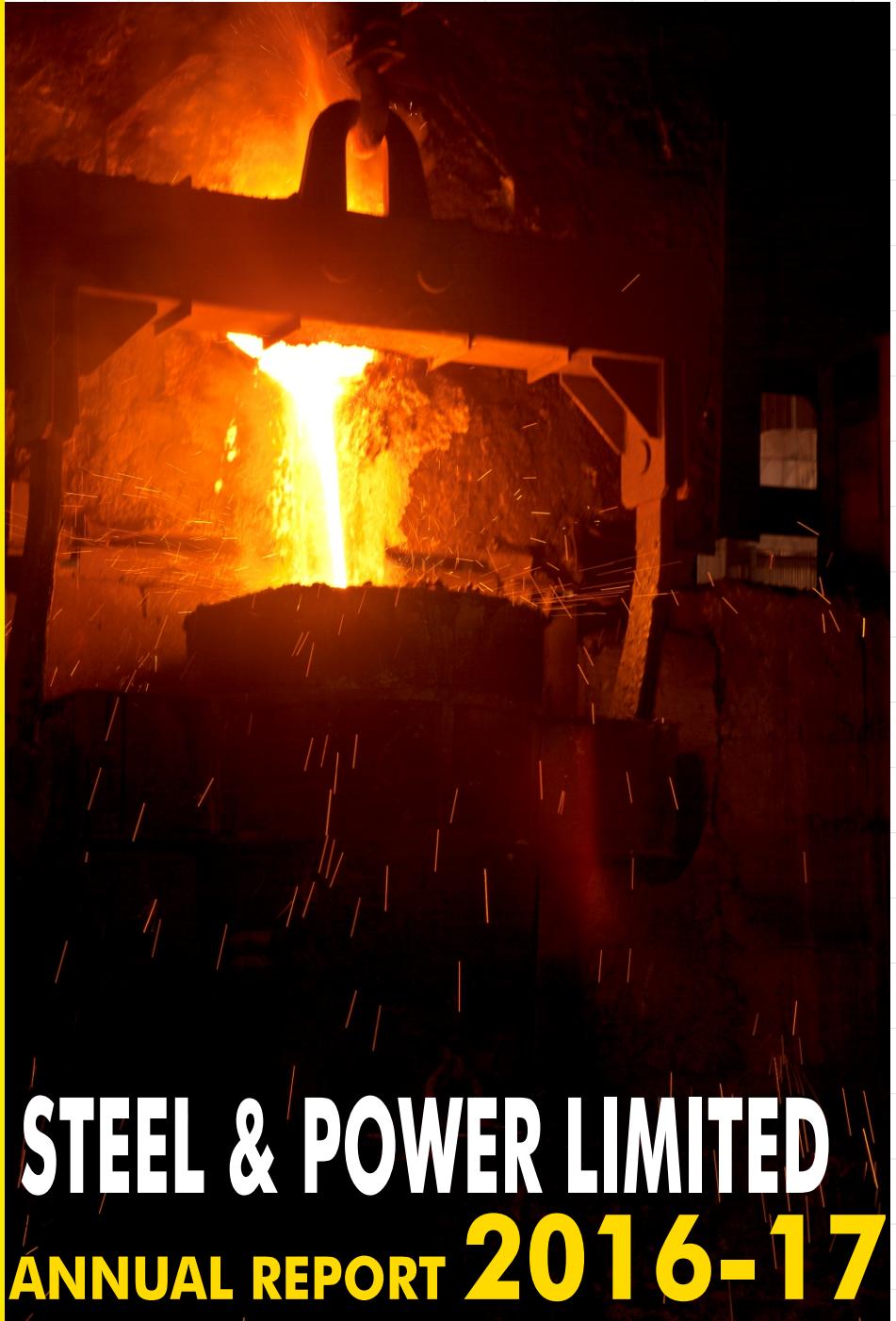


We believe ...
in steel...



MSP STEEL & POWER LIMITED
ANNUAL REPORT 2016-17



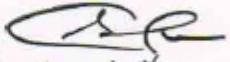


National Energy Conservation Award

*In appreciation of the achievements
in Energy Conservation in the
Shonge Iron Sector
for the year 2016*

*Government of India, Ministry of Power
is pleased to award the First Prize to
Ms M&P Steel & Power Limited
Dist. Raigarh (Chhattisgarh)*

*Ministry of Power
New Delhi
14 December, 2016*


*Secretary to the
Government of India*

GLIMPSE OF **MSP**

MISSION OF **SUCCESS**

“We believe in ourselves to build the nation by providing highest quality steel at affordable price and create value for all stakeholders.”

VISION OF **PROGRESS**

TO BE AN ADMIRE & LEADING STEEL PRODUCER

MSP **TMT**
BARS

ज्यादा लोहे की ताकत

OUR CORE VALUES

1. INTEGRITY

Be honest in your work, be responsible & accountable. Be fair, loyal & sincere.

2. INNOVATION

Continuously strive to achieve value innovation through improved technologies, product & processes.

3. TEAMWORK

Be transparent & motivate each other. Trust, respect, support & participate.

4. EXCELLENCE

Strive to achieve highest standards in the quality of our products & services, our day to day activities & inter-personal behaviour.

Today **MSP** is an integrated steel plant with backward integrated facilities to manufacture pellet and captive power. Besides, it boasted of facilities like bar and structure mills, coal washery, billet and units amongst other.

PRODUCT RANGE

[Pellets]

[Sponge Iron]

[TMT Bar]

[Billet]

[Power]

[Joints]

[Angles]

[Channels]

[Beams]

MSP PRODUCTION WEB

We have manufacturing facilities in Jamgao , Raigarh in Chattisgarh

Core Committee

Board of Directors

- **Mr. Suresh Kumar Agrawal**
Chairman
- **Mr. Saket Agrawal**
Managing Director
- **Mr. Dhananjay Uchit Singh**
Executive Director
- **Mr. Manish Agrawal**
Non Executive Promoter Director
- **Mr. Kapil Deo Pandey**
Non- Executive Independent Director
- **Mrs. Priyanka Tiwari**
Non- Executive Independent Director
- **Mr. Navneet Jagatramka**
Non- Executive Independent Director
- **Mr. Ashok Kumar Soin**
Non- Executive Independent Director

Management Team

- **Mr. Kamal Kumar Jain**
Chief Financial Officer
- **Ms. Shreya Kar**
Company Secretary
- **Mr. Amit Agarwal**
Chief Risk Officer and Vice President-Finance

Bankers

Auditors

- **M/s Sunil Agrawal & Associates**
Statutory Auditor
- **M/s Ernst & Young LLP**
Internal Auditor
- **M/s PS & Associates**
Secretarial Auditor
- **Mr. Sambhu Banerjee**
Cost Auditor

- **State Bank of India**
- **Kotak Mahindra Bank**
- **Syndicate Bank**
- **UCO Bank**
- **Indian Overseas Bank**
- **Allahabad Bank**
- **Corpoaration Bank**
- **DBS Bank Limited**
- **ICICI Bank Limited**
- **Union Bank of India**
- **Dena Bank**
- **Oriental Bank of Commerce**

Corporate Identification Number

L27109WB1968PLC027399

Stock Exchange(s)

National Stock Exchange of India Limited (**NSE**)
Bombay Stock Exchange Limited (**BSE**)

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Share Registrar

Karvy Computershare Pvt. Ltd.
46, Avenue4, Street No. 1,
Banjara Hills, Hyderabad – 500 034
Ph. No.: (040) -2331-2454/2332
Fax No.: (040)-2331-1968
E-mail:einward.ris@karvy.com
Website: www.karvy.com

Office Address

Registered. Office: 1, Crooked Lane,
Kolkata – 700 069
Ph.No.:033-22483795;
Fax No.,: 033 22484138

Corporate Office: 16/S, Block-A, New-Alipore
Kolkata – 700 053
Ph.Nos.: 033-4005 7777/
2399 00383980
Fax Nos.:033-40057788/23982239
E-mail:investor.contact@mspsteel.com

**48th Annual General Meeting on Saturday, 23rd
September, 2017 at 12.30 PM at Kala Kunj,
48 Shakespeare Sarani,
Kolkata- 700017**

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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 result of new information, future events or otherwise.

View online <http://mspsteel.com/annual-report>

View Stock Exchange compliances: <http://mspsteel.com/stock-exchange-compliances>

DIALECT FROM

MANAGING DIRECTOR

“ We believe in ourselves to build the nation by providing highest quality steel at affordable price and create value for all stakeholders thereby marching with a vision to make ourselves as one of the most Admired & Leading Steel Producer. ”



India steel sector irrespective of all challenges, has posted a robust 11% growth in production in 2016-17 at 101.2MT even as domestic consumption remained anaemic mainly due to poor off take from the end-use segments like construction, automobiles and white good sector. India is the world's third-largest producer of crude steel (up from eighth in 2003) and is expected to become the second-largest producer. The steel sector is one of the biggest sector which provided mass employment and contributes nearly two per cent of the country's Gross Domestic Product (GDP). The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. The steel sector has been a major contributor to India's manufacturing output. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels. The various government initiatives taken to keep the investment fund flowing in Indian Steel Sector are have also contributed largely to the growing Indian Steel Industry. There are various other policies like make in India, digitalization, policies on Domestically manufactured iron & steel products. Government has also planned for Special purpose vehicles (SPVs) with four iron ore rich states i.e. Karnataka, Jharkhand, Orissa and Chattisgarh to set up steel plants having capacity between 3 to 6MTPA. Driven by rising infrastructure development and growing demand for automotives steel consumption is expected to reach 104MT by 2017. As per the recent data of Joint Plant Committee exports have more than doubled during the year to 8.24 from 4.07MT a year ago. Imports on the other hand have declined by 37% to 7.42MT during the year, making India a net exporter of steel.

