable Input	Fair Value as at		Sensitivity of the input to fair value		
		31st March 2019	31st March 2018			
Equity instruments	DCF	194.59	183.75	+(0.5%)	192.87	164.96
				-(0.5%)	196.31	203.91
	NAV	6.16	6.28	+(0.5%)	6.19	6.31
				-(0.5%)	6.13	6.25

v) The following table presents the changes in level 3 items for the periods ended 31st March 2019 and 31 March 2018:

(₹ in Lakhs)

Particulars	Equity instruments
As at 31 March 2018	190.03
Gains/losses recognised in other comprehensive income	10.72
As at 31st March 2019	200.75

### 37. 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.

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Borrowings (including current maturities)	85,238.80	88,170.19
Less: Cash & Cash Equivalents & Other bank balances (Note No. 11 & 12)	2,892.51	4,125.34
<b>Net Debts (A)</b>	<b>82,346.29</b>	<b>84,044.85</b>
Total equity (refer note 14 & 15)	64,498.54	66,557.28
<b>Total equity &amp; Net Debt (B)</b>	<b>146,844.83</b>	<b>150,602.13</b>
<b>Net debt to capital employed Ratio (A/B)</b>	<b>0.56</b>	<b>0.56</b>

No changes were made in the objective policies & process for expenditure as on 31st March 2019 & 31st March 2018.

ii) **Dividends** : Due to insufficient profits, the company has not declared any dividend for FY 2017-18 and no dividend has been proposed for FY 2018-19.

#### B) 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 2019	Less than 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
(₹ in Lakhs)					
<b>Non-derivatives</b>					
Borrowings	24,841.71	4,575.00	4,575.00	47,349.03	81,340.73
Trade payable	15,745.00	-	-	-	15,745.00
Other payables	4,966.01	-	-	-	4,966.01
<b>Total</b>	<b>45,552.72</b>	<b>4,575.00</b>	<b>4,575.00</b>	<b>47,349.03</b>	<b>102,051.75</b>

Contractual maturities of financial liabilities as at 31st March 2018	Less than 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
(₹ in Lakhs)					
<b>Non-derivatives</b>					
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
<b>Total</b>	<b>50,087.60</b>	<b>3,521.00</b>	<b>4,575.00</b>	<b>50,677.33</b>	<b>108,860.93</b>

**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 2019	31st March 2018
(₹ in Lakhs)		
USD	5,640.65	8,000.17
Singapore Dollar	377.07	512.99

**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 2019	31st March 2018
(₹ in Lakhs)		
<b>USD sensitivity</b>		
INR/USD- increase by 10% *	(564.06)	(800.02)
INR/USD- decrease by 10% *	564.06	800.02
<b>Singapore Dollar sensitivity</b>		
INR/SGD- increase by 10% *	(37.71)	(51.30)
INR/SGD- decrease by 10% *	37.71	51.30

**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 2019	31st March 2018
(₹ in Lakhs)		
Variable rate borrowing	71,859.66	74,751.35
Fixed rate borrowing	521.35	561.04
<b>Total borrowings</b>	<b>72,381.00</b>	<b>75,312.39</b>

**Sensitivity**

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

Particulars	31st March 2019	31st March 2018
(₹ in Lakhs)		
Interest sensitivity		
Interest rates increases by 100 basis points	718.60	747.51
Interest rates decrease by 100 basis points	(718.60)	(747.51)

**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 2019	31st March 2018
(₹ in Lakhs)		
Fair Value of Quoted Equity Investments	20.74	20.53
<b>Total Equity Investments</b>	<b>20.74</b>	<b>20.53</b>

**Sensitivity**

Particulars	31st March 2019	31st March 2018
(₹ in Lakhs)		
Increase in market price by 5%	1.04	1.03
Decrease in market price by 5%	(1.04)	(1.03)

**38. Contingent Liabilities (Ind As-37)**

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

Particulars	31st March 2019	31st March 2018
(₹ in Lakhs)		
Excise Matters under dispute/ appeal	2,091.63	1,325.31
Sales Tax & VAT Matters under dispute/ appeal	60.94	121.18
Income Tax Matters under dispute/ appeal	237.34	673.16
Right to Recompense available with the lenders	27,801.00	27,801.00

\* Right to recompense available to the lenders amounting to Rs. 27,801 Lakhs( previous year - 27,801 lakhs) 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.

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.

**Capital Commitment**

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

39. 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.

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
i The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.	100.87	59.22
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.	0.54	1.73
iv The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.54	1.73
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.	0.54	1.73

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

40. 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 2019 as follows:

(₹ in Lakhs)

Description	As at 1st April 2017	Addition during the year	Utilized/ Reversed during the year	As at 31st March 2018	Addition during the year	Utilized/ Reversed during the year	As at 31st March 2019
Provision for Excise Duty	435.82	-	435.82	-	-	-	-

#### 41. 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 11 months and are usually renewable by mutual consent on mutually agreeable terms. The Company has paid lease rentals of Rs. 84.63 Lakhs ( Previous year - Rs. 78.91 Lakhs).

#### 42. 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 :

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
a) Provident Fund & ESI	198.55	187.98

#### 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)	
	2018-19	2017-18
Balance at the beginning of the year	451.44	401.03
Current Service Cost	71.29	62.50
Interest Cost on Defined Benefit Obligation	35.19	29.86
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions		
Changes in financial assumptions	3.82	(24.37)
Experience adjustment	49.40	(3.06)
Past Service Cost	-	11.42
Benefits paid from the plan assets	(71.69)	(25.94)
<b>Balance at the end of the year</b>	<b>539.45</b>	<b>451.44</b>

#### 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)	
	2018-19	2017-18
Balance at the beginning of the year	421.63	348.85
Interest Income on Plan Assets	32.86	25.97
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(6.17)	(1.11)
Employer Contributions to the Plan	71.69	73.86
Benefits Paid from the Plan Assets	(26.88)	(25.94)
<b>Balance at the end of the year</b>	<b>493.13</b>	<b>421.63</b>

#### e) The amount recognised in the Balance Sheet

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
Present value of Defined Benefit Obligation	539.45	451.44
Fair Value of Plan Assets	(493.13)	(421.63)
<b>Net Asset/(Liability) in the Balance Sheet</b>	<b>46.32</b>	<b>29.80</b>

## f) Expenses recognized in profit or loss

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
Current Service Cost	71.29	62.50
Interest Cost	35.18	29.85
Past Service Cost*		11.42
Interest Income on Plan Assets	(32.86)	(25.97)
<b>Total Defined Benefit Cost recognized in Profit &amp; Loss</b>	<b>73.61</b>	<b>77.80</b>

\*Past Service cost of ₹ 11.42 Lakhs is arising due to change in gratuity ceiling limit from ₹ 10 Lakhs to ₹ 20 Lakhs.

## g) Remeasurements recognized in other comprehensive income

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
<b>Actuarial (gain)/losses arising from:</b>		
Changes in demographic assumptions	-	-
Changes in financial assumptions	3.83	(24.37)
Experience adjustment	4.59	(3.06)
<b>Remeasurement of Defined Benefit Obligation:</b>		
Return on plan assets greater/ (lesser) than discount rate	6.18	1.11
<b>Total Defined Benefit Cost recognized in Other Comprehensive Income</b>	<b>14.60</b>	<b>(26.32)</b>

## h) Major Categories of Plan Assets

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
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)	
	2018-19	2017-18
<b>Financial Assumptions</b>		
Discount Rate	7.75%	7.80%
Salary Escalation Rate	7.50%	7.50%
<b>Demographic Assumptions</b>		
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 ₹ 130.59 Lakhs (Previous Year - ₹ 100.82 Lakhs) during the next annual reporting Period to gratuity fund.

l) As at 31st March 2019, the weighted average contribution of the defined benefit obligation was 15 years (previous year- 16 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)	8.34
Between 2 and 5 years	54.53
Between 6 and 10 years	192.11
Beyond 10 years	1,699.15

## 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 Funded (₹ in lakhs)	
	2018-19	2017-18
Defined Benefit Obligation (Base)	539.45	451.43

Particulars	Gratuity (₹ in lakhs)			
	31st March 2019		31st March 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	623.83	469.18	525.54	390.03
Salary Growth Rate (-/+1%)	468.43	622.60	389.35	525.02
Attrition Rate(-/+ 5% Of attrition rates)	539.44	539.46	451.38	451.48
Mortality Rate (- / + 10% of mortality rates)	539.38	539.51	451.37	451.50

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**

43. Information on related party transactions as required by Ind AS - 24 - 'Related Party Disclosures' for the year ended 31st March, 2019 (As identified and certified by the management)

**Related party where control exists**
**a) Subsidiary Company**

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	
Name	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
Suneeta Mohanty**	Non Executive Independent Director
Navneet Jagatramka	Non Executive Independent Director
Ashok Kumar Soin	Non Executive Independent Director
Kamal Kumar Jain	Chief Financial Officer
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
* Resigned from Board on 25th March, 2019	
** Appointed in Board on 25th March, 2019	

**e) Enterprises over which Key management Personnel and or relatives have significant influence**

Bharat Earth Mover	MSP Mines & Minerals Limited
B.S. Confin Private Limited	MSP Power Limited
Chaman Metallics Limited	MSP Properties India Limited
Emerald Tradelink Private Limited	MSP Sponge Iron Limited
High Time Holdings Private Limited	Orbit Dealcom Private Limited
Howrah Gases Limited	Prateek Mines & Minerals Private Limited
Ilex Private Limited	Procheta Consultants Private Limited
Inertia Enterprise	Rakhi Vinimay Private Limited
Jaik Leasing & Commercial Investment Limited	Sampat Marketing Co. Private Limited
K.C. Texofine Private Limited	Shree Khatupati Mercantiles Private Limited
M.A. Hire Purchase Private Limited	Shreevadhu Mercantile Private Limited
Mayur Media Services Private Limited	Shri Enterprise
Mecha Cast International	Subh Enterprise
Msp Infotech Private Limited	West Sintex
MSP Metallics Limited	

**MSP Steel & Power Limited  
Summary**

(₹ In Lakhs)

Particulars	Subsidiary Company		Associated Company		Jointly Controlled Entity		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Sales	-	-	-	-	-	-	-	-	3,728.51	3,011.36	3,728.51	3,011.36
Purchase of Raw Material & Components Consumed	-	-	-	-	-	-	-	-	5,304.16	3,947.89	5,304.16	3,947.89
Directors' Remuneration	-	-	-	-	-	-	104.73	97.80	-	-	104.73	97.80
Key Managerial Remuneration	-	-	-	-	-	-	31.01	26.98	-	-	31.01	26.98
Professional Charges Paid	-	-	-	-	-	-	3.10	4.27	46.02	31.75	49.12	36.02
Expenses Reimbursed by party	-	-	-	-	-	-	8.74	3.70	6.22	15.26	14.96	18.96
Expenses Reimbursed by us	-	-	-	-	-	-	-	-	48.99	22.90	48.99	22.90
Rent paid	-	-	-	-	-	-	16.80	3.81	52.66	38.75	69.46	42.56
Vehicle Hire Charges Paid	-	-	-	-	-	-	-	-	35.65	5.89	35.65	5.89
Equipment Hire Charges Paid	-	-	-	-	-	-	-	-	256.99	128.58	256.99	128.58
Repair & Maintenance Charges Paid	-	-	-	-	-	-	-	-	-	0.18	-	0.18
Loans & Advances Given	0.20	-	0.18	1.14	-	-	-	-	2.21	-	2.58	1.14
Repayment of Loans & Advances Given	-	-	-	-	-	-	1.91	0.08	2.21	-	4.12	0.08
Repayment of Loans & Advances	-	-	-	-	-	-	-	-	26.23	60.00	26.23	60.00
Loans & Advances Taken	-	-	-	-	-	-	-	-	6.93	28.24	6.93	28.24
Loans & Advances Taken on Allotment of Share under S4A Scheme	-	-	-	-	-	-	-	-	-	7,800.21	-	7,800.21
Guarantee Obtained	-	-	-	-	-	-	1,227.09	1,105.69	-	-	1,227.09	1,105.69

Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18	
Sales	Howrah Gases Limited	216.35	-	
	MSP Sponge Iron Limited	3,512.17	3,011.36	
Purchase of Raw Material & Components Consumed	Chaman Metallics Limited	131.82	-	
	Howrah Gases Limited	72.49	-	
	MSP Metallics Limited	-	10.46	
Directors' Remuneration	MSP Sponge Iron Limited	5,099.85	3,937.43	
	Dhananjay Uchit Singh	9.89	8.00	
	Manish Agrawal	30.00	30.00	
	Saket Agrawal	35.43	32.90	
Key Managerial Remuneration	Suresh Kumar Agrawal	29.40	26.90	
	Kamal Kumar Jain	25.41	22.47	
	Shreya Kar	5.60	4.52	
Professional Charges Paid	Kapil Deo Pandey	3.10	4.27	
	MSP Mines & Minerals Limited	46.02	31.75	
Expenses Reimbursed by party	Dhananjay Uchit Singh	1.22	-	
	Howrah Gases Limited	1.38	3.57	
	Kamal Kumar Jain	0.88	2.11	
	Kapil Deo Pandey	0.12	0.23	
	K.C. Texofine Private Limited	1.06	2.07	
	Manish Agrawal	-	0.62	
	MSP Infotech Private Limited	0.24	0.23	
	MSP Mines & Minerals Limited	-	0.04	
	MSP Properties India Limited	1.92	4.98	
	Saket Agrawal	-	0.75	
	Suresh Kumar Agrawal	6.52	-	
	Shree Khatupati Mercantiles Private Limited	1.63	4.38	
	Expenses Reimbursed by us	MSP Sponge Iron Limited	48.99	22.90
		Rent paid		
Rent paid	Ekta Agrawal	9.60	2.13	
	K.C. Texofine Private Limited	15.00	2.03	
	MSP Properties India Limited	22.66	23.73	
	Richa Agrawal	7.20	1.68	
	Shree Khatupati Mercantiles Private Limited	15.00	13.00	
Vehicle Hire Charges Paid	Howrah Gases Limited	7.08	-	
	Mayur Media Services Private Limited	4.20	-	
	MSP Infotech Private Limited	10.10	5.89	
	MSP Properties India Limited	4.67	-	
	Shreevadhu Mercantile Private Limited	9.60	-	
Equipment Hire Charges Paid	Bharat Earth Mover	66.66	34.66	
	Inertia Enterprise	65.79	35.83	
	Mecha Cast International	32.30	17.50	
	Shri Enterprise	22.38	3.54	
	Subh Enterprise	31.02	13.93	
	West Sintex	38.83	23.12	
Repair & Maintenance Charges Paid	Shri Enterprise	-	0.18	
Loans & Advances Given	AA ESS Tradelinks Private Limited	0.18	1.14	
	MSP Cement Limited	0.20	-	
	Rakhi Vinimay Private Limited	2.21	-	
Repayment of Loans & Advances Given	AA ESS Tradelinks Private Limited	-	-	
	Dhananjay Uchit Singh	0.21	0.08	
	Kamal Kumar Jain	1.70	-	
	Rakhi Vinimay Private Limited	2.21	-	
Repayment of Loans & Advances	Howrah Gases Limited	26.23	-	
	Orbit Dealcom Private Limited	-	60.00	

Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18
Loans & Advances Taken	Ilex Private Limited	-	-
	Howrah Gases Limited	2.93	23.30
	Orbit Dealcom Private Limited	4.00	4.94
Loans & Advances Taken on	B.S. Confin Private Limited	-	103.21
Allotement of Share under S4A Scheme	Emerald Tradelink Private Limited	-	65.00
	High Time Holdings Private Limited	-	1,833.00
	Ilex Private Limited	-	1,465.00
	Jaik Leasing & Commercial Invt. Limited	-	915.00
	M.A. Hire Purchase Private Limited	-	560.00
	Procheta Consultants Private Limited	-	704.00
	Sampat Marketing Co. Private Limited	-	2,155.00
Guarantee Obtained	Manish Agrawal	334.27	299.33
	Puranmal Agrawal	232.18	224.37
	Saket Agrawal	371.38	320.29
	Suresh Kumar Agrawal	289.25	261.70
Loans & Advances (Closing Balance)	AA ESS Tradelinks Private Limited	445.73	445.55
	Dhananjay Uchit Singh	-	0.21
	Kamal Kumar Jain	-	1.70
	MSP Cement Limited	0.20	0.01
	MSP Mines & Minerals Limited	1.63	1.63
	MSP Properties India Limited	3.33	4.41
	Trade Receivable (Closing Balance)	MSP Sponge Iron Limited	2,874.63
Trade Payable (Closing Balance)	Bharat Earth Mover	6.09	12.06
	Chaman Metallics Limited	131.82	-
	Dhananjay Uchit Singh	-	0.49
	Ekta Agrawal	0.72	0.72
	Howrah Gases Limited	27.16	144.02
	Inertia Enterprise	5.56	10.67
	Kamal Kumar Jain	-	1.33
	Kapil Deo Pandey	0.35	0.35
	K.C. Texofine Private Limited	0.80	-
	Manish Agrawal	-	1.34
	Mecha Cast International	2.90	8.70
	MSP Infotech Private Limited	0.88	0.85
	MSP Metallics Limited	375.75	507.77
	Richa Agrawal	0.54	0.54
	Saket Agrawal	-	5.57
	Shreevadhu Mercantile Private Limited	0.72	-
	Shree Khatupati Mercantiles Private Limited	1.13	1.13
	Shreya Kar	-	0.32
	Shri Enterprise	2.49	1.34
	Subh Enterprise	3.07	4.64
Suresh Kumar Agrawal	6.52	-	
West Sintex	3.13	8.00	
Other Liabilities (Closing Balance)	MSP Mines & Minerals Limited	5.19	4.84
Loans & Advances Taken (Closing Balance)	B.S. Confin Private Limited	103.21	103.21
	Emerald Tradelink Private Limited	65.00	65.00
	High Time Holdings Private Limited	1,833.00	1,833.00
	Howrah Gases Limited	-	23.30
	Ilex Private Limited	1,545.00	1,545.00
	Jaik Leasing & Commercial Invt. Limited	915.00	915.00
	M.A. Hire Purchase Private Limited	560.00	560.00
	Orbit Dealcom Private Limited	66.80	63.20

		(₹ in Lakhs)	
Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18
Investments	Prateek Mines & Minerals Private Limited	2.77	2.83
	Procheta Consultants Private Limited	704.00	704.00
	Sampat Marketing Co. Private Limited	2,155.00	2,155.00
	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	131.96
	MSP Cement Limited	58.07	58.07
	MSP Metallica Limited	402.00	402.00
	MSP Power Limited	0.80	0.80
	MSP Properties India Limited	0.75	0.75
MSP Sponge Iron Limited	49.50	49.50	

#### 44. 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:

		(₹ in Lakhs)	
Revenue from external customers		FY 2018-19	FY 2017-18
India		157,912.35	110,055.31
Outside India		9,067.84	8,739.41
		<b>166,980.19</b>	<b>117,861.88</b>

		(₹ in Lakhs)	
Non-Current Assets*		FY 2018-19	FY 2017-18
India		96,034.50	101,279.01
Outside India		-	-
		<b>96,034.50</b>	<b>101,279.01</b>

\* 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 ₹ 19,187.59 Lakhs (Previous Year ₹ 17,779.78 Lakhs ) reported under Iron & Steel segment.

#### 45. 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.

		(₹ in Lakhs)	
Particulars		As at 31st March 2019	As at 31st March 2018
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		32.30	25.47
ii) On purposes other than as mentioned in (i) above		68.70	66.79
Provision made in relation to CSR expenditure		Nil	Nil

#### 46. Assets pledged as security

The carrying amounts of assets pledged as security are:

		(₹ in Lakhs)		
Particulars	Refer Note No.	As as 31st March, 2019	As as 31st March, 2018	
<b>For Term Loan</b>				
<b>First Charge</b>				
<b>Equitable Mortgage</b>				
Land	3	926.80	926.80	
Factory Building	3	10,071.45	10,501.25	
Other Building	3	6,543.96	6,828.23	
<b>First Hypothecation</b>				
Other Non Current Assets	3	78,314.13	83,003.14	
Capital Work in Progress	3	112.50	19.60	
<b>Second Charge</b>				
(a) Inventories	9	37,188.75	35,114.76	
(b) Financial Assets				
(i) Trade Receivables	10	11,041.49	10,377.50	
(ii) Cash and Cash equivalents	11	1,372.92	1,349.54	
(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80	
(iv) Loans	5	-	934.44	
(v) Other Financial Assets	6	138.39	137.31	
(c) Other Current Assets	13	12,750.52	15,062.68	
<b>Total Assets Pledged against Term Loan</b>		<b>159,765.68</b>	<b>167,031.04</b>	
<b>For Cash Credit</b>				
<b>First Charge</b>				
(a) Inventories	9	37,188.75	35,114.76	
(b) Financial Assets				
(i) Trade Receivables	10	11,041.49	10,377.50	
(ii) Cash and Cash equivalents	11	1,372.92	1,349.54	
(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80	
(iv) Loans	5	-	934.44	
(v) Other Financial Assets	6	138.39	137.31	
(c) Other Current Assets	13	12,750.52	15,062.68	
<b>Second Charge</b>				
(a) Property, Plant and Equipment	3	95,856.34	101,259.41	
(b) Capital Work in Progress	3	112.50	19.60	
<b>Total Assets Pledged against Cash Credit</b>		<b>159,765.68</b>	<b>167,031.04</b>	

47. 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. Further, pursuant to instructions of RBI circular of February 12th 2018, four out of the eleven banks have not yet classified account of the company as 'Standard' on the balance sheet date. Further, two banks have not charged interest of Rs. 486.25 Lakhs for the year 2018-19. However, the company has transferred the interest due to all bankers to the cash credit account and adequate provision has been made in the books of accounts as per the restructuring plan.

#### 48. 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.

49. Miscellaneous Expenses include de-recognition of financial asset (Trade Receivables/Advances/Loan) on account of irrecoverability, the contractual right to receive cash flow from the financial asset of Rs. 2,123.75 Lakhs (Previous Year - Rs. 338.63 Lakhs)

50. Value of inventories is stated after provisions (net of reversal) Rs. 756.02 Lakhs (March 31, 2018: Rs. Nil Lakhs) for write-downs to net realizable value and provision for slow-moving and obsolete items.

51. The previous year's figures have been regrouped, rearranged and reclassified to conform to the classification of the current year, wherever necessary.

52. The financial statements have been approved in Audit Committee meeting held on 30.05.2019 and approved by the Board of Directors on the same day.

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors  
Suresh Kumar Agrawal  
Chairman  
DIN - 00587623  
Kamal Kumar Jain  
Chief Financial Officer  
Saket Agrawal  
Managing Director  
DIN - 00129209  
Shreya Kar  
Company Secretary

MSP Steel & Power Limited  
Consolidated Balance Sheet As At 31st March, 2019

(₹ in Lakhs)

SI No.	Particulars	Note No.	As as 31st March, 2019	As as 31st March, 2018
<b>A</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	3	95,856.34	101,259.41
	(b) Capital Work in Progress	3	171.72	78.50
	(c) Intangible Assets	3	65.66	-
	(d) Investment in Associate & Joint Venture	4	5,067.99	4,794.96
	(e) Financial Assets			
	(i) Investments	4	221.49	210.56
	(ii) Loans	5	206.42	281.59
	(iii) Other Financial Assets	6	214.82	280.70
	(f) Deferred Tax Assets (Net)	7	4,221.05	5,828.38
	(g) Income Tax Assets (Net)	8	115.55	98.44
			<b>106,141.04</b>	<b>112,832.54</b>
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	9	37,188.75	35,114.76
	(b) Financial Assets			
	(i) Trade Receivables	10	11,041.49	10,377.50
	(ii) Cash and Cash equivalents	11	1,375.40	1,352.02
	(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80
	(iv) Loans	5	-	879.49
	(v) Other Financial Assets	6	138.39	192.26
	(c) Other Current Assets	13	12,750.52	15,062.68
			<b>63,799.32</b>	<b>65,754.51</b>
	<b>TOTAL ASSETS</b>		<b>169,940.36</b>	<b>178,587.05</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>EQUITY</b>			
	(a) Equity Share Capital	14	38,541.50	38,541.50
	(b) Other Equity	15	28,001.14	29,732.87
			<b>66,542.64</b>	<b>68,274.37</b>
<b>2</b>	<b>LIABILITIES</b>			
	<b>Non-Current Liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	16	56,499.03	58,773.33
	(ii) Other Financial Liabilities	20	4.25	4.25
	(b) Provisions	17	90.18	78.41
			<b>56,593.46</b>	<b>58,855.99</b>
<b>3</b>	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	18	24,841.71	25,383.59
	(ii) Trade Payables			
	(a) To micro and small enterprises	19	100.87	59.22
	(b) To other than micro and small enterprises	19	15,644.13	18,338.29
	(iii) Other Financial Liabilities	20	4,966.83	6,307.00
	(b) Other Current Liabilities	21	1,049.51	1,337.90
	(c) Provisions	17	48.35	30.69
	(d) Current Tax Liabilities	22	152.86	-
			<b>46,804.26</b>	<b>51,456.69</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>169,940.36</b>	<b>178,587.05</b>