The New industrial policy opened up the Indian Iron and Steel industry for private investment by removing it from the list of industries reserved for public sector and exempting it from compulsory licensing. Imports of foreign technology foreign direct investment is now freely permitted up to certain limits under an automatic route.

MSP Steel & Power Limited is an integrated steel producing company with high end steel manufacturing capabilities. We have imperative locations of steel plants at Jamgaon Raigarh in Chattisgarh. We at MSP look beyond the challenges thereby trying to mould our challenges into opportunities and apply our abilities with right focus and foresight.

On behalf of the Company's Board of Directors, I would like to thank shareholders, customers, financial institutions, suppliers, community, concerned government agencies and private organisations, including the Company's management and employees for the support all along in every activity, even though the Company is facing a difficult situation as well as collaboration in the future. Your support will encourage the Company to successfully complete Business Rehabilitation, in order to move the business forward, overcome the debt burden and generate normalised profit in the future.

Mr. Saket Agrawal
Managing Director

SOCIAL & CORPORATE RESPONSIBILITY

By the Core Values and its forlong Mission and Vision, MSPL have continued to be the organization which practices responsible employment practices thereby making the attrition rates to the lowest level. Vivid training structures due to business needs and technology advancing, your company have strive for its best practices for training its employees to retain them for a continued term.

- Saket Agrawal, Managing Director

CORPORATE SOCIAL RESPONSIBILITY

AT MSP, WE REALISE THAT BUSINESS SUSTAINABILITY IS CLOSELY LINKED TO COMMUNITY UPLIFT, WORKPLACE SAFETY AND ENVIRONMENTAL PROTECTION. THE RESULT IS THAT WE UNDERTOOK MULTIPLE INITIATIVES TO ENSURE THAT OUR PEOPLE AND THE PLANET THEY INHABIT ARE SAFE, AND WILL REMAIN SO FOR YEARS TO COME.

ENVIRONMENTAL FOCUS

The standard company policy reconciles close monitoring of energy and water consumption and also focuses on planting trees in villages and in the adjoining areas of the company.

WORKPLACE SAFETY

Our corporate focus revolves around safer processes, minimised effluent discharge and zero work place injuries.

COMMUNITY UPLIFTMENT

We provide social infrastructure such as installation of tubewells & motors, transportation service, organize regular cleaning of ponds and enrich human capabilities.

MEDICAL SERVICES

Our company has established health care centre for local villagers and conducts medical check-up for office staff & villagers. We provide 24-hour ambulance service, connecting large rural swathes with medical dispensaries and hospitals.

VOCATIONAL DEVELOPMENT

We provide extensive hands-on training to the local youth, with a view to enhance employment opportunities. We also absorb them in our factories, enhancing their work potential.

PURIFIED WATER

We supply purified water through tankers to villages around our plant vicinity, especially in the hot summer months.

INFRASTRUCTURE

We construct roads and culverts for smooth transportation. We also provide assistance in building school boundary & play ground.

EDUCATION

We provide education facilities, uniforms and school books to children free of cost. We have also distributed teaching aids across different government schools in Raigarh.

ETHICAL GOVERNANCE

Our Board of Directors and senior management oversee governance processes, which involve organising investor meet & sharing information to enhance transparency.



MSP PUBLIC SCHOOL (ENGLISH MEDIUM)

GAGOR RAIGARH (C.G)



Corporate Sustainability

At MSP Steel, we believe in complete balance by giving back to the society for everything we've received. We believe in being a responsible corporate citizen.

DIALECT OF **CHAIRMAN**

“ MSP STEEL & POWER LIMITED HAS CORE VALUES WHICH HAVE IMPARTED IMMENSE ZEAL AMONGST THE EMPLOYEES TO CONTINUE THEIR PROLONG EFFORTS AND DEDICATION TOWARDS OUR COMPANY. ”



As per the Global Market, it is a fact that price regulation of iron & steel was abolished on 16.01.1992, since then steel prices are determined by the interplay of market forces. Government is helping the steel market to revive its importance and strength.

Currently GST of 18% is applicable on steel and there is no export duty on steel items. In February 2016, the Indian Government had imposed the Minimum Import Price (MIP) condition on 173 steel products. The MIP was extended thrice and ceased to be effective in February 2017. Currently, a mix of anti-dumping /safeguard and other measures are in place on a range of steel items to control the inflow of cheap steel. Further, a Steel Price Monitoring Committee has been constituted by the Government with the aim to monitor price rationalization, analyze price fluctuations and advise all concerned regarding any irrational price behaviour of steel commodity. The Indian steel Industry is very modern with state-of-the-art steel mills. It has always strive for continuous modernization and up-gradation of older plants and higher energy levels. Our country has recorded a rise of 7.4% from 2015 in crude steel production during 2016 taking the amount to 95.6 MT. The crude steel capacity utilization ratio of the 66 countries in December 2016 was 68.1%. This is 2.8% points higher than December 2015. The average capacity utilization in 2016 was 69.3% compared to 69.7% in 2015. For the year 2016, World crude steel production reached 1,628.5MT, up by 0.8% compared to 2015. Growth in the country's steel production was sustained during the April-October period of the current fiscal even as consumption failed to keep pace, thanks to rising exports and declining imports. Demonetization of high-value currency during this month temporarily had a deflationary impact on cash-based steel sales, especially long products used in real estate, construction and infrastructure projects. Of the 801 MT of annual steel produced in India, about 50% is handled by unorganized secondary steel producers who trade largely in cash.

As for CSR, the Company has diligently focused our social responsibility both in-process and after-process. The Company highly values its engagement with stakeholders, which allows us to understand their arising concerns. These concerns are inputs for us to frame our CSR activities in order to more accurately target at stakeholders' rising needs amidst the changing world in all economic, social and environmental dimensions. We also ensure that this framework of CSR conducts is extended to all parts of the group in the same manner under close supervision from the Board of Directors.

The Core Values to work consists of integrity, innovation in various fields, Teamwork and excellence to strive to achieve highest standards in the quality of our products & services .

The Board of Directors is committed to sustainable development and is determined to conduct business under the principle of good governance and social responsibility. They also view corruption as a risk to business and the country as a whole.

Mr. Suresh Kumar Agrawal
Chairman

"The finest steel has to go through the hottest fire"

-By Richard M Nixon

The Union Cabinet has given its approval for National Steel Policy (NSP) 2017 on 30.05.17. The new steel policy enshrines the long term vision of the Government to give impetus to the steel sector. The above policy helps in enhancing the technology and competitive steel industry thereby increasing the per capita consumption. The policy envisages to meet the entire demand of the steel markets thereby reducing dependency on import.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2016-2017

Steel is crucial to the development of any modern economy and is considered to be the backbone of human civilization. The level of per capita consumption of steel is treated as an important index of the level of socio-economic development and living standards of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flows and income generation. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.

Global economy

In 2016, while China continued to rule global steel markets, India remained the 3rd Largest global crude steel producer, the 3rd largest finished steel consumer but emerged as the 2nd largest DRI producer in the world, under the impact of a plethora of measures in January 2017. But the sheer negativity in the numbers back home indicate that resurgence in domestic steel demand – with its whole lot of growth prospects- is a pre-requisite to steer domestic steel industry to its next phase of growth.

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth (after five quarters of drag). Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favor of leaving the European Union (Brexit). Economic performance across emerging market and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Economic performance across emerging market and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

Uncertainties Clouding the growth Prospects:



Outlook

According to the latest projections by the World Bank, world economic growth is projected to pick up to 2.7 percent in 2017 from a sluggish rate of 2.3 percent last year. Advanced-economy growth is expected to recover moderately to 1.8 percent in 2017. In the United States, manufacturing activity will likely rebound, contributing to a mild pickup in growth. In the Euro Area and Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year.

In China, growth is projected to moderate to 6.5 percent in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade, and slower private investment.

The new U.S. administration is expected to diverge sharply from the policy path trod by its predecessor. Because developments in the U.S. economy, the world's largest, have effects far beyond its shores, the changes in policies will likely have substantial global implications. The new policy path would also have implications for inflation and asset prices. A tightening of U.S. financial conditions –

whether due to faster-than-expected U.S. Federal Reserve policy tightening or other reasons – would be felt across global financial markets, and could have adverse effects on emerging and developing economies that rely heavily on external financing.

Another significant concern clouding the outlook is the substantial slowdown in investment growth in emerging market and developing economies in recent years.

Thus there is ample of reasons for clouding the growth of the economy political uncertainty, subdued foreign direct investments, policies are to name a few.

Indian Economy

The Indian economy advanced 6.1 percent year-on-year in the first quarter of 2017, slowing sharply from a 7 percent expansion in the previous period and well below market expectations of 7.1 percent. It is the lowest growth rate since the last quarter of 2014, due to a slowdown in consumer spending and a drop in investment, following the demonetization program started in November of 2016 that removed 86 percent of India's currency in circulation. In addition, the government changed the GDP base year for 2011-2012 from 2004-2005. The same change was made earlier for industrial production and wholesale prices indexes, with adjustments in the weights of the different industries. Considering the April 2016-March 2017 period, the economy advanced 7.1 percent, in line with the official estimate but below 8 percent in the previous year. GDP Annual Growth Rate in India averaged 6.12 percent from 1951 until 2017, reaching an all time high of 11.40 percent in the first quarter of 2010 and a record low of -5.20 percent in the fourth quarter of 1979.

Year-on-year, private spending rose 7.3 percent, slowing from an 11.1 percent gain in Q4 2016 and gross fixed capital formation shrank 2 percent, following a 1.6 percent gain in Q4. In addition, exports (10.3 percent compared to 4 percent in Q4) rose less than imports (11.9 percent compared to 2.1 percent in Q4). In contrast, government expenditure jumped 31.9 percent, higher than 20.9 percent in Q4.



India GDP Annual Growth Rate

By industry, the most important and the fastest growing sector of Indian economy are services. Trade, hotels, transport and communication; financing, insurance, real estate and business services and community, social and personal services account for more than 60 percent of GDP. Agriculture, forestry and fishing constitute around 12 percent of the output, but employs more than 50 percent of the labor force. Manufacturing accounts for 15 percent of GDP, construction for another 8 percent and mining, quarrying, electricity, gas and water supply for the remaining 5 percent.

OUTLOOK

The united nations world economic situation and prospects (WESP) 2017 report said India's economy is projected to grow by 7.7% in the Fy2017 and 7.6% in 2018, benefiting from private consumption. However cautioned low capacity utilization and stressed balance sheets of banks and business will prevent a strong investment revival in short term.

China's growth was steady with 6.5% for FY 2017 and 2018, backed by domestic demand and accommodative fiscal measure through public-private partnerships and policy banks.

India has positioned itself as the most dynamic emerging economy among the largest countries and is expected to remain the fastest growing on the back of robust private consumption and significant domestic reforms gradually being implemented by the govt. it estimated that in the 2016 fiscal year, India grew by 7.6%.

India would also prosper in terms of investment inflow due to monetary easing and govt. reforms like GST etc thus strengthening the infrastructure investments.

REFORMS FOR INDIA:

Bankruptcy and
Insolvency Code

Liberalisation of
FDI Norms

Goods and
Service Tax
Amendment Bill

Indian Steel Market

The Indian steel Industry is very modern with state-of-the-art steel mills. It has always strive for continuous modernization and up-gradation of older plants and higher energy levels. Our country has recorded a rise of 7.4% from 2015 in crude steel production during 2016 taking the amount to 95.6 MT. The crude steel capacity utilization ratio of the 66 countries in December 2016 was 68.1%. This is 2.8% points higher than December 2015. The average capacity utilization in 2016 was 69.3% compared to 69.7% in 2015. For the year 2016, World crude steel production reached 1,628.5MT, up by 0.8% compared to 2015. Growth in the country's steel production was sustained during the April-October period of the current fiscal even as consumption failed to keep pace, thanks to rising exports and declining imports.

Demonetization of high-value currency during this month temporarily had a deflationary impact on cash-based steel sales, especially long products used in real estate, construction and infrastructure projects. Of the 801 MT of annual steel produced in India, about 50% is handled by unorganized secondary steel producers who trade largely in cash.

Experts also feel positive about the demand for steel back at home. Steel producers are expecting the market of the country to pick up soon, after a long lull. However during the April-December, 2017 period of the current fiscal the Indian Steel industry has clocked a handsome 10.5% growth in production, riding on a sharp rise in output by all major steel producers.

Steel Demand is facing new Challenges

- Risk of secular stagnation in developed countries
- Rising income inequality threatening growth and middle class base

- Deceleration of population growth and ageing population
- Premature deindustrialization of newly developing countries
- Spreading circular economy concept and impact on steel demand
- Digitalisation trend and impact on steel use.

Government Initiatives:



- Updated version of NSP, 2005.
- The Union Cabinet, Govt. of India has approved the NSP 2017.
- To create a globally competitive steel industry in India.
- NSP 2017 targets 300MT steel-making capacity and 160kgs per capita steel consumption by 2020.



- Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under Digital India initiative.
- Platform used for sale of finished and semi-finished steel.



- The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies.
- To spearhead research and development activities in iron and Steel industry.

MAKE IN INDIA:

The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement. This policy seeks to accomplish PM's vision of 'Make in India' with objective of nation building and encourage domestic manufacturing and is applicable on all government tenders where price bid is yet to be opened. Further, the Policy provides a minimum value addition of 15% in notified steel products which are covered under preferential procurement. In order to provide flexibility, Ministry of Steel may review specified steel products and the minimum value addition criterion.

Antidumping Measures:

- Bureau of Indian Standard (BIS) approval & Stainless Steel (Quality Control) Order, 2016

the Government had earlier raised import duty on most steel items twice, each time by 2.5% and imposed a gamut of measures including anti-dumping and safeguard duties on a host of applicable iron and steel items. In a further move to curb steel imports, the Indian government banned the production and sale of steel products that does not meet Bureau of Indian Standard (BIS) approval and to check the sale of defective and sub-standard stainless steel products used for making utensils and various kitchen appliances, it issued the Stainless Steel (Quality Control) Order, 2016 for products used in making utensils and kitchen appliances, that will help filter imports of the metal.

- Minimum Import Price (MIP)

In February 2016, the Indian Government had imposed the Minimum Import Price (MIP) condition on 173 steel products. The MIP was extended thrice and ceased to be effective in February 2017. Currently, a mix of anti-dumping /safeguard

and other measures are in place on a range of steel items to control the inflow of cheap steel. Further, a Steel Price Monitoring Committee has been constituted by the Government with the aim to monitor price rationalization, analyze price fluctuations and advise all concerned regarding any irrational price behaviour of steel commodity.

GROWTH PROFILE

Steel:

Crude steel capacity was 126.33 mt in 2016-17 (prov.), up by 3.6% over 2015-16 and India, which emerged as the 3rd largest producer of crude steel in the world in 2016 as per provisional ranking released by the World Steel Association, has to its credit, the capability to produce a variety of grades and that too, of international quality standards. The country is expected to become the 2nd largest producer of crude steel in the world soon.

Outlook

India's consumption of finished steel products is expected to grow by 6.1 per cent in calendar year 2017 compared with 2016.

According to World Steel Association, India's steel product demand is expected to reach 88.6 million tonne in 2017, from 83.5 million tonne in 2016. The association is more bullish on India's steel demand in 2018 and projects a growth of 7.1 per cent to 94.9 million tonne, whereby the growth in China is supposedly remain flat in 2017 and the body estimated a 2 per cent slump in demand for 2018.

India is heading for an economy that is approaching the structural conditions for rapid acceleration. This phase usually has its own challenges, such as lack of adequate availability of land, insufficient infrastructure, inadequate regulatory capacity, lack of sufficient manufacturing capacity and most large skills shortages. India is a steel hub whereby its imaginative steel makers, relatively corrective measures and bureaucratic control and available raw materials the positives in the longer term outlast the negatives. In particular, the implementation of the reform agenda has a crucial importance for growth.

Advent of good raw material supply conditions, a growing market and competent producers, we believe that India is at the start of a new growth curve which may not come immediately, but the fundamental conditions for growth is in place and is positive.

The increased allocation of union budget of Rs. 4 trillion setting a benchmark of affordable watermark, gas pipelines etc the dependency of Steel in India would increase with time.

BUSINESS OVERVIEW

Performance review of the Company

The Company is engaged in steel business, which, in context of Indian Accounting Standard (Ind AS) issued by the Institute of the Chartered Accountants of India, is considered to be the only business segment. The Company's overall operational performance has been satisfactory during the year. Its brief financial performance for 2016-17 is given below:

	₹ in lacs			
	Standalone		Consolidated	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Gross Revenue from Operations	93,570.09	1,00,768.43	93,570.69	1,00,768.43
Profit before Depreciation and Tax	(10,405.62)	(19,115.26)	(10,420.23)	(19,115.41)
Less: Depreciation	5,642.15	6,333.40	1,333.40	6,333.40
Profit/(Loss) Before Tax	(10,405.62)	(18,689.09)	(119115.41)	(18,689.09)
Less: Provision for Income Tax (Including earlier years)	154.05	33.29	1545.05	33.29
Less: Provision for Deferred Tax	(1,199.23)	(905.97)	(1,199.23)	(905.97)
Profit/(Loss) for the Year	(9,360.44)	(18,242.58)	(9,375.05)	(18,242.73)

Financial Highlights:

The company is working towards optimum utilization of manpower, machine & money during the current tough economic situation. With the mix of above strategy, the company is trying to consolidate its operations & financials and trying to optimize its profitability. EBIDTA level has improved in the FY 2016-17 in comparison to FY 2015-16.

Costs:

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

Staff Costs:

Employee expenses are up by 11% reflecting the inclusion of staff cost for better management team.

Depreciation for the year is Rs. 5642.15 lacs which is higher than the previous year.

Revenue

Your company had generated a revenue of Rs. 93570.09 lacs (Gross) which is lower than the previous year due to various bureaucratic reforms and various government policies.