Significant Accounting Policies 1  
Key accounting estimates and judgements 2

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

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors  
Suresh Kumar Agrawal  
Chairman  
DIN - 00587623  
Kamal Kumar Jain  
Chief Financial Officer  
Saket Agrawal  
Managing Director  
DIN - 00129209  
Shreya Kar  
Company Secretary

MSP Steel & Power Limited  
Statement of Consolidated Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	As as 31st March, 2019	As as 31st March, 2018
<b>INCOME</b>			
Revenue from Operations	23	166,980.19	118,794.72
Other Income	24	200.17	261.85
<b>Total (I)</b>		<b>167,180.36</b>	<b>119,056.57</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	25	126,174.90	86,868.03
Purchase of Stock in Trade	26	608.17	-
Changes in Inventories of Finished Goods, By-products and Work in Progress	27	(1,566.60)	(765.93)
Excise Duty		-	2,757.67
Employee Benefits Expenses	28	3,877.64	3,323.61
Finance Costs	29	7,911.54	12,922.27
Depreciation and Amortization Expenses	30	5,466.39	5,692.03
Other Expenses	31	24,849.22	14,890.92
<b>Total (II)</b>		<b>167,321.26</b>	<b>125,688.60</b>
<b>Profit/(Loss) before Exceptional Item and Tax (I-II)</b>		<b>(140.90)</b>	<b>(6,632.03)</b>
<b>Share of Profit/Loss of Associates and Joint Venture (Net of Tax)</b>	50	<b>(0.69)</b>	<b>1.74</b>
<b>Exceptional Items (Gain)/Loss</b>	32	<b>53.99</b>	<b>(476.24)</b>
<b>Profit Before Tax</b>		<b>(195.58)</b>	<b>(6,154.05)</b>
Tax Expenses	33		
Current Tax		-	-
Income tax for Earlier Year		252.86	-
Deferred Tax		1,611.88	(585.27)
<b>Total Tax Expenses</b>		<b>1,864.74</b>	<b>(585.27)</b>
<b>Profit/(Loss) for the Year</b>		<b>(2,060.32)</b>	<b>(5,568.78)</b>
<b>Other Comprehensive Income</b>	34		
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(14.60)	26.33
(b) Equity Instruments through Other Comprehensive Income		10.93	3.88
(ii) Income taxes on items that will not be reclassified to profit or loss		4.56	(8.21)
(iii) Share in OCI of Associate & Joint Venture		327.69	972.12
<b>Total Other Comprehensive Income (Net of Tax)</b>		<b>328.58</b>	<b>994.12</b>
<b>Total Comprehensive Income for the year</b>		<b>(1,731.74)</b>	<b>(4,574.66)</b>
Earnings per equity share of face value of ₹ 10/- each	35		
Basic (₹)		<b>(0.53)</b>	<b>(5.79)</b>
Diluted (₹)		<b>(0.53)</b>	<b>(5.79)</b>

Significant Accounting Policies 1

Key accounting estimates and judgements 2

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

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors  
Suresh Kumar Agrawal  
Chairman  
DIN - 00587623  
Kamal Kumar Jain  
Chief Financial Officer  
Saket Agrawal  
Managing Director  
DIN - 00129209  
Shreya Kar  
Company Secretary

## MSP Steel &amp; Power Limited

## Consolidated Cash Flow Statement for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	(195.58)	(6,154.05)
<b>Adjustments for:</b>		
Depreciation	5,466.39	5,692.03
Interest on loans, deposits etc.	(137.98)	(179.54)
Interest Expenses	5,462.37	11,730.90
Preference Share Liability Recognised	-	509.72
Debenture Liability Recognised	2,009.23	45.32
Other Finance Expenses	439.94	636.33
Provision for Doubtful debts/Advances/Deposits and Claims	2,190.44	781.97
Gain on derecognition of Financial Liability as per S4A Scheme	-	(1,900.99)
Impairment of Investment in Associate	53.99	1,424.75
(Profit) / Loss on sale of property, plant & equipment (net)	(5.70)	(26.23)
Loss on Sale of Investments (Net)	-	13.68
Dividend Income	-	(0.05)
Share of Profit/Loss of Associates & Joint Venture	0.69	(1.74)
<b>Operating Profit before working capital changes</b>	<b>15,283.79</b>	<b>12,572.10</b>
<b>Movement in Working Capital for:</b>		
(Increase)/ Decrease in Trade & Other Receivables	509.17	2,845.11
(Increase)/ Decrease in Inventories	(2,073.99)	(5,513.11)
Increase/ (Decrease) in Trade & Other Payables	(4,232.76)	4,817.39
Increase/ (Decrease) in Provisions	14.83	4.95
<b>Cash generated from Operations</b>	<b>9,501.04</b>	<b>14,726.44</b>
Less: Direct Taxes Paid	117.11	21.33
<b>Net Cash generated from Operating Activities</b>	<b>9,383.93</b>	<b>14,705.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant & equipment [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(223.50)	(30.41)
Discard / Sale of property, plant & equipment	1.30	52.04
Loss on Sale of property, plant & equipment	5.70	26.23
Fixed Deposit given in form of Margin Money	1,536.91	(2,028.71)
Sale of Investments	-	30.01
Interest received	95.07	96.99
Dividends received	-	0.05
<b>Net cash flow/used in investing activities</b>	<b>1,415.48</b>	<b>(1,853.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long Term Borrowings Received/ (paid) (Net)	(3,742.60)	(2,476.56)
Short Term Borrowings Received/ (paid) (Net)	(534.91)	(805.28)
Interest Paid	(6,058.58)	(8,323.63)
Other Finance Expenses Paid	(439.94)	(636.33)
<b>Net cash generated in financing activities</b>	<b>(10,776.03)</b>	<b>(12,241.80)</b>
<b>Net (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>23.38</b>	<b>609.50</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>1,352.02</b>	<b>742.52</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>1,375.40</b>	<b>1,352.02</b>

(₹ in Lakhs)

## Note

a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS -7) - Statement of Cash Flow

Components of Cash and Cash equivalents	Year Ended 31st March 2019	Year Ended 31st March 2018
Cash on hand	13.80	25.36
With Scheduled Banks on Current Account	1,361.60	1,326.66
	<b>1,375.40</b>	<b>1,352.02</b>

c) 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.

(₹ in Lakhs)

Head	31st March 2018	Cash Flow	Non Cash Changes Interest Expenses	Interest Paid	31st March 2019
Long Term Borrowings*	46,050.72	(3,809.49)	2,740.22	3,329.45	41,652.00
Other Financial Liabilities	419.37	66.88	134.48	134.48	486.25
Borrowings - Current	25,383.59	(534.91)	2,587.67	2,594.65	24,841.70
	<b>71,853.68</b>	<b>(4,277.52)</b>	<b>5,462.37</b>	<b>6,058.58</b>	<b>66,979.96</b>

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

For and behalf of Board of Directors

As per our report of even date:  
For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Kamal Kumar Jain  
Chief Financial Officer

Saket Agrawal  
Managing Director  
DIN - 00129209

Shreya Kar  
Company Secretary



## MSP Steel &amp; Power Limited

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

A	Equity Share Capital	(₹ in Lakhs)	
		As At	As At
	Particulars	31st March, 2019	31st March, 2018
	As at the beginning of the year	38,541.50	8,810.00
	Change in equity share capital	-	29,731.50
	<b>As at the end of the year</b>	<b>38,541.50</b>	<b>38,541.50</b>

B	Other Equity	(₹ in Lakhs)					
		Reserve & Surplus				Items of Other Comprehensive Income	
Particulars	Securities Premium	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, 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 Associate and Joint Venture	-	-	-	-	972.12	-	972.12
Fair Value of Equity Instrument through FVOCI	-	-	-	-	3.90	-	3.90
Conversion of NCPS to CCPS	-	-	32,844.49	(30,837.69)	-	-	2,006.80
Conversion of CCPS to Equity	-	-	(29,731.50)	-	-	-	(29,731.50)
Issue of OCD	-	-	-	28,506.44	-	-	28,506.44
Other Movement during the year	-	(0.33)	-	-	-	0.33	-
<b>Balance as at 31st March, 2018</b>	<b>15,055.59</b>	<b>(18,110.20)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>1,168.05</b>	<b>-</b>	<b>29,732.87</b>
Balance as at 1st April, 2018	15,055.59	(18,110.20)	3,112.99	28,506.44	1,168.05	-	29,732.87
Profit/ (Loss) for the year	-	(2,060.32)	-	-	-	-	(2,060.32)
Remeasurement benefits Gain/(Loss) (Net of tax)	-	(10.03)	-	-	-	-	(10.03)
Fair Value of Equity Instrument through FVOCI	-	-	-	-	10.93	-	10.93
Share in OCI of Associate and Joint Venture	-	-	-	-	327.69	-	327.69
<b>Balance as at 31st March, 2019</b>	<b>15,055.59</b>	<b>(20,180.55)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>1,506.67</b>	<b>-</b>	<b>28,001.14</b>

Significant Accounting Policies 1

Key accounting estimates and judgements 2

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

As per our report of even date:

For Singhi &amp; Co

Firm Registration No.-302049E

Chartered Accountants

Anurag Singhi

Partner

Membership No.-066274

Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623Kamal Kumar Jain  
Chief Financial OfficerSaket Agrawal  
Managing Director  
DIN - 00129209Shreya Kar  
Company Secretary

## MSP Steel &amp; Power Limited

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2019

## Company Background

The Consolidated financial statements comprise financial statements of MSP Steel & Power Limited ('the Holding Company') and its subsidiary (collectively the "Group") and includes the Group's share of profit in its associate and joint venture, for the year ended 31st March, 2019. The Holding 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 48.

## 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 and includes the Group's share of profit in its associate and joint venture as at 31 March 2019. 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 as per actuarial valuation;

#### 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 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.

###### Intangible assets

###### Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

###### Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

Particulars	No. of Years
Computer Software	5

The amortization period and the amortization method for an intangible asset with finite useful life is 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 intangible asset 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 intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

###### Intangible Assets under Development

Intangible Assets under development is stated at cost which includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the

period prior to the getting the assets ready for use.

###### 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 from contracts with customers is recognized on transfer of control of promised goods/services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods/services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods/services sold is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

###### Sale of products

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is

satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract. No element of financing is deemed present as the sales are generally made with a credit term of 45 -60 days, which is consistent with market practice. The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

#### Sale of power

Revenue from sale of power is recognized when the services are provided to the customer based on approved tariff rates established by the respective regulatory authorities / agreement with parties.

**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.

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 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.

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 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 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.

#### W. Rounding Off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per requirement of Schedule III, unless otherwise stated.

#### 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 accounting 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 Significant judgments when applying Ind AS 115

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. The Group exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### 2.2 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.

### 2.3. 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.

### 2.4. 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.

### 2.5. 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.

### 2.6. 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:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 01 April, 2019: The Group will adopt new standard and amendment to existing standards with effect from April 1, 2019.

a. **Ind AS 116:** Leases -Ind AS 116 will supersede the existing Ind AS 17. The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both the lessee and lessor. The new standard requires entities to make more judgments and estimates (e.g., determining when a customer has the right to direct the use of an identified asset, estimating the incremental rate of borrowing) and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information).

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Ind AS 17 required classifying leases as finance lease and operating lease, the same is not required under Ind AS 116. Under Ind AS 116, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. The Group does not expect any significant impact from this standard.

b. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** Ministry of Corporate Affairs has notified Ind AS 12 Appendix 'C' Uncertainty over Income Tax Treatments on March 30, 2019. According to the appendix, the Group need to determine the probability of the relevant tax

authority accepting each tax treatment, or the Group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group has decided to adjust the cumulative effect in equity on the date of initial application without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

c. **Amendment to Ind AS 12 – Income taxes:** Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes accordingly an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. There is no impact of this amendment on the financial statements.

d. **Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', On 30 March, 2019, in connection with accounting for plan amendments, curtailments and settlements. The Group does not have any impact on account of this amendment.

e. **Ind AS 23 – Borrowing Costs** -The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any significant impact from this amendment.

MSP Steel & Power Limited  
Assets & Liabilities

## 3. Property, Plant &amp; equipment

Particulars								(₹ in Lakhs)
	Land	Factory Building	Office Building	Plant & Machinery	Vehicle	Office Equipments	Furniture & Fixtures	Total
<b>GROSS BLOCK</b>								
Balance as at 31st March, 2017	926.80	11,790.60	7,681.07	98,261.99	262.20	23.66	38.02	118,984.34
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	118,907.69
Additions	-	-	-	-	8.74	24.83	29.62	63.19
Deductions	-	-	-	-	26.10	-	-	26.10
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	926.80	11,790.60	7,681.07	98,261.99	157.50	55.40	71.42	118,944.78
<b>ACCUMULATED DEPRECIATION</b>								
Balance as at 31st March, 2017	-	859.57	568.57	10,427.35	104.30	17.76	13.99	11,991.54
Depreciation expense	-	429.79	284.27	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
Depreciation expense	-	429.79	284.27	4,721.04	20.25	2.66	6.95	5,464.96
Deductions	-	-	-	-	24.80	-	-	24.80
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	-	1,719.15	1,137.11	20,079.96	101.39	23.21	27.62	23,088.44
<b>CARRYING VALUE</b>								
Balance as at 31st March, 2018	926.80	10,501.24	6,828.23	82,903.07	68.92	10.02	21.13	101,259.41
Balance as at 31st March, 2019	926.80	10,071.45	6,543.96	78,182.03	56.11	32.19	43.80	95,856.34

Note : Title deeds of Land of Rs. 6.51 Lakhs is pending for registration.

Capital Work in Progress	(₹ in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
As at the beginning of the year	78.50	58.90
Movement during the year	93.22	19.60
As at the end of the year	171.72	78.50

Intangible Assets	(₹ in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
As at the beginning of the year	-	-
Capitalized during the year	67.09	-
Amortized during the year	1.43	-
As at the end of the year	65.66	-

4. Non Current Investments	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares / Units	(₹ in Lakhs)	Number of Shares / Units	(₹ in Lakhs)
<b>(a) Unquoted Investments in Equity Instruments</b>				
<b>(i) In Associate Company (at cost)</b>				
AA ESS Tradelinks Private Limited (₹10 each)	4,650,175	4,370.68	4,650,175	4,370.68
Accumulated Group Share of Profit & OCI		2,052.58		1,728.51
Less: Impairment of investment in Associate (refer note no. 32)		(1,478.74)		(1,424.75)
		4,944.52		4,674.44
<b>(ii) In Joint Venture (at cost)</b>				
Madanpur South Coal Company Limited (₹10 each)	94,427	131.96	94,427	131.96
Accumulated Group Share of Profit & OCI		(8.49)		(11.44)
		123.47		120.52
<b>Investment in Associate &amp; Joint Venture (i+ii) (a)</b>		5,067.99		4,794.96
<b>(iv) In Others (at fair value through OCI)</b>				
MSP Metallics Limited (₹10 each)	420,000	-	420,000	68.88
MSP Properties (I) Limited (₹10 each)	7,500	5.36	7,500	5.48
MSP Sponge Iron Limited (₹10 each)	313,000	194.59	313,000	114.87
MSP Power Limited (₹10 each)	8,000	0.80	8,000	0.80
		200.75		190.03
<b>(b) Quoted Investments in Equity Instruments (at fair value through OCI)</b>				
Howrah Gases Ltd (₹10 each)	93,700	14.52	93,700	14.51
Ashirwad Steel and Industries Limited (₹10 each)	2,500	0.27	2,500	0.29
Nageshwar Investment Limited (₹10 each)	11,000	0.22	11,000	0.22
Indian Overseas Bank (₹10 each)	2,900	0.42	2,900	0.51
IDFC Bank Limited (₹10 each)	5,201	2.89	5,201	2.46
IDFC Limited (₹10 each)	5,201	2.42	5,201	2.54
		20.74		20.53
<b>Other Investment (b)</b>		221.49		210.56
<b>TOTAL (a+b)</b>		5,289.48		5,005.53
Aggregate amount of Quoted Investments - at Cost		19.24		19.24
Aggregate amount of the Quoted Investments - at Market value		20.74		20.53
Aggregate value of unquoted Investments - at cost		4,502.64		4,502.64
Aggregate amount of impairment in value of investment (refer note no. 32)		1,478.74		1,424.75

(₹ in Lakhs)

5. Loans	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Loans to Bodies Corporate*	1.45	1.45	-	879.49
	<b>1.45</b>	<b>1.45</b>	-	<b>879.49</b>
<b>Breakup</b>				
Loans considered Goods - Secured	-	-	-	-
Loans considered Goods - Un Secured	-	-	-	879.49
Loans which have significant increase in credit risk	-	-	-	-
Loans - Credit impaired	-	-	-	-
	-	-	-	<b>879.49</b>
Less : Loss Allowance	-	-	-	-
<b>(A)</b>	<b>1.45</b>	<b>1.45</b>	-	<b>879.49</b>
Security Deposit	204.97	280.14	-	-
<b>(B)</b>	<b>204.97</b>	<b>280.14</b>	-	-
<b>TOTAL (A+B)</b>	<b>206.42</b>	<b>281.59</b>	-	<b>879.49</b>

\* For business purpose only.

(₹ in Lakhs)

6. Other Financial Assets	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Deposits with Banks (Refer Note No. 12)	214.82	280.70	-	-
<b>(A)</b>	<b>214.82</b>	<b>280.70</b>	-	-
Interest Accrued on Fixed Deposits and Others	-	-	137.69	149.73
Loans and Advances to Employees*	-	-	0.70	42.53
<b>(B)</b>	-	-	<b>138.39</b>	<b>192.26</b>
<b>TOTAL (A+B)</b>	<b>214.82</b>	<b>280.70</b>	<b>138.39</b>	<b>192.26</b>

\* Includes dues from executive director ₹ 0.00 (Previous year ₹ 0.21 Lakhs)

(₹ in Lakhs)

7. Deferred Tax Assets (NET)	As at 31st March, 2019	As at 31st March, 2018
<b>Deferred Tax Liabilities :</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purpose	(14,140.57)	(13,369.75)
<b>Deferred Tax Assets :</b>		
Tax impact of expenses charged to the statement of profit & Loss but allowable under tax law deferred	1,122.89	489.92
Tax impact of unabsorbed loss / Allowances	14,590.02	14,610.59
MAT Credit Entitlement	2,648.71	4,097.62
	<b>4,221.05</b>	<b>5,828.38</b>

**Movement in deferred tax asset and deferred tax liabilities during the year ended 31st March, 2018 and 31st March, 2019**

(₹ in Lakhs)

Particulars	As at 1st April, 2017	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2018
<b>Deferred Income Tax Liabilities</b>				
Property, Plant & Equipment's	(12,236.02)	(1,133.73)	-	(13,369.75)
	<b>(12,236.02)</b>	<b>(1,133.73)</b>	-	<b>(13,369.75)</b>
<b>Deferred Income Tax Assets</b>				
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
	<b>17,487.34</b>	<b>1,719.00</b>	<b>(8.21)</b>	<b>19,198.13</b>
<b>Deferred Tax Assets (Net)</b>	<b>5,251.32</b>	<b>585.27</b>	<b>(8.21)</b>	<b>5,828.38</b>

(₹ in Lakhs)

Particulars	As at 1st April, 2017	Recognized in Statement of Profit & Loss	Recognized in OCI	As at 31st March, 2018
<b>Deferred Income Tax Liabilities</b>				
Property, Plant & Equipment's & Intangible Assets	(13,369.75)	(770.82)	-	(14,140.57)
	<b>(13,369.75)</b>	<b>(770.82)</b>	-	<b>(14,140.57)</b>
<b>Deferred Income Tax Assets</b>				
Allowance for credit loss	325.03	602.93	-	927.96
Expense allowed under Income Tax on payment basis	164.89	25.49	4.56	194.93
Unabsorbed depreciation	14,610.59	(20.57)	-	14,590.02
Mat Credit Entitlement	4,097.62	(1,448.91)	-	2,648.71
	<b>19,198.13</b>	<b>(841.06)</b>	<b>4.56</b>	<b>18,361.62</b>
<b>Deferred Tax Assets (Net)</b>	<b>5,828.38</b>	<b>(1,611.88)</b>	<b>4.56</b>	<b>4,221.05</b>

MAT credit entitlement is the amount which can be recovered and set off in subsequent years as per the provisions of the Income Tax Act, 1961. The MAT credit entitlement recognised will expire as follows:

**As at 31st March 2019**

(₹ in Lakhs)

For Financial Year	Amount	Year of expiry#
2010-11	918.18	Financial Year 2020-21
2011-12	472.72	Financial Year 2021-22
2012-13	592.68	Financial Year 2022-23
2013-14	665.13	Financial Year 2022-24
	<b>2,648.71</b>	

# Expiry date has been stated based on the last day of the financial year for which MAT credit is available for use as per prevailing tax laws as at the reporting date.

(₹ in Lakhs)

8. Income Tax Assets (Net)	As at 31st March, 2019	As at 31st March, 2018
Advance Income Tax & TDS (Net)	115.55	98.44
	<b>115.55</b>	<b>98.44</b>



(₹ in Lakhs)

9. Inventories (Valued at Lower of Cost and Net Realizable Value)	As at 31st March, 2019	As at 31st March, 2018
Raw Materials and Components [includes in transit ₹2,525.53 Lakhs (31st March 2018 : ₹4,590.47 Lakhs)]	25,771.03	25,158.82
Work - in - Progress	3,200.19	2,499.00
Finished Goods	5,506.16	4,265.55
Stores and Spares	2,233.96	2,338.78
By Products (at Net Realisable Value)	477.41	852.61
<b>*refer note no. 55</b>	<b>37,188.75</b>	<b>35,114.76</b>

(₹ in Lakhs)

10. Trade Receivables	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
Trade Receivables	-	-	9,323.44	9,063.70
Receivables from Related Party	-	-	2,874.62	1,943.70
Less : loss Allowance	-	-	(1,156.57)	(629.90)
	-	-	<b>11,041.49</b>	<b>10,377.50</b>
<b>Breakup</b>				
Trade Receivables considered Goods - Secured	-	-	-	-
Trade Receivables considered Goods - Un Secured	-	-	11,041.49	10,377.50
Trade Receivables -Doubtful	-	-	1,156.57	629.90
	-	-	<b>12,198.06</b>	<b>11,007.40</b>
Less : loss Allowance			(1,156.57)	(629.90)
<b>Total (A)+(B)</b>	-	-	<b>11,041.49</b>	<b>10,377.50</b>

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

b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

c) In determining allowance for credit losses of trade receivables, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of the receivables and rates used in the provision matrix.

#### Ageing of Trade Receivables and Credit Risk arising therefrom is as below :-

(₹ in Lakhs)

(As on 31st March 2019)	Within 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
Gross credit risk	9,449.85	53.18	34.49	2,660.54	12,198.06
Less: Expected credit loss provision		(11.50)	(46.49)	(1,098.58)	(1,156.57)
<b>Net Credit Risk</b>	<b>9,449.85</b>	<b>41.68</b>	<b>(12.00)</b>	<b>1,561.96</b>	<b>11,041.49</b>

(₹ in Lakhs)

(As on 31st March 2018)	Within 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
Gross credit risk	6,249.61	288.65	782.96	3,686.18	11,007.40
Less : Expected credit loss provision		(5.77)	(39.15)	(584.98)	(629.90)
<b>Net Credit Risk</b>	<b>6,249.61</b>	<b>282.88</b>	<b>743.81</b>	<b>3,101.20</b>	<b>10,377.50</b>

(₹ in Lakhs)

Reconciliation of Expected credit loss Allowance provision	Amount
Particulars	
As at 31st March 2018	629.90
Changes in provision	526.67
As at 31st March 2019	<b>1,156.57</b>

(₹ in Lakhs)

11. Cash and Cash equivalents	Current	
	As at 31st March, 2019	As at 31st March, 2018
<b>Cash and Cash Equivalents</b>		
Cash on Hand	13.80	25.36
<b>Balance with Banks:</b>		
On Current Accounts	1,361.60	1,326.66
	<b>1375.40</b>	<b>1352.02</b>

(₹ in Lakhs)

12. Bank Balances other than Cash and Cash equivalents	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
Fixed Deposits - Earmarked for LC & BG	214.82	280.70	1,302.25	2,766.83
Fixed Deposits - Non - Earmarked	-	-	-	6.45
	<b>214.82</b>	<b>280.70</b>	<b>1,302.25</b>	<b>2,773.28</b>
Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 6)	(214.82)	(280.70)	-	-
Unpaid Dividend Accounts	-	-	2.52	2.52
	-	-	<b>1,304.77</b>	<b>2,775.80</b>

(₹ in Lakhs)

13. Other Current Assets	Current	
	As at 31st March, 2019	As at 31st March, 2018
<b>Advances to Suppliers other than capital advances</b>		
Considered Good	11,934.20	14,068.96
Considered Doubtful	1,938.19	411.87
	<b>13,872.38</b>	<b>14,480.83</b>
Less: Allowances for Credit Loss	1,938.19	411.87
	<b>(A)</b>	<b>11,934.20</b>
<b>Other Advances</b>		
Prepaid Expenses	88.84	96.40
Advances to Related Parties	445.93	439.75
Balances with Statutory/Government Authorities	281.55	457.57
	<b>(B)</b>	<b>816.32</b>
<b>TOTAL (A+B)</b>	<b>12,750.52</b>	<b>15,062.68</b>