Summary of Balance Sheet is given below:

Particulars	₹ in lacs	
	31st March, 2017	31st March, 2016
Sources of Fund		
Shareholder's Fund	41,592.56	50,817.32
Non- Current Liabilities	86,718.43	84,490.31
Current Liabilities	50,527.31	41,011.73
Liabilities on asset held for sale	-	-
TOTAL	178,838.30	176,319.36
Application of Fund:		
Fixed Assets	106,992.80	112,638.46
Investments	4,811.07	4,658.64
Loans & Other non- current assets	117,602.57	121,853.20
Current Assets	61,235.73	54,466.16
Assets held for sale	-	-
TOTAL	178,838.30	176,313.36

Risk Management Cycle



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

shareholders and other stakeholder to achieve its business objective and enable sustainable growth. An integrated system of risk management and internal controls framework has been deployed taking in to account various factors such as size and nature of the inherent risk and the regulatory environment. The risk management framework undergoes continuous improvement to allow management to optimize its management of risk exposures while taking advantage of business opportunities.

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

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

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

INTERNAL CONTROLS AND SYSTEMS

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

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

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

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

Internal audit works as a catalyst for improving an organisation's effectiveness, thus providing insight and recommendations based on analysis and assessments of data and business processes. With

its commitment to integrity and accountability, internal audit provides value to governing bodies and senior management as an objective source of independent advice. The organisation promotes independent examination of its plans and the policies, subject to the overall control environment supervision by the Board Level Audit Committee. This leads to accountability and transparency of operations and promotes independent examination. During the year, the Company focused on encouraging independent decision making, documentation of shortcomings of the various processes and departments, and correction of the work processes.

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

FINANCIAL MANAGEMENT

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

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

STATUTORY COMPLIANCE

The Company's various units offer confirmation to ensure compliance with all statutory requirements. The Board takes adequate measure to comply with various statutes. The Company Secretary, as Compliance Officer, ensures compliance with the SEBI regulations and provisions of the listing agreements.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

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

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board

Place: Kolkata
Date: 14th August, 2017

Suresh Kumar Agrawal
Chairman

“THE ROAD TO SUCCESS IS ALWAYS UNDER CONSTRUCTION”

- By Lily Tomlin

PERFORMANCE

The following pages set out the financial highlights of the Company thereby highlighting the financial performance during the year 31st March, 2017. The risks, challenges, outflow of cash and various other factors are enumerated in the Report.



MANAGEMENT, BOARD AND GOVERNANCE

Directors' Report

Corporate Governance Report

Annexure to Director's Report

Annexure to Corporate Governance Report

DIRECTORS' REPORT

Dear Members,

We are pleased to present you the 48th Annual Report of your Company along with the Standalone and Consolidated Audited Financial Statements and the Auditor's Report for the financial year ended 31st March, 2017.

1. FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended 31st March, 2017 is summarised below:

Particulars	₹ in lacs			
	Standalone		Consolidated	
	F.Y. 16-17	F.Y. 15-16	F.Y. 16-17	F.Y. 15-16
Revenue from Operations	84,283.58	90,451.51	84,283.58	90,451.51
Other Income	105.16	165.00	105.26	165.67
Total Income	84,388.74	90,616.51	84,388.84	90,617.18
Total Expenses	94,794.36	1,09,731.77	94,809.07	1,09,731.59
Profit/(Loss) Before Tax	(10,405.62)	(19,115.26)	(10,420.23)	(19,115.41)
Less: Tax Expenses	(1,045.18)	(872.68)	(1,045.18)	(872.68)
Income Tax for Earlier Years	154.05	33.29	154.05	33.29
Deferred Tax	(1,199.23)	(905.97)	(1,199.23)	(905.97)
Profit/(Loss) for the Year	(9,360.44)	(18,242.58)	(9,375.05)	(18,242.73)
Share of Profit/ (Loss) of Associates	N.A.	N.A.	0.68	(3.44)

2. INDIAN ACCOUNTING STANDARDS (Ind AS)

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

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

3. COMPANY'S PERFORMANCE

The Indian Steel Industry which had been plagued by low prices, high-level of imports have shown a slow recovery due to levying of minimum import price on the steel products, various trade remedial across the geographies and increase in investment in modernization and expansion of steel public sector.

In the Financial Year 2016-17, the situation of Indian Steel Market has changed showing a growth of 3% in steel consumption. The increase in volume of output and the price due to higher demand of exports would help to normalize the margins of Steel Industries soon. However, increase in price of raw materials and a gush in domestic steel production has created a competitive pressure in the domestic market. As for

now, despite of the challenging situation MSPL endeavour to overcome the losses to an extent. However, due to cash flow mismatch, your company was not able to pay its entire short term financial liability to bankers. Hence, your company has approached for restructuring of loan under Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") introduced by Reserve Bank of India ("RBI") pursuant to its circular dated June 13, 2016 , subsequently revised on November 10, 2016 ("S4A Scheme"), which the consortium of bankers has agreed. Bankers has processed the request of the company and restructuring of company's loan is under progress. The Overseeing Committee of the Lenders are yet to approve the MSPL S4A Scheme. Your Company has also opted for the S4A Scheme for restructuring the debt structure which would be highly beneficial for the Company's health & growth.

Standalone Results

Your Company has achieved a gross revenue of Rs. 93,570.09 Lacs in the financial year 2016-17 as compared to Rs. 100,768.43 Lacs in the previous Financial Year 2015-16. The Management has reduced the cost of production and implemented strategies which has resulted in decreasing loss of the Company from Rs.18,242.58 lacs incurred during the previous Financial Year to the loss of Rs.9,360.44 lacs.

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

Consolidated Results

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

Revenue from Operations on consolidated basis stood at Rs. 84,283.58 Lacs for the FY 2016-17. The Company reported a net loss of Rs. (9,375.05) Lacs for F.Y. 16-17 as compared to the net loss of Rs. (18,242.73) lacs for the F.Y 2015-16.

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

Operational Highlights

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

Name of the Products	Units	F.Y.16-17	F.Y. 15-16
PELLET	Mt.	5,84,993	6,71,932
SPONGE IRON	Mt.	3,28,790	3,12,937
MS BILLETS	Mt.	2,56,657	2,54,729
TMT BARS	Mt.	82,279	90,017
STRUCTURAL PRODUCTS	Mt.	93,622	90,080
LIGHTSTRUCTURAL PRODUCTS	Mt.	34,507	28,853
POWER	Kwh.	34,29,29,100	42,79,14,363

Material Changes affecting the Financial Position of the Company

As per the provisions Section 134(3)(l) of the Companies Act, 2013, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relates and the date of the report.

4. DIVIDEND & RESERVES

The Board of Directors of the Company have not recommended any dividend for Equity as well as for 6% Non -Cumulative Redeemable Preference Shares as the Company has incurred losses for the F.Y. 2016-17. Further the Directors have applied for restructuring of the debts of the Company as per Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") introduced by Reserve Bank of India ("RBI") pursuant to its circular dated June 13, 2016 , subsequently revised on November 10, 2016 ("S4A Scheme") which would call for huge funds requirements, and therefore 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 2016-17.

5. 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 2009-10 amounting to ₹1,66,803/- 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>.

6. SUBSIDIARIES, ASSOCIATES & JOINT VENTURES



- MSP Cement Limited is a wholly owned subsidiary of the Company having its Registered Office at Banglapara North Chakradhar Nagar Raigarh- 496001 was incorporated on 2nd June, 2008 for manufacturing and sale of cement and clinker products.
- AA ESS Tradelinks Private Limited associate company of MSP Steel & Power Limited is engaged in trading of industrial oxygen gases.
- Madanpur South Coal Company Limited incorporated on 23rd May, 2006, having its registered Office at Raipur, Chattisgarh was formed by the Venture partners MSP Steel & Power Limited, Hindustan Zinc Ltd., Akshay Investment Pvt. Ltd., Chattisgarh Steel & Power Limited and Chattisgarh Electricity Company Ltd with respect to obtain mining rights in respect of the Coal Blocks of Madanpur and use coal for its captive requirements.

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

Your Company has formulated a policy for determining 'Material Subsidiary', in terms of the Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The said policy is also available at the Company's website <http://www.mspsteel.com/CorporatePolicies>.

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>

6. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

7. CORPORATE GOVERNANCE

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

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

8. RISK MANAGEMENT

Your Company has embedded in the organisation a 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. 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 is details on Risk Management Policy are briefed out in the Management Discussion and Analysis Report, forming a part of this Annual Report.

9. INTERNAL FINANCIAL CONTROL

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

The Company has in place, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company. Also, evaluation of the internal financial controls are subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the compliance with the policies or procedures may deteriorate.

10. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointment of Director and Key Managerial Personnel

Mr. Suresh Kumar Agrawal was regularised as Non-Executive Promoter Director and Chairman by the members of the Company at the 47th Annual General Meeting held on 22nd September, 2016.

Ms. Shreya Kar was appointed by the Board, on recommendation of Nomination and Remuneration Committee as Company Secretary and Compliance Officer of your Company. As per provisions of Section 203 of the Companies Act, 2013 she has also been appointed as Whole- Time Key Managerial Personnel of the Company.