**MSP Steel & Power Limited**  
**Equity Share Capital**

14. Equity Share Capital	Current	
	As at 31st March, 2019	As at 31st March, 2018
<b>Particulars</b>		
<b>Authorised Share Capital</b>		
800,000,000 (31.03.2018 - 800,000,000) equity shares of ₹ 10/- each	80,000.00	80,000.00
100,000,000 (31.03.2018 - 100,000,000) preference shares of ₹ 10/- each	10,000.00	10,000.00
<b>Issued, Subscribed and Fully Paid-up Share Capital</b>		
38,54,15,000 (31.03.2018 - 38,54,15,000) equity shares of ₹ 10/- each	38,541.50	38,541.50
<b>Total</b>	<b>38,541.50</b>	<b>38,541.50</b>

**Notes:****(i) Reconciliation of number of Shares**

Particulars	As At 31st March 2019		As At 31st March 2018	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>Equity Shares:</b>				
Balance at the beginning of the year	3,85,415,000	38,541.50	88,100,000	8,810.00
Movement during the year	-	-	297,315,000	29,731.50
<b>Balance at the end of the year</b>	<b>3,85,415,000</b>	<b>38,541.50</b>	<b>385,415,000</b>	<b>38,541.50</b>

**(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 group are as follows:**

Particulars	As At 31st March 2019		As At 31st March 2018	
	No of shares	% of shares	No of shares	% of shares
<b>Equity Shares:</b>				
State Bank of India	4,63,34,367	12.02%	4,63,34,367	12.02%
Mod Commedeal Pvt. Limited	3,15,01,014	8.17%	3,13,22,651	8.13%
Adhunik Gases Limited	2,34,79,000	6.09%	2,34,79,000	6.09%
Sikhar Commotrade Pvt. Limited	2,89,84,056	7.52%	2,89,84,056	7.52%
Shringar Mercantile Pvt. Limited	2,82,11,200	7.32%	2,82,11,200	7.32%
MSP Sponge Iron Limited	2,47,36,500	6.42%	2,47,36,500	6.42%

**Additional Disclosure in the respect of Equity Share**

- The MSP Steel & Power Limited is the holding company of the Group.
- 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.
- The holding company has not bought back any shares during the period of five years preceding the date at which the Balance Sheet is prepared.
- The holding 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.

**15 Other Equity**

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Securities Premium	Retained Earnings	CCPS	Equity Component of compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
<b>Balance as at 1st April, 2017</b>	<b>15,055.59</b>	<b>(12,559.20)</b>	<b>-</b>	<b>30,837.69</b>	<b>192.03</b>	<b>(0.33)</b>	<b>33,525.78</b>
Profit/ (Loss) for the year	-	(5,568.78)	-	-	-	-	(5,568.78)
Remeasurement benefits	-	18.11	-	-	-	-	18.11
Gain/(Loss) (Net of tax)	-	-	-	-	-	-	-
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	-	-	32,844.49	(30,837.69)	-	-	2,006.80
Conversion of CCPS to Equity	-	-	(29,731.50)	-	-	-	(29,731.50)
Issue of OCD	-	-	-	28,506.44	-	-	28,506.44
Other Movement during the year	-	(0.33)	-	-	-	0.33	-
<b>Balance as at 31st March, 2018</b>	<b>15,055.59</b>	<b>(18,110.20)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>1,168.05</b>	<b>-</b>	<b>29,732.87</b>
<b>Balance as at 1st April, 2018</b>	<b>15,055.59</b>	<b>(18,110.20)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>1,168.05</b>	<b>-</b>	<b>29,732.87</b>
Profit/ (Loss) for the year	-	(2,060.32)	-	-	-	-	(2,060.32)
Remeasurement benefits	-	(10.03)	-	-	-	-	(10.03)
Gain/(Loss) (Net of tax)	-	-	-	-	-	-	-
Fair Value of Equity Instrument through FVOCI	-	-	-	-	10.93	-	10.93
Share in OCI of Associates	-	-	-	-	327.69	-	327.69
<b>Balance as at 31st March, 2019</b>	<b>15,055.59</b>	<b>(20,180.55)</b>	<b>3,112.99</b>	<b>28,506.44</b>	<b>1,506.67</b>	<b>-</b>	<b>28,001.14</b>

**Description of nature and purpose of each reserve****Securities Premium**

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**

It comprises of accumulated profit/(losses) of the company.

**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. 31,13,000 number of shares is pending for conversion as on the balance sheet date due to pending statutory approvals.

## 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.

### 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		Current Maturities	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Secured</b>				
<b>a. Term loans</b>				
<b>From Banks</b>				
Indian rupee loan	24,374.78	28,618.61	3,521.00	3,521.00
Foreign currency loan	-	-	377.07	490.54
	<b>24,374.78</b>	<b>28,618.61</b>	<b>3,898.07</b>	<b>4,011.54</b>
<b>b. Finance Lease Obligation</b>				
From Banks	-	-	-	1.73
	-	-	-	<b>1.73</b>
<b>c. Unsecured</b>				
Inter Corporate Deposits	-	20.67	-	-
Loans from related parties	521.35	540.37	-	-
Interest free loan	12,857.80	12,857.80	-	-
	<b>13,379.15</b>	<b>13,418.84</b>	-	-
<b>d. Liability Component of Compound Financial Instruments</b>				
Optionally Convertible Debenture	18,745.10	16,735.88	-	-
	18,745.10	16,735.88	-	-
<b>Total (a+b+c+d)</b>	<b>56,499.03</b>	<b>58,773.33</b>	<b>3,898.07</b>	<b>4,013.27</b>
<b>The above amount includes:</b>				
Secured borrowings	24,374.78	28,618.61	3,898.07	4,013.27
Unsecured borrowings	32,124.25	30,154.72	-	-
Less: Amount disclosed under the head				
"Other Financial Liabilities" (Note No. 20)	-	-	(3,898.07)	(4,013.27)
<b>Net Amount</b>	<b>56,499.03</b>	<b>58,773.33</b>	-	-

### Terms of Repayments

a) 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 Purnamal 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%.

b) The holding company has issued 451,970,554 nos. of OCDs amounting to ₹ 451,97.05 lakhs during the year 2017-18. The OCDs shall have moratorium period of 7 years and shall be repayable in 36 structured quarterly instalments starting from December, 2024 and maturing on September 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. OCDs may be redeemed alongwith a redemption premium. The redemption premium will be calculated with YTM @ 2.00% p.a. compounded quarterly.

c) Pursuant to the scheme for restructuring of loan as approved by the Overseeing Committee (OC) of Reserve Bank of India, the Promoter / Promoters' group has transferred 12,85,78,044 equity shares, at ₹ 10/- per equity share of Rs. 12857.80 lakhs, to JLF lenders, as a part payment of unsustainable debt and the same is treated as unsecured loan and shall always be subordinated to the existing senior debt of the borrower.

d) Rate of Interest for the loan from the related parties is maximum being 10%.

Terms of Repayments	As At 31st March 2019		As At 31st March 2018	
	Non-Current	Current	Non-Current	Current
<b>Rupee Term Loans From Banks (Secured)</b> (Repayable in 30 Quarterly Instalments from December 2017. Last instalment due in March 2025.	24,374.78	3,521.00	28,618.61	3,521.00
<b>Foreign Currency Term Loans From Banks (Secured)</b> (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024.	-	377.07	-	490.54
<b>Rupee Term Loans From Financial Institutions (Secured)</b> <b>From Bank</b> (Repayable in monthly Instalments Starting from April 2015. Maturity in October 2018.	-	-	-	1.73
<b>Total Term loan –Secured</b>	<b>24,374.78</b>	<b>3,898.07</b>	<b>28,618.61</b>	<b>4,013.27</b>
<b>Unsecured Borrowings</b>	<b>32,124.25</b>	-	<b>30,154.72</b>	-
<b>Total Term Loan</b>	<b>56,499.03</b>	<b>3,898.07</b>	<b>58,773.33</b>	<b>4,013.27</b>

17. Provisions	Non Current		Current	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
<b>Provision for employee benefits</b>				
For Gratuity (Refer Note No. 42)	-	-	46.32	29.80
For Leave Benefits	90.18	78.41	2.03	0.89
<b>Other provisions</b>	<b>90.18</b>	<b>78.41</b>	<b>48.35</b>	<b>30.69</b>

18. Short-Term Borrowings	As at 31st March, 2019		As at 31st March, 2018	
	Secured	Unsecured	Secured	Unsecured
<b>Rupee Loan from Banks</b>				
Cash Credit Facility	24,841.71	-	25,383.59	-
	<b>24,841.71</b>	-	<b>25,383.59</b>	-
<b>The above amount includes</b>				
Secured Borrowings	24,841.71	-	25,383.59	-
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 Purnamal 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%.

(₹ in Lakhs)		
19. Trade Payables	As at 31st March, 2019	As at 31st March, 2018
<b>Total outstanding dues of creditors</b>		
to micro enterprises and small enterprises (refer Note no. 39)	100.87	59.22
to other than micro enterprises and small enterprises	15,644.13	18,338.29
	<b>15,745.00</b>	<b>18,397.51</b>

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

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 ₹ 6,754.72 lakhs (previous year ₹ 6,608.72 lakhs)

(₹ in Lakhs)				
20. Other Financial Liabilities	Non Current Portion		Current Maturities	
	As At 31st March 2019	As At 31st March 2018	As At 31st March 2019	As At 31st March 2018
Retention / Security Deposit			309.27	303.82
Current maturities of long-term borrowings (refer Note No. 16)			3,898.07	4,013.27
Other Payables on capital purchases			269.90	1,567.53
Interest accrued and due on borrowings			486.25	419.37
Unpaid Dividend			2.52	2.52
Other Payables	4.25	4.25	0.82	0.49
	<b>4.25</b>	<b>4.25</b>	<b>4,966.83</b>	<b>6,307.00</b>

(₹ in Lakhs)		
21. Other Current Liabilities	As at 31st March, 2019	As at 31st March, 2018
Others (including statutory dues payable)	1,049.51	1,337.90
	<b>1,049.51</b>	<b>1,337.90</b>

(₹ in Lakhs)		
22 Current Tax Liabilities	As at 31st March, 2019	As at 31st March, 2018
Income Tax Liability	152.86	-
	<b>152.86</b>	<b>-</b>

(₹ in Lakhs)		
23. Revenue from Operations	2018-19	2017-18
<b>Sale of Products</b>		
Finished Goods	163,082.70	115,319.11
Power	1,919.65	2,542.77
Traded Goods	611.96	-
<b>Other Operating Revenue</b>		
Sale of scrap and By-products	1,365.88	598.49
Miscellaneous Sales	-	334.35
<b>Total</b>	<b>166,980.19</b>	<b>118,794.72</b>

The holding company is engaged in the manufacturing of Iron & Steel Products and generates revenue from the sale of Iron & Steel products and the same is only the reportable segment of the Group.

(₹ in Lakhs)	
Disaggregation of Revenue	2018-19
<b>Revenue as per Geography</b>	
Domestic	157,912.35
Exports	9,067.84
<b>Total</b>	<b>166,980.19</b>
<b>Revenue as per Major Products</b>	
Pellet	33,689.24
Sponge Iron	18,877.35
MS Billets	17,406.08
TMT Bars (incl Structural Products)	93,110.03
Power	1,919.65
Others	1,977.84
<b>Total</b>	<b>166,980.19</b>
<b>Timing of Revenue</b>	
At a point in time	166,980.19
Over time	-
<b>Total</b>	<b>166,980.19</b>
<b>Sales Channel</b>	
Direct to Customers	56,533.99
Through Intermediaries	110,446.20
<b>Total</b>	<b>166,980.19</b>
<b>Contract balances</b>	
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers Receivables, which are included in 'Trade receivables'	
Trade Receivables	11,041.49
Contract assets	-
Contract liabilities	541.20
<b>Other Information</b>	
a) Transaction price allocated to the remaining performance obligations	Nil
b) The amount of revenue recognised in the current year that was included in the opening contract liability balance	Nil
c) The amount of revenue recognised in the current year from performance obligations satisfied fully or partially in previous years	Nil
d) Performance obligations- The Company satisfy the performance obligation on shipment/delivery.	Nil
<b>Significant payment terms</b>	
Financing Component	Nil

(₹ in Lakhs)

Reconciliation of Revenue from operations with contract price	As at 31st March, 2019
Contract Price	167,691.68
<b>Less :</b>	
Sales Returns	97.84
Customer Loyalty Programme	403.43
Bonus and Incentives	210.22
Others	-
<b>Total</b>	<b>166,980.19</b>

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. The Group has adopted Ind AS 115 Revenue from Contracts with Customers with a date of initial application of 1 April 2018. As a result, the Group has changed its accounting policy for revenue recognition. The group has adopted modified retrospective approach and had applied Ind AS 115 only retrospectively to the current period by recognizing the cumulative effect of initially applying Ind AS-115 as an adjustment to the opening balance of retained earnings at the date of initial application i.e. April 1, 2018. Under the modified retrospective method, the comparative information in the financial statement is not restated and would be presented based on the requirements of the previous standards (e.g. Ind AS-18 / Ind AS-11). However there is no impacts on financial statements with respect to change in accounting policy.