Retirement and Re-Appointment

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Suresh Kumar Agrawal, (DIN: 00587623) Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

11. COMMITTEES OF THE BOARD

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

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

12. NUMBER OF MEETINGS OF THE BOARD

Meetings of the Board of Directors are scheduled at regular intervals to discuss, decide and approve on various business policies, strategies, financial performance and other matters. The schedule of the meeting are circulated in advance, to ensure proper participation of the Directors in the Meeting. The Board of Directors met nine times during the financial year 2016-17. 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 2016-17 are disclosed in Corporate Governance Report which form part of Annual Report.

13. PERFORMANCE EVALUATION

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

14. 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 13.02.2017, without the attendance of non-independent directors and members of the management, interalia, to:

- a. review the performance of non-independent directors and the Board as a whole;
- b. review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- c. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is

necessary for the Board to effectively and reasonably perform their duties;

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

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

15. INDEPENDENCE DECLARATION

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

16. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

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

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

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

17. 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 2016-17, 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, 2017 and of the profit and 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.

18. 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.

19. 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.

20. AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s. Sunil Kumar Agrawal & Associates, Chartered Accountants (Firm Registration No. 323133E), were appointed as Statutory Auditors of the Company for a tenure of 3 years by the Members, to hold the office from the conclusion of the 47th Annual General Meeting until the conclusion of the 50th Annual General Meeting to be held the Financial Year 2018-19, subject to ratification at each Annual General Meeting. However, M/s. Sunil Kumar Agrawal & Associates, vide their letter dated 12th June, 2017 had resigned from the office of Statutory Auditors of the Company due to certain unavoidable circumstances resulting in casual vacancy in the office of the Auditor.

Therefore, in terms of Section 139(8) of the Companies Act, 2013, (Act) the Board of Directors at its Board Meeting held on 17th June, 2017 and on the recommendation of Audit Committee appointed M/s Singhi & Co., Chartered Accountants, as Statutory Auditors of the Company to fill the casual vacancy caused due to resignation M/s. Sunil Kumar Agrawal & Associates, Chartered Accountants. Further, to the requirement of the provisions of Section 139(8) of the Act, appointment was also approved by the shareholders in the Extra-Ordinary General Meeting held on 20th July, 2017, inter alia for conducting the Statutory Audit for the financial year ended 31st March, 2018. M/s Singhi & Co., Chartered Accountants had expressed their willingness and confirmed that appointment was within the limits prescribed under Section 141 of the Companies Act, 2013 and they were not disqualified for

appointment.

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 2017 to March 2018.

Cost Auditor

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

The Board of Directors, on the recommendation of Audit Committee, appointed Mr. Sambhu Banerjee, Cost Accountant (Membership No. 9780) to conduct the audit of the cost accounts of the Company for the financial year 2017-18.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members in a General Meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Mr. Sambhu Banerjee, Cost Accountants is included in the notice convening the 48th Annual General Meeting.

Secretarial Auditor

Secretarial Audit for the financial year 2016-17 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 2016-17 is annexed herewith as Annexure-2. 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 2017-18

21. RELATED PARTY TRANSACTIONS

All contracts or arrangements that were entered into by the Company with the related parties as defined under 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. Prior Omnibus approval are obtained from the Audit Committee for the transactions which are repetitive in nature

and/or are also taken for the normal transactions which cannot be foreseen up to value of Rs. One Crore. All related party transactions are reviewed on a quarterly basis by Audit Committee.

The Company's policy on "materiality of related party transactions" and the process of dealing with such transactions are in line with the amended provisions of the Companies Act, 2013 and SEBI (LODR). The said policy is also available on the website of the Company and the link for the same is www.mspsteel.com /<http://mspsteel.com/related-party-transaction-policy>.

22. 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.

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

In terms with the Section 135 Companies Act, 2013 read with Rule 8 of the companies (Corporate Social Responsibility) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 framed under, the Company has to spent 2% of its average net profits of the preceding three financial years for Corporate Social Responsibility activities, due to loss incurred in the previous year and inadequate profit in the preceding three years the amount needed to be spend on CSR activities is inadequate. Irrespective of such situation of inadequate profit or loss, your Company has spent Rs. 54.15 lacs on CSR activities. A report on Corporate Social Responsibility activities for the financial year 2016-17 is attached to this report as **Annexure-3**.

23. 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-4 to the Board's Report.

24. 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. 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. No employee, either male or female, should be subjected verbally or physically to unsolicited and unwelcome sexual overtures or conduct. Sexual harassment at the work place or other than work place if involving employees is a grave offence and is, therefore, punishable. During the year under review, no complaints were reported to the Board.

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

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

25. 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>.

26. EXTRACTS OF THE ANNUAL RETURN

An extract of annual return named as provided under sub-section 3 of Section 92 and in line with Section 134(3)(a) of the Companies Act, 2013 MGT-9 has been annexed to the Director's Report as Annexure-5

27. 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-6 to this report.

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.

AWARDS AND RECOGNITIONS

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

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

CAUTIONARY STATEMENT

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

ACKNOWLEDGMENTS

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

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

For and behalf of the Board
MSP STEEL & POWER LIMITED

Suresh Kumar Agrawal
CHAIRMAN
DIN: 00587623

Date: August 14, 2017
Place: Kolkata

Manish Agrawal
DIRECTOR
DIN: 00129240

Annexure 1

FORM 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

		₹ in lacs)
1	Name of the Subsidiary	MSP CEMENT LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2016-17
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees
4	Share Capital	58.07
5	Reserves & Surplus	-
6	Total assets	62.75
7	Total liabilities	62.75
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

₹ in lacs

Name of Associates/ Joint Ventures	AA ESS TRADELINKS PVT LTD.	MADANPUR SOUTH COAL COMPANY LTD
REPORTING CURRENCY	₹	₹
1. Latest audited Balance Sheet Date	March 31, 2017	March 31, 2017
2. Shares of Associate/ Joint Ventures held by the company on the year end		
Number	46,50,175	1,25,692
Amount of Investment in Associates / Joint Ventures	4,370.68	175.65
Extend of Holding %	42.17	14.90
3. Description of how there is significant influence	20% of shares	N.A.
4. Reason why the associates/ joint venture is not consolidated	N.A.	N.A.
5. Networth attributable to Shareholding as per latest audited	17,780.81	6,197.29
6. Profit / Loss for the year		
i. Considered in Consolidation	N.A.	(14.60)
ii. Not Considered in Consolidation	N.A.	(83.39)

**For and on behalf of the Board of
Directors**

Suresh Kumar Agrawal
Chairman (DIN: 00587623)

Saket Agrawal
Director (DIN:00129209)

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary
MEM. No. A41041

Kolkata, 27th May, 2017

ANNEXURE - 2

SECRETARIAL AUDIT REPORT
for the financial year ended 31st March 2017

[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 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

- a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

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

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

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

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

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

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

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

6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned above.

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

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

9. We further report that:

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

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

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

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

- The Company has approached the Joint Lender's Forum (JLF) to pursue restructuring of the stressed assets of the Company under the Scheme for Sustainable Structuring of Stressed Assets ("S4A Scheme") introduced by RBI pursuant to its circular dated June 13, 2016, subsequently revised on November 10, 2016.

For **PS & Associates**

(Swati Bajaj)

Partner

C.P.No.: 3502, ACS:13216

Place : Kolkata
Date : 14th August, 2017

To,
The Members,
MSP Steel and Power Limited

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

- 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 which were sent at least seven days prior to the Board Meetings.
- c. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- d. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, followed provide a reasonable basis for our opinion.
- e. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- f. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
- g. 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.
- h. 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.

For **PS & Associates**

(Swati Bajaj)
Partner
C.PNo.: 3502, ACS:13216

Place : Kolkata
Date : 14thAugust, 2017

ANNEXURE - 3
**Corporate Social Responsibility for the F.Y.16-17
(Pursuant to Section 135 of the Companies Act, 2013)**
A brief outline of the Company's CSR Policy:

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

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

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

Composition of CSR Committee:

The CSR Committee comprises of the following:

- a. Mr. Manish Agrawal - Member
- b. Mr. Saket Agrawal - Member
- c. Mr. Kapil Deo Pandey - Chairman

Average net profit of the Company in the last three financial years: ₹ (10,208.48) lacs

Prescribed CSR Expenditure (2% of the average net profit for the last three financial years): ₹ (204.17) lacs

Details of CSR spent during the financial year:

Total amount to be spent for the financial year: ₹ 54.60 lacs

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)
					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 (₹ In lacs)	Amount spend on projects or programs Sub heads:	
S. No	CSR project or activity identified	Sector in which the project is covered					Cumulative expenditure upto the F.Y 2016-17 (₹ 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	34.50	34.34	-	136.36	Direct
2.	Health	Promoting preventive healthcare	Raigarh, Chhattisgarh	2.50	2.48	-	49.31	Direct
3.	Infrastructural Development	Rural Development Projects	Raigarh, Chhattisgarh	2.60	2.58	-	180.43	Direct
4.	Social Activity	Improving Living Conditions	Raigarh, Chhattisgarh	15.00	14.75	-	151.13	Direct
Total				54.60	54.15	-	517.23	

Date: 13th February, 2017

Member

Chairman of CSR Committee

Annexure – 4**Conservation of Energy, Technology Absorption, Foreign Exchanges Earning & Outgo:**

The Information as per Section 134(3)(m) of the Companies Act, 2013 read with relevant Rules framed thereunder Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo relating to the financial year ended 31st March, 2017 is as follows:

A. Conservation of energy-

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

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

iii. the capital investment on energy conservation equipments: Nil

B. Technology absorption-

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

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

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

a. the details of technology imported; N.A

b. the year of import; N.A

c. whether the technology been fully absorbed; N.A

d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

iv. the expenditure incurred on Research and Development: The company so 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	₹ in lacs	
	2016-17	2015-16
Foreign Exchange earnings		
Export sales*	7725.39	4196.49
Foreign Exchange Outgo		
Import – consumables - (stores)	57.94	120.92
-- Capital goods	-	-
-- Raw materials	13170.80	5827.06
Travelling and others	31.44	0.48
Interest	132.12	263.92

* Export sales includes export made in Indian Rupees.

Annexure - 5

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L27109WB1968PLC027399
ii) Registration Date	18/11/1968
iii) Name of the Company	MSP STEEL & POWER 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 Ph. : 33-4005 7777 Fax : +91-33-4005 7799,23982239, Email: investor.contact@mspsteel.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Ph. : +91 40 23312454/44677312/44677392, Fax : +91 40 23440674

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
1. Indian										
a) Individual/ HUF	20,23,240	-	20,23,240	2.30	20,23,240	-	20,23,240	2.30	-	
b) Central Govt	-	-	-	-	-	-	-	-	-	
c) State Govt (s)	-	-	-	-	-	-	-	-	-	
d) Bodies Corp.	6,13,20,260	-	6,13,20,260	69.60	6,13,20,260	-	6,13,20,260	69.60	-	
e) Banks / FI	-	-	-	-	-	-	-	-	-	
f) Any Other...	-	-	-	-	-	-	-	-	-	
Sub-total (A) (1)	6,33,43,500	-	6,33,43,500	71.90	6,33,43,500	-	6,33,43,500	71.90	-	
(2) Foreign										
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-	
b) Other – Individuals	-	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	
d) Banks / FI	-	-	-	-	-	-	-	-	-	
e) Any Other...	-	-	-	-	-	-	-	-	-	
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	6,33,43,500	-	6,33,43,500	71.90	6,33,43,500	-	6,33,43,500	71.90	-	
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	
b) Banks / FI	2,54,990	-	2,54,990	0.29	2,54,990	-	2,54,990	0.29	-	
c) Central Govt	-	-	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	-	
g) FIIs Capital	-	-	-	-	-	-	-	-	-	
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	-	
Sub-total (B)(1)	2,54,990	-	2,54,990	0.29	2,54,990	-	2,54,990	0.29	-	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
2. Non-Institutions										
a) Bodies Corp.										
i) Indian	1,68,14,876	-	1,68,14,876	19.09	1,68,02,290	-	1,68,02,290	19.09	-	
ii) Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	55,04,872	11,937	55,16,809	6.26	55,85,291	11,937	55,97,228	6.26	-	
ii) Individuals holding nominal share capital in excess of ₹ 2 lakhs	18,72,256	51,400	19,23,656	2.18	18,14,822	51,400	18,66,222	2.18	-	
c) Others	2,46,169	-	2,46,169	0.28	2,35,770	-	2,35,770	0.27	0.01	
Sub-total (B)(2)	2,44,38,173	63,337	2,45,01,510	27.81	2,44,38,173	63,337	2,45,01,510	27.80	0.01	
Total Public Shareholding (B)=(B)(1)+(B)(2)	2,46,93,163	63,337	2,47,56,500	28.10	2,46,93,163	63,337	2,47,56,500	28.09	0.01	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	8,80,36,663	63,337	8,81,00,000	100.00	8,80,36,663	63,337	8,81,00,000	100.00	0.01	

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MSP SPONGE IRON LTD	2,47,36,500	28.08	-	2,47,36,500	28.08	100.00	-
2	ADHUNIK GASES LTD.	55,54,000	6.30	-	55,54,000	6.30	100.00	-
3	MSP INFOTECH PVT LTD.	72,29,760	8.21	-	72,29,760	8.21	100.00	-
4	ILEX PRIVATE LIMITED	41,15,000	4.67	-	41,15,000	4.67	100.00	-
5	B S CONFIN PVT. LTD.	35,30,000	4.01	-	35,30,000	4.01	100.00	-
6	HIGH TIME HOLDINGS PVT. LTD.	30,25,000	3.43	-	30,25,000	3.43	100.00	-

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
7	EMERALD TRADELINK PVT. LTD.	25,00,000	2.84	-	25,00,000	2.84	100.00	-
8	RAJNATH VYAPAAR PRIVATE LIMITED	25,00,000	2.84	-	25,00,000	2.84	100.00	-
9	AA ESS TRADELINKS PVT. LTD.	19,00,000	2.16	-	19,00,000	2.16	100.00	-
10	DEXO TRADING PVT. LTD.	15,75,000	1.79	-	15,75,000	1.79	100.00	-
11	K. C. TEXOFINE PVT. LTD.	12,15,000	1.38	-	12,15,000	1.38	100.00	-
12	SIKHAR COMMOTRADE PVT.LTD.	14,40,000	1.63	-	14,40,000	1.63	100.00	-
13	RAJ SECURITIES LTD.	10,00,000	1.14	-	10,00,000	1.14	100.00	-
14	LARIGO INVESTMENT PRIVATE LIMITED	10,00,000	1.14	-	10,00,000	1.14	100.00	-
15	KIRAN AGRAWAL	4,86,000	0.55	-	4,86,000	0.55	100.00	-
16	NISHA AGRAWAL	3,36,500	0.38	-	3,36,500	0.38	100.00	-
17	MANISH AGRAWAL	3,09,000	0.35	-	3,09,000	0.39	100.00	-
18	PRANAY AGRAWAL	3,06,000	0.35	-	3,06,000	0.35	100.00	-
19	SAKET AGRAWAL	2,04,000	0.23	-	2,04,000	0.23	100.00	-
20	PURAN MAL AGRAWAL	1,86,620	0.21	-	1,86,620	0.21	100.00	-
21	SURESH KUMAR AGRAWAL	1,41,000	0.16	-	1,41,000	0.16	100.00	-
22	PURAN MAL AGRAWAL (HUF)	29,000	0.03	-	29,000	0.03	100.00	-
23	SURESH KUMAR AGRAWAL (HUF)	25,120	0.03	-	25,120	0.03	100.00	-
Total		6,33,43,500	71.90	-	6,33,43,500	71.90		-

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of				No. of shares	% of total shares of the company
1.	At the beginning of the year						There were no changes in shareholding of Promoters during the F.Y. 2016-17	
	At the End of the year							

(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 1.04.2016 & 31.03.2017 is to be provided)	Shareholding at the beginning of the year (1.04.2016)/ End of the Year (31.03.2017)		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	ANUBHAV VINCOM PRIVATE LIMITED					Nil movement during the year		
	At the beginning of the year	35,00,000	3.97	01-Apr-16	-		35,00,000	3.97
2.	PANCHWATI AGENCIES PRIVATE LIMITED					Nil movement during the year		
	At the beginning of the year	35,00,000	3.97	01-Apr-16	-		35,00,000	3.97
3.	S. K. FINTEX PRIVATE LIMITED					Nil movement during the year		
	At the beginning of the year	16,32,171	1.85	01-Apr-16	-		16,32,171	1.85
4.	SAMBHAV MERCANTILES PVT. LTD					Nil movement during the year		
	At the beginning of the year	15,44,000	1.75	01-Apr-16	-		15,44,000	1.75
5.	MOHIT VYAPAAR PVT. LTD.					Nil movement during the year		
	At the beginning of the year	14,88,940	1.69	01-Apr-16	-		14,88,940	1.69
6.	RAVI BUSINESS SERVICES PVT. LTD.					Nil movement during the year		
	At the beginning of the year	10,20,449	1.16	01-Apr-16	-		10,20,449	1.16
7.	METALITE FUEL INDUSTRIES LTD.					Nil movement during the year		
	At the beginning of the year	7,26,287	0.82	01-Apr-16	-		7,26,287	0.82
8.	SWAGAT TREXIM PVT. LTD.					Nil movement during the year		
	At the beginning of the year	7,23,478	0.82	01-Apr-16	-		7,23,478	0.82
9.	GILBART MERCHANTS PVT. LTD.					Nil movement during the year		
	At the beginning of the year	5,04,426	0.57	01-Apr-16	-		5,04,426	0.57
10.	PRADEEP KUMAR SARAF							
	At the beginning of the year	5,05,645	0.57	01-Apr-16	-	5,05,645	0.57	
				17-Jun-16	(5,203)	Transfer	5,00,442	0.57
				22-Jun-16	(20,555)	Transfer	4,79,887	0.54
				28-Oct-16	(10,000)	Transfer	4,69,887	0.53
	At the End of the year			31-Mar-17			4,69,887	0.53