Subsequent to introduction of Goods and Services Tax (GST) w.e.f. July 01, 2017, Revenue from Operations is required to be disclosed net of GST whereas Excise Duty & Cess formed part of expense in previous year. Accordingly, the figure of Revenue from operation for the year ended March 31, 2019 is not comparable with the figures of year ended March 31, 2018.

(₹ in Lakhs)

24. Other Income	2018-19	2017-18
<b>Interest income on</b>		
Loans, Fixed Deposits, etc.	137.98	179.54
<b>Dividend Income on</b>		
Long-Term Investments	-	0.05
Profit on sale of fixed assets	5.70	26.23
<b>Other Non-Operating Income</b>	<b>56.49</b>	<b>56.03</b>
<b>Total</b>	<b>200.17</b>	<b>261.85</b>

## MSP Steel &amp; Power Limited

## Notes to the Profit &amp; Loss Statement for the year ended 31st March, 2019

	(₹ in Lakhs)	
25. Cost of Materials Consumed	2018-19	2017-18
Inventory at the beginning of the period	25,158.82	20,273.75
Add: Purchases	126,787.11	91,753.10
Less: Sales	-	-
Less: Inventory at the end of the period	25,771.03	25,158.82
<b>Total</b>	<b>126,174.90</b>	<b>86,868.03</b>

	(₹ in Lakhs)	
26. Purchase of Stock in Trade	2018-19	2017-18
Coal	608.17	-
<b>Total</b>	<b>608.17</b>	<b>-</b>

	(₹ in Lakhs)	
27. Changes in Inventories of Finished Goods, By-products and Work-in Progress	2018-19	2017-18
<b>Inventories at the end of the period</b>		
Finished Goods	5,506.16	4,265.55
Work-in-Progress	3,200.19	2,499.00
By-Products	477.41	852.61
	<b>9,183.76</b>	<b>7,617.16</b>
<b>Inventories at the beginning of the period</b>		
Finished Goods	4,265.55	3,746.57
Work-in-Progress	2,499.00	2,070.78
By-Products	852.61	1,033.88
	<b>7,617.16</b>	<b>6,851.23</b>
<b>(Increase)/Decrease in Inventories</b>		
Finished Goods	(1,240.61)	(518.98)
Work-in-Progress	(701.19)	(428.22)
By-Products	375.20	181.27
<b>Total</b>	<b>(1,566.60)</b>	<b>(765.93)</b>

	(₹ in Lakhs)	
28. Employee Benefits Expenses	2018-19	2017-18
Salaries, Wages and Bonus	3,529.99	3,005.71
Contribution to Provident and Other Funds	198.55	187.98
Gratuity (refer note 42)	73.61	77.80
Staff Welfare Expenses	75.49	52.12
<b>Total</b>	<b>3,877.64</b>	<b>3,323.61</b>

	(₹ in Lakhs)	
29. Finance Costs	2018-19	2017-18
Interest Expenses		
- On Loans	5,462.37	11,730.90
- On OCD	2,009.23	45.32
- On Preference Shares		509.72
Other Finance Charges	439.94	636.33
<b>Total</b>	<b>7,911.54</b>	<b>12,922.27</b>

	(₹ in Lakhs)	
30. Depreciation and amortization expense	2018-19	2017-18
Depreciation of tangible assets	5,464.96	5,692.03
Amortization of intangible assets	1.43	-
<b>Total</b>	<b>5,466.39</b>	<b>5,692.03</b>

	(₹ in Lakhs)	
31. Other Expenses	2018-19	2017-18
Consumption of Stores and Spares	8,066.16	5,682.02
Power and Fuel	1,095.01	1,019.25
Rent	84.63	78.91
Rates and Taxes	558.80	278.35
Insurance	108.97	77.28
Repairs and Maintenance		
Plant and Machinery	1,260.89	676.93
Buildings	323.12	37.11
Others	244.80	113.41
Material Handling Charges	3,626.41	2,804.52
Vehicle Running Expenses	710.64	627.31
Advertising and Sales Promotion	345.26	111.27
Freight Outward	860.79	1,214.99
Sales Commission	382.45	164.57
Legal and Professional Charges	715.38	522.55
Charity and Donations	63.72	24.09
Payment to Auditors (Refer details below (31.1))	13.70	13.90
Exchange Differences (Net)	128.87	44.01
Provision for Expected Credit Loss on Trade Receivable & Advances	2,190.44	781.97
Less: Written Back	-	2,190.44
Loss on Investment written-off		13.68
Corporate Social Responsibility (refer note no. 45)	101.00	46.79
Miscellaneous Expenses	3,968.18	558.01
<b>Total</b>	<b>24,849.22</b>	<b>14,890.92</b>

	(₹ in Lakhs)	
31.1 Payment to Auditors	2018-19	2017-18
<b>As Auditors:</b>		
Statutory Audit fee	7.50	7.50
Limited Review	4.50	4.50
Taxation matters	-	0.50
Certification fees and other services	1.59	1.20
Reimbursement of expenses	0.11	0.20
<b>Total</b>	<b>13.70</b>	<b>13.90</b>

	(₹ in Lakhs)	
32. Exceptional Items	2018-19	2017-18
Gain on derecognition of Financial Liability as per S4A Scheme	-	(1,900.99)
Impairment of Investment in Associate (refer note below)	53.99	1,424.75
<b>Total</b>	<b>53.99</b>	<b>(476.24)</b>

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 2019. 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 ₹ 53.99 Lakhs (Previous year - ₹ 1,424.75 Lakhs)

(₹ in Lakhs)		
33. Income Tax	2018-19	2017-18
<b>A. The major components of income taxes expense for the year are as under:</b>		
i Income tax expense recognised in the statement of profit and loss	-	-
<b>Current Tax for the year</b>		
Income tax for earlier year	252.86	-
Current Tax	-	-
Deferred Tax	1,611.88	(585.27)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>1,864.74</b>	<b>(585.27)</b>
ii Income tax expense recognised in OCI		
Deferred Tax :		
Deferred tax (expenses) on remeasurement benefit of defined benefit plans	(4.56)	8.21
Income tax (expense) recognised in OCI	(4.56)	8.21
<b>Total Tax (i+ii)</b>	<b>1,860.18</b>	<b>(577.06)</b>
<b>B. Reconciliation of tax expense and the accounting profit for the year is as under</b>	<b>2018-19</b>	<b>2017-18</b>
Profit before tax	(195.58)	(6,154.05)
Income tax expense	(61.02)	(1,920.06)
MAT Credit Reversal	1,448.91	-
Deferred tax assets not recognised because realisation is not probable	-	1,448.00
Effects of permanent disallowances	626.88	-
Utilisation other tax benefits	(432.73)	-
Other Items	25.28	(105.00)
Adjustment in respect of current income tax of earlier year	252.86	-
<b>Tax expenses as per Statement of Profit and Loss &amp; OCI</b>	<b>1,860.18</b>	<b>(577.06)</b>

(₹ in Lakhs)		
34. Other Comprehensive Income	2018-19	2017-18
Remeasurements of the defined benefit plans	(14.60)	26.32
Equity Instruments through Other Comprehensive Income	10.93	3.89
Less : Income tax on the above	4.56	(8.21)
Share in OCI of Associate & Joint Venture	327.69	972.12
<b>Total</b>	<b>328.58</b>	<b>994.12</b>

(₹ in Lakhs)		
35. Earnings Per Share (EPS)	2018-19	2017-18
Earnings Per Share has been computed as under:		
Profit/(Loss) After Tax	(2,060.32)	(5,568.78)
<b>Net Profit for Calculation of Basic and Diluted EPS</b>	<b>(2,060.32)</b>	<b>(5,568.78)</b>
	No.	No.
Weighed average number of equity shares in calculating Basic EPS	38,54,15,000	9,62,45,616
Weighed average number of equity shares in calculating Diluted EPS	38,85,28,000	9,62,45,616
Face value of share (₹)	10	10
Earnings Per Share		
Basic (₹)	(0.53)	(5.79)
Diluted (₹)	(0.53)	(5.79)

### 36. 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 (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, 2019 and March 31, 2018:

Particulars	31st March 2019			31st March 2018		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
Equity instruments*	-	221.49	-	-	210.56	-
Trade receivables	-	-	11,041.49	-	-	10,377.50
Cash and cash equivalents	-	-	1,375.40	-	-	1,352.02
Other Bank Balances	-	-	1,304.77	-	-	2,775.80
Loans	-	-	206.42	-	-	1,161.08
Other Financial Assets	-	-	353.22	-	-	472.96
<b>Total</b>	<b>-</b>	<b>221.49</b>	<b>14,281.30</b>	<b>-</b>	<b>210.56</b>	<b>16,139.36</b>
<b>Financial liabilities</b>						
Borrowing	-	-	81,340.74	-	-	84,156.92
Trade Payable	-	-	15,745.00	-	-	18,397.51
Other financial Liabilities	-	-	4,971.08	-	-	6,311.25
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,02,056.82</b>	<b>-</b>	<b>-</b>	<b>108,865.68</b>

\*Equity investments exclude investments made in associate & joint venture of ₹ 5,067.99 Lakhs (previous year - ₹ 4,794.96 Lakhs) 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.

(₹ in Lakhs)					
31st March, 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments at FVOCI</b>					
Equity instruments		20.74	-	-	20.74
Unquoted		-	-	200.75	200.75
<b>Total financial assets</b>		<b>20.74</b>	<b>-</b>	<b>200.75</b>	<b>221.49</b>
<b>Financial liabilities</b>					
<b>Financial instruments at FVTPL</b>					
Derivative liability		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no movement between level 1 and level 2 during the period.

(₹ in Lakhs)					
31st March, 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments at FVOCI</b>					
Equity instruments*		20.53	-	-	20.53
Unquoted		-	-	190.03	190.03
<b>Total financial assets</b>		<b>20.53</b>	<b>-</b>	<b>190.03</b>	<b>210.56</b>
<b>Financial liabilities</b>					
<b>Financial instruments at FVTPL</b>					
Derivative liability		-	-	-	-
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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:

- Quoted investments (Equity Shares)- Market Value
- Unquoted Investments - As determined by Independent Valuer. The equity shares of ₹ 200.75 Lakhs (previous year - ₹ 190.03 lakhs) 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.
- 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		
		31st March 2019	31st March 2018			
Equity instruments	DCF	194.59	183.75	+(0.5%)	192.87	164.96
				-(0.5%)	196.31	203.91
	NAV	6.16	6.28	+(0.5%)	6.19	6.31
				-(0.5%)	6.13	6.25

v) The following table presents the changes in level 3 items for the periods ended 31st March 2019 and 31 March 2018:

Particulars	(₹ in Lakhs)
<b>As at 31 March 2018</b>	<b>190.03</b>
Gains/losses recognised in other comprehensive income	10.72
<b>As at 31st March 2019</b>	<b>200.75</b>

### 37. 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 summarizes the Net Debt, Equity and Ratio thereof.

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Borrowings (including current maturities)	85,238.80	88,170.19
Less: Cash & Cash Equivalents & Other bank balances (including non current earmarked balances)	2,894.99	4,408.52
<b>Net Debts (A)</b>	<b>82,343.81</b>	<b>83,761.67</b>
Total equity (refer note 14 & 15)	66,542.64	68,274.37
<b>Total equity &amp; Net Debt (B)</b>	<b>1,48,886.45</b>	<b>1,52,036.04</b>
<b>Net debt to capital employed Ratio (A/B)</b>	<b>0.55</b>	<b>0.55</b>

No changes were made in the objective policies & process for expenditure as on 31st March 2019 & 31st March 2018.

#### ii) Dividends

Due to insufficient profits, the group has not declared any dividend for FY 2017-18 and no dividend has been proposed for FY 2018-19.