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors and KMP	Shareholding at the beginning of the year (1.04.2016)/ End of the Year (31.03.2017)		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	SURESH KUMAR AGRAWAL					Nil movement during the year		
	At the beginning of the year	1,41,000	0.16	01-Apr-16				
	At the End of the year			31-Mar-17			1,41,000	0.16
2.	MANISH AGRAWAL					Nil movement during the year		
	At the beginning of the year	3,09,000	0.35	01-Apr-16				
	At the End of the year			31-Mar-17			3,09,000	0.35
3.	SAKET AGRAWAL					Nil movement during the year		
	At the beginning of the year	2,04,000	0.23	01-Apr-16				
	At the End of the year			31-Mar-17			2,04,000	0.23
4.	NAVNEET JAGATRAMKA					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil
5.	ASHOK KUMAR SOIN					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil
6.	PRIYANKA TIWARI					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil
7.	DHANANJAY UCHIT SINGH					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil
8.	KAPIL DEO PANDEY					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil
9.	SHREYA KAR					Nil movement during the year		
	At the beginning of the year (Appointed as a Company Secretary on 01.05.16)	Nil	Nil	01-May-16				
	At the End of the year			31-Mar-17			Nil	Nil
10.	KAMAL KUMAR JAIN					Nil movement during the year		
	At the beginning of the year	Nil	Nil	01-Apr-16				
	At the End of the year			31-Mar-17			Nil	Nil

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lacs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,10,740.46	506.15	-	1,11,246.61
ii) Interest due but not paid	6.47	-	-	6.47
iii) Interest accrued but not due	12.16	-	-	12.16
Total (i+ii+iii)	1,10,759.09	506.15	-	1,11,265.24
Change in Indebtedness during the financial year				
Addition	6,774.31	40.00	-	6,814.31
Reduction	1,230.42	47.91	-	1,278.33
Net Change	5,543.89	(7.91)	-	5,535.98
Indebtedness at the end of the financial year				
i) Principal Amount	1,16,284.35	498.24	-	1,16,782.59
ii) Interest due but not paid	137.37	-	-	137.37
iii) Interest accrued but not due	5.35	-	-	5.35
Total (i+ii+iii)	1,16,427.07	498.24	-	116925.31

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	6,00,000	28,00,000	34,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	6,00,000	28,00,000	34,00,000
	Ceiling as per the Act			As per Schedule V of the Act

* Calculation of the remuneration excludes amount of Incentive during the year.

B. Remuneration to other directors *:

Sl. no.	Particulars of Remuneration	Mr. Ashok Kumar Soin	Mr. Navneet Jagatramka	Mrs. Priyanka Tiwari	Mr. Kapil Deo Pandey#	Total Amount
Independent Directors						
1	Fee for attending board / committee	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	
Total (1)		Nil	Nil	Nil	Nil	
Other Non-Executive Directors		Mr. Manish Agrawal	Mr. Suresh Kumar Agrawal			
2	Fee for attending board / committee meetings	Nil		Nil		
	Commission	Nil		Nil		
	Others, please specify	9,00,000		Nil		
Total (2)		Nil		Nil		
Total (B)=(1+2)		9,00,000		Nil		
Total Managerial Remuneration						43,00,000
Overall Ceiling as per the Act						

* Non-Executive Directors have waved off their remuneration except Mr. Manish Agrawal who derived the remuneration in the form as prescribed by the Board.

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) of the Income-tax Act, 1961	3,84,000	18,84,840	22,68,840
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (C)	3,84,000	18,84,000	22,68,840

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN					
Penalty					
Punishment					
Compounding					
NO PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES					

Annexure - 6

Disclosure 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.

SI No.	Name of the Director/KMP & Designation	Remuneration of Director/KMP for financial year 2016-17 (₹ in Lacs)	% increase in remuneration in the F.Y 2016-17	Ratio of Remuneration of each Director/to median remuneration of employees **
1	Mr. Saket Agrawal Managing Director	28.00	Nil	15:1
2	Mr. Suresh Kumar Agrawal (Chairman)	Nil	Nil	Nil
3	Mr. D.Singh Executive Director	6.00	Nil	3:1
4	Mr. Manish Agrawal Non- Executive Promoter Director	9.00	Nil	Nil
5	Mr. Ashok Kumar Soin Non-Executive Independent Director	Nil	Nil	Nil
6	Mr. Navneet Jagatramka Non-Executive Independent Director	Nil	Nil	Nil
7	Mrs. Priyanka Tiwari Non-Executive Independent Director	Nil	Nil	Nil
8	Ms. Shreya Kar Company Secretary	3.84	Nil	Not Applicable
9	Mr. Kamal Kumar Jain Chief Financial Officer	18.84	Nil	Not Applicable

- i. The median remuneration of employees of the Company during the financial year was ₹ 199,866 i.e 2 lacs approx
- ii. The median remuneration stands to be same as previous year thus no such increase in the median remuneration of employees.
- iii. There were 1018 permanent employees on the rolls of Company as on March 31, 2017;
- iv. Average percentage decrease made in the salaries of employees other than the Key Managerial Personnel in the last financial year i.e. 2016-17 was 0.07% whereas the increase in the key managerial remuneration for the same financial year was 35.05%.
- v. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- vii. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

GOVERNANCE REPORT

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders management, customers, suppliers, financiers, government and the community.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is integral to the existence of the Company. It refers to fair, efficient and transparent functioning of the corporate management system which ensures that the Company is managed in the best interest of all corporate stakeholders in general. For attainment of the objectives of fair Corporate Governance Government of India has put in place a framework based on the stipulations mentioned under the Companies Act, Accounting Standards, Sebi Regulations, Secretarial Standards, etc.

In accordance with the terms of Regulation 34(3) read with Schedule V of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") report containing Corporate Governance systems and processes for the financial year ended 31st March, 2017 is detailed hereunder.

MSPL'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

- An active Board of Directors and Committees with proper size and composition, having high qualifications, experience and expertise in their respective fields;
- Adoption and implementation of the policies and procedures as would be required for timely disclosures of the information and proper functioning of the Company;
- Exercising a robust mechanism and processes that would ensure expedient compliance with all the legal and regulatory frameworks as required by different statutes/ norms/ regulations etc.
- Transparency and accountability at all the levels ensures that the organization is managed and monitored in a responsible manner. Appropriate and timely disclosures for dissemination of information to the stakeholders of the Company.
- Developing policies to strengthen the governance principles and to generate long-term value for stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

- MSPL is committed to set a balanced corporate governance system which provides the framework for attaining the company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

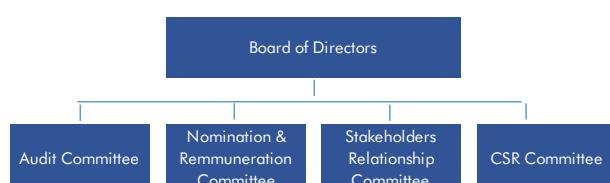


GOVERNANCE STRUCTURE

The Corporate Governance structure at MSP Steel & Power Limited:

- I. **Board of Directors:** The Board of Directors is entrusted with the responsibility of looking after work of the management and performance of the Company. The Directors plays a fiduciary role in reviewing and guiding corporate strategy, major plans of action, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, so as to ensure that Board act in good faith, with due diligence and care, and in the best interest of the shareholders.
- II. **Committees of the Board:** The Board constituted Committees to look after the operation of the Company within a given framework. The Committees of the Board are as follows: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee.

Governance Structure



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, 2017, the Board comprised of 8 Directors two of whom are Executive Directors, two Non executive Directors and four Independent Directors including a Woman Director. Your Board holds a diverse and highly professional, experienced and competent Directors having knowledge and expertise in industry, finance, law, banking, insurance, management, technology and other allied fields which enables them to carry on their responsibilities and business effectively. The Board reviews its policies and strategies from time to time to ensure that it remains aligned with the business requirements as well as are in the best interest of the stakeholders.

Classification of the Board as on 31st March , 2017 are as follows:

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

Disclosure of inter-se relationships between Directors

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

Familiarisation Programmes for Board Members

Your Company organised sessions at its various meetings held during the financial year 2016-17 to familiarize the Independent Directors and other Directors about their role and responsibilities, industry outlook, business strategy, Company's operations, products, market, group structure etc. The Program also intends to provide insights about the latest developments in the Company's business, external and internal risks involved in the business and the strategy to minimize the risk. This enables the Directors to get a deep understanding of the Company, its value, culture, structure and purpose and facilitates their active participation in overseeing the Company's Overall functioning.

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

different products and processes.

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

Board Meetings

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

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

Dates on which the Board Meetings were held during the Financial Year 2016-17 are as follows:

Date	Board Strength	Numbers of Directors Present
2nd May, 2016	8	8
27th May, 2016	8	6
27th July, 2016	8	5
13th September, 2016	8	6
12th October, 2016	8	5
14th December, 2016	8	6
30th December, 2016	8	5
13th February, 2017	8	5
23rd March, 2017	8	4

Board Meeting Process of Convention and Conduction

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

As per the requirements of Part A of Schedule II of Listing Regulations and provisions of Companies Act, 2013, the Chairman along with the Board Members review, discuss and decide on the strategies and business plans, annual operating plans and capital budgets as well as updates to the same, investments opportunities and overall working operations of the Company, compliance report of all laws applicable to the Company as well as steps taken to rectify instances of non-compliance,if any. The Board also reviews minutes of the meeting of the Committees of the Board and subsidiary Company, adoption of quarterly and annual financial results of the Company, major accounting provisions and write-offs, related party transactions, loans advanced or borrowed, transactions pertaining to purchase and/or disposal of properties, corporate restructuring, significant or material transactions entered into by the subsidiary company, any material show cause or demand or prosecution and penalty notices, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, any issue which involves possible public or product liability claims of substantial nature, including

any judgment or order which, may have passed strictures on the conduct of the Company non-payment for the goods sold by the Company, transactions that involve substantial payment towards goodwill, brand equity, or intellectual property, steps taken by the management to minimize the risks of adverse exchange rate movement that may have have negative impact on the Company, significant labour problems 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 15 days of the meeting for their comments. The final minutes are entered in the Minutes Book within 30days from conclusion of the meeting signed respectively by the Chairman of the meeting.