#### 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 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 2019	Less than 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
<b>Non-derivatives</b>					
Borrowings	24,841.71	4,575.00	4,575.00	47,349.03	81,340.74
Trade payable	15,745.00	-	-	-	15,745.00
Other payables	4,971.08	-	-	-	4,971.08
<b>Total</b>	<b>45,557.79</b>	<b>4,575.00</b>	<b>4,575.00</b>	<b>47,349.03</b>	<b>102,056.82</b>

(₹ in Lakhs)

Contractual maturities of financial liabilities as at 31st March 2018	Less than 1 Year	1-2 years	2-3 Years	More than 3 Years	Total
<b>Non-derivatives</b>					
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	6,311.25	-	-	-	6,311.25
<b>Total</b>	<b>50,092.35</b>	<b>3,521.00</b>	<b>4,575.00</b>	<b>50,677.33</b>	<b>108,865.68</b>

(₹ in Lakhs)

**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 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:

(₹ in Lakhs)

Currency	31st March 2019	31st March 2018
USD	5,640.65	8,000.17
Singapore Dollar	377.07	512.99

**Sensitivity**

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

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
<b>USD sensitivity</b>		
INR/USD- increase by 10% *	(564.06)	(800.02)
INR/USD- decrease by 10% *	564.06	800.02
<b>Singapore Dollar sensitivity</b>		
INR/SGD- increase by 10% *	(37.71)	(51.30)
INR/SGD- decrease by 10% *	37.71	51.30

**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 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:**

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Variable rate borrowing	71,859.66	74,751.35
Fixed rate borrowing	521.35	561.04
<b>Total borrowings</b>	<b>72,381.01</b>	<b>75,312.39</b>

**Sensitivity**

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

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
<b>Interest sensitivity</b>		
Interest rates increases by 100 basis points	718.60	747.51
Interest rates decrease by 100 basis points	(718.60)	(747.51)

**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

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Fair Value of Quoted Equity Investments	20.74	20.53
<b>Total Equity Investments</b>	<b>20.74</b>	<b>20.53</b>

**Sensitivity**

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Increase in market price by 5%	1.04	1.03
Decrease in market price by 5%	(1.04)	(1.03)

**38. Contingent Liabilities (Ind As-37)****Contingent Liabilities and commitments to the extent not provided for in respect of:**

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Excise & Service Tax Matters under dispute/ appeal	2,091.63	1,325.31
Sales Tax & VAT Matters under dispute/ appeal	52.50	121.18
Income Tax Matters under dispute/ appeal	212.34	673.16
Right to Recompense available with the lenders*	27,801.00	27,801.00

\* Right to recompense available to the lenders amounting to Rs. 27,801 Lakhs (previous year - 27,801 lakhs) 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.

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.

**Capital Commitment**

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

39. 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.

(₹ in Lakhs)		
Particulars	31st March 2019	31st March 2018
i The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.	100.87	59.22
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.	0.54	1.73
iv The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.54	1.73
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.	0.54	1.73

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

40. 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 2019 as follows :

(₹ in Lakhs)							
Description	As at 1st April 2017	Addition during the year	Utilized/ Reversed during the year	As at 31st March 2018	Addition during the year	Utilized/ Reversed during the year	As at 31st March 2019
Provision for Excise Duty	435.82	-	435.82	-	-	-	-

41. Operating Lease Company 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 11 months 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. The Group has paid lease rentals of Rs. 84.63 Lakhs ( Previous year - Rs. 78.91 Lakhs).

42. 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 :

(₹ in Lakhs)			
Particulars	31st March 2019	31st March 2018	
a) Provident Fund & ESI	198.55	187.98	

**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 participant 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)	
	2018-19	2017-18
<b>Balance at the beginning of the year</b>	<b>451.44</b>	<b>401.03</b>
Current Service Cost	71.29	62.50
Interest Cost on Defined Benefit Obligation	35.19	29.86
Actuarial (gain)/losses arising from:		
Changes in demographic assumptions		
Changes in financial assumptions	3.82	(24.37)
Experience adjustment	49.40	(3.06)
Past Service Cost	-	11.42
Benefits paid from the plan assets	(71.69)	(25.94)
<b>Balance at the end of the year</b>	<b>539.45</b>	<b>451.44</b>

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)	
	2018-19	2017-18
<b>Balance at the beginning of the year</b>	<b>421.63</b>	<b>348.85</b>
Interest Income on Plan Assets	32.86	25.97
Remeasurement of Defined Benefit Obligation:		
Return on plan assets greater/ (lesser) than discount rate	(6.17)	(1.11)
Employer Contributions to the Plan	71.69	73.86
Benefits Paid from the Plan Assets	(26.88)	(25.94)
<b>Balance at the end of the year</b>	<b>493.13</b>	<b>421.63</b>

e) The amount recognised in the Balance Sheet

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
Present value of Defined Benefit Obligation	539.45	451.44
Fair Value of Plan Assets	(493.13)	(421.63)
<b>Net Asset/(Liability) in the Balance Sheet</b>	<b>46.32</b>	<b>29.80</b>

## f) Expenses recognized in profit or loss

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
Current Service Cost	71.29	62.50
Interest Cost	35.18	29.85
Past Service Cost*		11.42
Interest Income on Plan Assets	(32.86)	(25.97)
<b>Total Defined Benefit Cost recognized in Profit &amp; Loss</b>	<b>73.61</b>	<b>77.80</b>

\*Past Service cost of ₹ 11.42 Lakhs is arising due to change in gratuity ceiling limit from ₹ 10 Lakhs to ₹ 20 Lakhs.

## g) Remeasurements recognized in other comprehensive income

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
<b>Actuarial (gain)/losses arising from:</b>		
Changes in demographic assumptions	-	-
Changes in financial assumptions	3.83	(24.37)
Experience adjustment	4.59	(3.06)
<b>Remeasurement of Defined Benefit Obligation:</b>		
Return on plan assets greater/ (lesser) than discount rate	6.18	1.11
<b>Total Defined Benefit Cost recognized in Other Comprehensive Income</b>	<b>14.60</b>	<b>(26.32)</b>

## h) Major Categories of Plan Assets

Particulars	Gratuity Funded (₹ in lakhs)	
	2018-19	2017-18
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 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 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)	
	2018-19	2017-18
<b>Financial Assumptions</b>		
Discount Rate	7.75%	7.80%
Salary Escalation Rate	7.50%	7.50%
<b>Demographic Assumptions</b>		
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 ₹ 130.59 Lakhs (Previous Year - ₹ 100.82 Lakhs) during the next annual reporting Period to gratuity fund.

l) As at 31st March 2019, the weighted average contribution of the defined benefit obligation was 15 years (previous year- 16 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)	8.34
Between 2 and 5 years	54.53
Between 6 and 10 years	192.11
Beyond 10 years	1,699.15

## 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 Funded (₹ in lakhs)	
	2018-19	2017-18
Defined Benefit Obligation (Base)	539.45	451.43

Particulars	Gratuity (₹ in lakhs)			
	31st March 2019		31st March 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	623.83	469.18	525.54	390.03
Salary Growth Rate (-/+1%)	468.43	622.60	389.35	525.02
Attrition Rate(-/+ 5% Of attrition rates)	539.44	539.46	451.38	451.48
Mortality Rate (- / + 10% of mortality rates)	539.38	539.51	451.37	451.50

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**

43. Information on related party transactions as required by Ind AS - 24 - 'Related Party Disclosures' for the year ended 31st March, 2019 (As identified and certified by the management)

**Related party where control exists**

- a) **Associates**  
AA ESS Tradelinks Private Limited
- b) **Joint Venture**  
Madanpur South Coal Company Limited

d) <b>Key Managerial Personnel &amp; their relatives</b>	
Name	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
Suneeta Mohanty**	Non Executive Independent Director
Navneet Jagatramka	Non Executive Independent Director
Ashok Kumar Soin	Non Executive Independent Director
Kamal Kumar Jain	Chief Financial Officer
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
* Resigned from Board on 25th March, 2019	
** Appointed in Board on 25th March, 2019	

**e) Enterprises over which Key management Personnel and or relatives have significant influence**

Bharat Earth Mover	MSP Mines & Minerals Limited
B.S. Confin Private Limited	MSP Power Limited
Chaman Metallics Limited	MSP Properties India Limited
Emerald Tradelink Private Limited	MSP Sponge Iron Limited
High Time Holdings Private Limited	Orbit Dealcom Private Limited
Howrah Gases Limited	Prateek Mines & Minerals Private Limited
Ilex Private Limited	Procheta Consultants Private Limited
Inertia Enterprise	Rakhi Vinimay Private Limited
Jaik Leasing & Commercial Investment Limited	Sampat Marketing Co. Private Limited
K.C. Texofine Private Limited	Shree Khatupati Mercantiles Private Limited
M.A. Hire Purchase Private Limited	Shreevadh Mercantile Private Limited
Mayur Media Services Private Limited	Shri Enterprise
Mecha Cast International	Subh Enterprise
MSP Infotech Private Limited	West Sintex
MSP Metallics Limited	

**MSP Steel & Power Limited  
Summary**

(₹ in Lakhs)

Particulars	Subsidiary Company		Associated Company		Jointly Controlled Entity		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Sales	-	-	-	-	-	-	-	-	3,728.51	3,011.36	3,728.51	3,011.36
Purchase of Raw Material & Components Consumed	-	-	-	-	-	-	-	-	5,304.16	3,947.89	5,304.16	3,947.89
Directors' Remuneration	-	-	-	-	-	-	104.73	97.80	-	-	104.73	97.80
Key Managerial Remuneration	-	-	-	-	-	-	31.01	26.98	-	-	31.01	26.98
Professional Charges Paid	-	-	-	-	-	-	3.10	4.27	46.02	31.75	49.12	36.02
Expenses Reimbursed by party	-	-	-	-	-	-	8.74	3.70	6.22	15.26	14.96	18.96
Expenses Reimbursed by us	-	-	-	-	-	-	-	-	48.99	22.90	48.99	22.90
Rent paid	-	-	-	-	-	-	16.80	3.81	52.66	38.75	69.46	42.56
Vehicle Hire Charges Paid	-	-	-	-	-	-	-	-	35.65	5.89	35.65	5.89
Equipment Hire Charges Paid	-	-	-	-	-	-	-	-	256.99	128.58	256.99	128.58
Repair & Maintenance Charges Paid	-	-	-	-	-	-	-	-	-	0.18	-	0.18
Loans & Advances Given	0.20	-	0.18	1.14	-	-	-	-	2.21	-	2.58	1.14
Repayment of Loans & Advances Given	-	-	-	-	-	-	1.91	0.08	2.21	-	4.12	0.08
Repayment of Loans & Advances	-	-	-	-	-	-	-	-	26.23	60.00	26.23	60.00
Loans & Advances Taken	-	-	-	-	-	-	-	-	6.93	28.24	6.93	28.24
Loans & Advances Taken on Allotment of Share under S4A Scheme	-	-	-	-	-	-	-	-	-	7,800.21	-	7,800.21
Guarantee Obtained	-	-	-	-	-	-	1,227.09	1,105.69	-	-	1,227.09	1,105.69

Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18	
Sales	Howrah Gases Limited	216.35	-	
	MSP Sponge Iron Limited	3,512.17	3,011.36	
Purchase of Raw Material & Components Consumed	Chaman Metallics Limited	131.82	-	
	Howrah Gases Limited	72.49	-	
	MSP Metallics Limited	-	10.46	
	MSP Sponge Iron Limited	5,099.85	3,937.43	
Directors' Remuneration	Dhananjay Uchit Singh	9.89	8.00	
	Manish Agrawal	30.00	30.00	
	Saket Agrawal	35.43	32.90	
	Suresh Kumar Agrawal	29.40	26.90	
Key Managerial Remuneration	Kamal Kumar Jain	25.41	22.47	
	Shreya Kar	5.60	4.52	
Professional Charges Paid	Kapil Deo Pandey	3.10	4.27	
Expenses Reimbursed by party	MSP Mines & Minerals Limited	46.02	31.75	
	Dhananjay Uchit Singh	1.22	-	
	Howrah Gases Limited	1.38	3.57	
	Kamal Kumar Jain	0.88	2.11	
	Kapil Deo Pandey	0.12	0.23	
	K.C. Texofine Private Limited	1.06	2.07	
	Manish Agrawal	-	0.62	
	MSP Infotech Private Limited	0.24	0.23	
	MSP Mines & Minerals Limited	-	0.04	
	MSP Properties India Limited	1.92	4.98	
	Saket Agrawal	-	0.75	
	Suresh Kumar Agrawal	6.52	-	
	Shree Khatupati Mercantiles Private Limited	1.63	4.38	
	Expenses Reimbursed by us	MSP Sponge Iron Limited	48.99	22.90
	Rent paid	Ekta Agrawal	9.60	2.13
K.C. Texofine Private Limited		15.00	2.03	
MSP Properties India Limited		22.66	23.73	
Richa Agrawal		7.20	1.68	
Shree Khatupati Mercantiles Private Limited		15.00	13.00	
Vehicle Hire Charges Paid	Howrah Gases Limited	7.08	-	
	Mayur Media Services Private Limited	4.20	-	
	MSP Infotech Private Limited	10.10	5.89	
	MSP Properties India Limited	4.67	-	
	Shreevadhu Mercantile Private Limited	9.60	-	
Equipment Hire Charges Paid	Bharat Earth Mover	66.66	34.66	
	Inertia Enterprise	65.79	35.83	
	Mecha Cast International	32.30	17.50	
	Shri Enterprise	22.38	3.54	
	Subh Enterprise	31.02	13.93	
	West Sintex	38.83	23.12	
Repair & Maintenance Charges Paid	Shri Enterprise	-	0.18	
Loans & Advances Given	AA ESS Tradelinks Private Limited	0.18	1.14	
	MSP Cement Limited	0.20	-	
	Rakhi Vinimay Private Limited	2.21	-	
Repayment of Loans & Advances Given	Dhananjay Uchit Singh	0.21	0.08	
	Kamal Kumar Jain	1.70	-	
	Rakhi Vinimay Private Limited	2.21	-	
Repayment of Loans & Advances	Howrah Gases Limited	26.23	-	
	Orbit Dealcom Private Limited	-	60.00	
Loans & Advances Taken	Ilex Private Limited	-	-	
	Howrah Gases Limited	2.93	23.30	

Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18
Loans & Advances Taken on Allotement of Share under S4A Scheme	Orbit Dealcom Private Limited	4.00	4.94
	B.S. Confin Private Limited	-	103.21
	Emerald Tradelink Private Limited	-	65.00
	High Time Holdings Private Limited	-	1,833.00
	Ilex Private Limited	-	1,465.00
	Jaik Leasing & Commercial Invt. Limited	-	915.00
	M.A. Hire Purchase Private Limited	-	560.00
	Procheta Consultants Private Limited	-	704.00
	Sampat Marketing Co. Private Limited	-	2,155.00
Guarantee Obtained	Manish Agrawal	334.27	299.33
	Puranmal Agrawal	232.18	224.37
	Saket Agrawal	371.38	320.29
	Suresh Kumar Agrawal	289.25	261.70
Loans & Advances (Closing Balance)	AA ESS Tradelinks Private Limited	445.73	445.55
	Dhananjay Uchit Singh	-	0.21
	Kamal Kumar Jain	-	1.70
	MSP Cement Limited	0.20	0.01
	MSP Mines & Minerals Limited	1.63	1.63
	MSP Properties India Limited	3.33	4.41
Trade Receivable (Closing Balance)	MSP Sponge Iron Limited	2,874.63	1,943.70
Trade Payable (Closing Balance)	Bharat Earth Mover	6.09	12.06
	Chaman Metallics Limited	131.82	-
	Dhananjay Uchit Singh	-	0.49
	Ekta Agrawal	0.72	0.72
	Howrah Gases Limited	27.16	144.02
	Inertia Enterprise	5.56	10.67
	Kamal Kumar Jain	-	1.33
	Kapil Deo Pandey	0.35	0.35
	K.C. Texofine Private Limited	0.80	-
	Manish Agrawal	-	1.34
	Mecha Cast International	2.90	8.70
	MSP Infotech Private Limited	0.88	0.85
	MSP Metallics Limited	375.75	507.77
	Richa Agrawal	0.54	0.54
	Saket Agrawal	-	5.57
	Shreevadhu Mercantile Private Limited	0.72	-
	Shree Khatupati Mercantiles Private Limited	1.13	1.13
	Shreya Kar	-	0.32
	Shri Enterprise	2.49	1.34
	Subh Enterprise	3.07	4.64
Suresh Kumar Agrawal	6.52	-	
West Sintex	3.13	8.00	
Other Liabilities (Closing Balance)	MSP Mines & Minerals Limited	5.19	4.84
Loans & Advances Taken (Closing Balance)	B.S. Confin Private Limited	103.21	103.21
	Emerald Tradelink Private Limited	65.00	65.00
	High Time Holdings Private Limited	1,833.00	1,833.00
	Howrah Gases Limited	-	23.30
	Ilex Private Limited	1,545.00	1,545.00
	Jaik Leasing & Commercial Invt. Limited	915.00	915.00
	M.A. Hire Purchase Private Limited	560.00	560.00
	Orbit Dealcom Private Limited	66.80	63.20
	Prateek Mines & Minerals Private Limited	2.77	2.83
	Procheta Consultants Private Limited	704.00	704.00
Sampat Marketing Co. Private Limited	2,155.00	2,155.00	

		(₹ in Lakhs)	
Nature of Transactions (including taxes & duties where ever applicable)		2018-19	2017-18
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	131.96
	MSP Cement Limited	58.07	58.07
	MSP Metallica Limited	402.00	402.00
	MSP Power Limited	0.80	0.80
	MSP Properties India Limited	0.75	0.75
	MSP Sponge Iron Limited	49.50	49.50

#### 44. Segment information

The Group is engaged in manufacturing of "Iron and Steel". 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 information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

(₹ in Lakhs)		
Revenue from external customers	FY 2018-19	FY 2017-18
India	157,912.35	109,122.47
Outside India	9,067.84	8,739.41
	<b>166,980.19</b>	<b>117,861.88</b>

(₹ in Lakhs)		
Non-Current Assets*	FY 2018-19	FY 2017-18
India	96,093.72	101,337.91
Outside India	-	-
	<b>96,093.72</b>	<b>101,337.91</b>

\* 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 Group) is ₹ 19,187.59 Lakhs (Previous Year ₹ 17,779.78 Lakhs) reported under Iron & Steel segment.

#### 45. 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.

(₹ in Lakhs)		
Particulars	As at 31st March 2019	As at 31st March 2018
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	32.30	3.54
ii) On purposes other than as mentioned in (i) above	68.70	43.25
Provision made in relation to CSR expenditure	Nil	Nil

#### 46. Assets pledged as security

The carrying amounts of assets pledged as security are:

(₹ in Lakhs)			
Particulars	Refer Note No.	As as 31st March, 2019	As as 31st March, 2018
<b>For Term Loan</b>			
<b>First Charge</b>			
<b>Equitable Mortgage</b>			
Land	3	926.80	926.80
Factory Building	3	10,071.45	10,501.25
Other Building	3	6,543.96	6,828.23
<b>First Hypothecation</b>			
Other Non Current Assets	3	78,314.13	83,003.14
Capital Work in Progress	3	112.50	19.60
<b>Second Charge</b>			
(a) Inventories	9	37,188.75	35,114.76
(b) Financial Assets			
(i) Trade Receivables	10	11,041.49	10,377.50
(ii) Cash and Cash equivalents	11	1,372.92	1,349.54
(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80
(iv) Loans	5	-	934.44
(v) Other Financial Assets	6	138.39	137.31
(c) Other Current Assets	13	12,750.52	15,062.68
<b>Total Assets Pledged against Term Loan</b>		<b>159,765.68</b>	<b>167,031.04</b>
<b>For Cash Credit</b>			
<b>First Charge</b>			
(a) Inventories	9	37,188.75	35,114.76
(b) Financial Assets			
(i) Trade Receivables	10	11,041.49	10,377.50
(ii) Cash and Cash equivalents	11	1,372.92	1,349.54
(iii) Bank Balances other than (ii) above	12	1,304.77	2,775.80
(iv) Loans	5	-	934.44
(v) Other Financial Assets	6	138.39	137.31
(c) Other Current Assets	13	12,750.52	15,062.68
<b>Second Charge</b>			
(a) Property, Plant and Equipment	3	95,856.34	101,259.41
(b) Capital Work in Progress	3	112.50	19.60
<b>Total Assets Pledged against Cash Credit</b>		<b>159,765.68</b>	<b>167,031.04</b>

47. 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. Further, pursuant to instructions of RBI circular of February 12th 2018, four out of the eleven banks have not yet classified account of the holding company as 'Standard' on the balance sheet date. Further two banks have not charged interest of Rs 486.25 lakhs for the year 2018-19. However, the holding company has transferred the interest due to all bankers to the cash credit account and adequate provision has been made in the books of accounts as per the restructuring plan.

#### 48 Group Information

The Consolidated Financial Statements relate to MSP Steel & Power Limited ('the Holding Company'), its subsidiaries & associates and its jointly controlled entity (collectively referred to as 'Group'). The details are given below:

Name of Company	Place of Incorporation	Relation	Proportion of Interest
<b>Indian Subsidiary</b>			
MSP Cement Ltd	India	Subsidiary	100%

#### Joint Venture

The Holding Company has a 14.54% interest in Madanpur South Coal Company Ltd. (Previous Year - 14.54%)

#### Associate

The Holding Company has a 42.75% interest in AA ESS Tradelinks Pvt Ltd. (Previous Year - 42.75%)

**49. Disclosure of additional information pertaining to the Parent Company, Subsidiaries, Associate and Joint Venture in respect of Net Assets:**

(₹ in Lakhs)

Entity Name	2018-19		2017-18	
	% of Consolidated dated Assets	Amount	% of Consolidated dated Assets	Amount
<b>Holding Company</b>				
MSP Steel & power Limited	92.30	61,416.54	92.89	63,421.35
<b>Indian Subsidiary</b>				
MSP Cement Ltd	0.09	58.06	0.09	58.06
<b>Joint Venture</b>				
Madanpur South Coal Company Ltd	0.19	123.52	0.18	120.52
<b>Associate</b>				
AA ESS Tradelinks Pvt Ltd	7.43	4,944.52	6.85	4,674.44
<b>Total</b>		<b>66,542.64</b>		<b>68,274.37</b>

**50. 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):**

(₹ in Lakhs)

Entity Name	Share of Profit		OCI		TCI	
	As on 31st March 2019	As on 31st March 2018	As on 31st March 2019	As on 31st March 2018	As on 31st March 2019	As on 31st March 2018
<b>Holding Company</b>						
MSP Steel & power Limited	(2,059.63)	(5,570.52)	0.89	22.00	(2,058.74)	(5,548.52)
Indian Subsidiary						
MSP Cement Ltd	-	-	-	-	-	-
<b>Joint Venture</b>						
Madanpur South Coal Co. Ltd.	(0.58)	2.63	3.52	(1.31)	2.94	1.32
<b>Associate</b>						
AA ESS Tradelinks Pvt Ltd	(0.11)	(0.89)	324.17	973.43	324.06	972.54
<b>Total</b>	<b>(2,060.32)</b>	<b>(5,568.78)</b>	<b>328.58</b>	<b>994.12</b>	<b>(1,731.74)</b>	<b>(4,574.66)</b>

**51. Investment in Joint Venture**

The Group has a 14.54% interest in Madanpur South Coal Company Ltd (Previous Year - 14.54%). 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.

Particulars	Place of Incorporation	Proportion of Interest	
		31st March 2019	31st March 2019
Madanpur South Coal Company Ltd.	India	14.54%	14.54%

The following table illustrates the aggregate financial information relating to joint ventures as required by Ind AS

Particulars	31st March 2019	31st March 2019
Carrying Amount of Interest in Joint Venture	123.47	120.52

Particulars	31st March 2019	31st March 2019
Accumulated Group share of Profit & OCI	(8.49)	(11.44)

**52. 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.

Particulars	Place of Incorporation	Proportion of Interest	
		31st March 2019	31st March 2019
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:

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2019
Carrying Amount of Interest in Associate	4,944.52	4,674.44

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2019
Accumulated Group share of Profit & OCI	2,052.58	1,728.51

**53 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.

**54** Miscellaneous Expenses include de-recognition of financial asset (Trade Receivables/Advances/Loan) on account of irrecoverability, the contractual right to receive cash flow from the financial asset of Rs. 2,123.75 Lakhs (Previous Year - Rs. 338.63 Lakhs)

**55** Value of inventories is stated after provisions (net of reversal) Rs. 756.02 Lakhs (March 31, 2018: Rs. Nil Lakhs) for write-downs to net realizable value and provision for slow-moving and obsolete items.

**56** The previous year's figures have been regrouped, rearranged and reclassified to conform to the classification of the current year, wherever necessary.

**57** The financial statements have been approved in Audit Committee meeting held on 30.05.2019 and approved by the Board of Directors on the same day.

For Singhi & Co  
Firm Registration No.-302049E  
Chartered Accountants  
Anurag Singhi  
Partner  
Membership No.-066274  
Kolkata, 30th May, 2019

For and behalf of Board of Directors

Suresh Kumar Agrawal  
Chairman  
DIN - 00587623

Saket Agrawal  
Managing Director  
DIN - 00129209

Kamal Kumar Jain  
Chief Financial Officer

Shreya Kar  
Company Secretary