Compliance

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

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

The details of the attendance of the Directors at the Board Meetings held during the financial year 2016-17 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 16-17	Attendance at 47th AGM	Directorship in other listed companies (Including MSPL)	Chairmanship of Committees in other Companies (Including MSPL)*	Membership of Committees in other Companies (Including MSPL)*	Shareholding in the Company as on 31.03.2017*
Mr. Suresh Kumar Agrawal	Chairman/ NED/PD	9/9	Yes	2	0	0	1,41,000
Mr. Dhananjay Uchit Singh	ED	5/9	Yes	1	0	0	0
Mr. Manish Agrawal	NED/PD	8/9	Yes	2	0	4	3,09,000
Mr. Saket Agrawal	MD/ED/PD	8/9	Yes	1	0	2	N.A.
Mr. Navneet Jagatramka	ID	4/9	No	1	0	1	0
Mr. Ashok Kumar Soin	ID	3/9	No	1	0	0	0
Mrs. Priyanka Tiwari	ID	8/9	No	2	4	0	0
Mr. Kapil Deo Pandey	ID	4/9	Yes	1	1	2	0

Notes:

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

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

** Non-Executive Directors does not hold any convertible securities

Performance Evaluation

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

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

reviewed the performance of individual Independent Director, excluding the Director being evaluated on basis of the following parameters:

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

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

Remuneration Policy

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

Remuneration to Executive Director

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

Remuneration to Non- Executive Directors including Independent Directors

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

An Independent Director may receive remuneration by way of fee in conformity with the provisions of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the shareholders as recommended by the Committee and the Board.

During the year no sitting fee is paid to any Non- Executive Director for attending the meeting of the Board of Directors or a Committee thereof.

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

The details of the remuneration paid to Directors for the financial year 2016-17 are as follows:

Name	Salary (₹) per month	Perquisite/ Benefit, etc. (fixed)	Performance Linked Incentive	Period of Contract From
Mr. Saket Agrawal (Managing Director-Executive Director)	2,50,000	NIL	Nil	14-Nov-2014
Mr. Dhananjay Uchit Singh(Executive Director)*	50,000	Nil	16,500	21-Sep-2015
Mr. Manish Agrawal (Non Executive Director)	1,50,000 (from Oct.' 16 to Mar.' 17)	Nil	Nil	30-Sep-2003

II. BOARD COMMITTEES

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

The Board currently has four Committees:

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

A. AUDIT COMMITTEE

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

The Committee as on 31st March, 2017, comprised of four (4) Directors of which three(3) Directors are independent. Mrs. Priyanka Tiwari, is the chairperson of the Committee and has Mr. Kapil Deo Pandey, Mr. Saket Agrawal, Mr. Navneet Jagatramka as its members.

Meetings and Attendance

During the Financial Year 2016-17, the Audit Committee met five times on 27th May, 2016, 27th July, 2016, 13th September, 2016, 14th December, 2016 and 13th February, 2017. 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 22nd September, 2017 on behalf of the Chairperson of the Committee. The details of the attendance of the member is as under:

Name	Category	Position	Number of Meetings	
			Held	Attended
Mrs. Priyanka Tiwari	Independent Director	Chairperson	5	5
Mr. Navneet Jagatramka	Independent Director	Member	5	2
Mr. Kapil Deo Pandey	Independent Director	Member	5	3
Mr. Saket Agrawal	Executive Director	Member	5	4

Role of Audit Committee

The role of Audit Committee includes the following:

01. Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
02. Recommending for appointment, remuneration and terms of appointment of auditors;
03. Approval for payment to Statutory Auditors for any other services;
04. reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval ;
05. reviewing, with the management, the quarterly financial statements before submission to the Baord;
06. reviewing and monitoring the auditor's independence and performance, and effectiveness of auditors process;
07. reviewing, approving and subsequently modifying the statement of related party transactions of the Company with the related parties;
08. scrutinising inter-corporate loans and investments of the Company;
09. evaluating the internal financial controls and risk management systems and adequacy of internal audit function;

10. discussing with the statutory auditor and internal auditor about the scope of the audit and post -audit discussion on the area of concern;
11. reviewing the functioning of whistle blower mechanism;
12. looking in to the reasons for substantial default in payment to the creditors or shareholder;
13. approval of appointment of Chief Financial officer after assessing the qualifications, experience and background of the candidate;
14. reviewing management discussion and analysis of the financial condition and results of operations;
15. reviewing and discussing on internal audit reports relating to internal control weakness;
16. reviewing the internal control weakness as per the letter issued by the statutory auditors and as stated in Internal Audit Report;
17. reviewing the the appointment, removal and terms of remuneration of Chief Internal Auditor;
18. carrying out such other function as directed by the Board from time to time and /or enforced by any statutory notification, amendments as may be applicable.

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

B. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee as formed by the Board is in conformity the Listing Regulations and Companies Act, 2013, with all the Directors being Non-Executive and fifty percent of them being Independent Directors. As on 31st March, 2017 the Committee comprises of three Non-Executive Director of which two are Independent Directors.

Meetings and Attendance

The Committee met once during the financial year 2016-17, on 2nd May, 2016. The details of the attendance of the members is as under:

Name	Category	Position	Number of Meetings	
			Held	Attended
Mr. Kapil Deo Pandey	Independent Director	Chairperson	1	1
Mr. Navneet Jagatramka	Independent Director	Member	1	1
Mr. Manish Agrawal	Non-Executive Director	Member	1	1

Role of Nomination and Remuneration Committee

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

01. formulate criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
02. formulate criteria for evaluation of Board's and Director's performance and to evaluate performance of every Directors ;
03. devise policy on Board's Diversity;
04. identify persons who are qualified to become Directors and who may be appointed in senior management in with the criteria laid down, and recommend to the Board their appointment and removal;
05. to ensure that the level of composition of remuneration is reasonable enough to retain and motivate Directors, KMPs and other employees and at the same time ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks;
06. place necessary reports before the Chairman after completion of evaluation process;
07. carrying out such other function as directed by the Board from time to time and /or enforced by any statutory notification, amendments as may be applicable.

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

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Meetings and Attendance

During the year under review the Committee met four times on the following dates: 27th May, 2016, 27th July, 2016 14th December, 2016,, 13th February, 2017. The attendance of the Stakeholders Relationship Committee are as follows:

Name	Category	Position	Number of Meetings	
			Held	Attended
Mr. Kapil Deo Pandey	Independent Director	Chairman	4	3
Mr. Manish Agrawal	Non-Executive Director	Member	4	4
Mr. Saket Agrawal	Executive Director	Member	4	3

Role of Stakeholders' Relationship Committee

The role and responsibility of the Committee includes the following:

01. review the quarterly and half yearly reports as submitted by the Registrar and Share Transfer Agents of the Company;
02. 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.;
03. approve transfer and transmission of shares and issue of duplicate share certificates;
04. 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 2016-17 are stated as under:

Nature of Complaint	Complaints Received	Complaints Resolved	Complaints Pending
Non- Receipt of Dividend Warrants	5	5	Nil
Consolidation/Split of Securities	2	2	Nil
Rematerialisation/ Dematerialisation of shares	0	0	Nil
Others	3	3	Nil

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Meetings and Attendance

The CSR Committee met on 13.02.17 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	Member	1	1
Mr. Kapil Deo Pandey	Independent Director	Chairman	1	1
Mr. Saket Agrawal	Executive Director	Member	1	1

Role of CSR Committee:

The Committee performs the following functions:

review the CSR policy of the Company and indicate the activities that needs to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

recommend on the amount of expenditure to be incurred on the activities and monitor the CSR activities of the Company;

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

DISCLOSURES:

a) Related Party Transactions

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

b) Details of Non-compliances by the Company

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

c) Whistle Blower Policy/ Vigil Mechanism

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

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

d) Compliance with mandatory Requirements

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

Non- mandatory items of Corporate Governance

- Your Company has also ensured the implementation of non-mandatory items such as:
- Separate posts of Chairperson and MD & CEO and reimbursement of expenses in the performance of duties
- Unmodified audit Opinions/Reporting
- The internal auditor reports directly to the Audit Committee

e) Subsidiary Companies

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

GOVERNANCE CODE

Code of Conduct

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

Code of Conduct for Prevention of Insider Trading

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

MEANS OF COMMUNICATION WITH SHAREHOLDERS

a) Financial Results:

The Quarterly/ Annual Financial Results are submitted to the Stock Exchanges immediately after they are approved by the Board. The un-audited quarterly financial results (Standalone) are submitted within forty-five days from the end of the quarter. The Audited Financial Results (Standalone & Consolidated) are submitted within sixty days from the end of the financial year. However, in order to facilitate smooth transition during the first year of IND-AS implementation SEBI vide its Circular No.- CIR/CFD/FAC/62/2016 dated 05th July, 2016, extended the timeline by one month for submission of the results for the quarter ending 30th June, 2016 and September 30, 2016. Details of the

approval and submission of results are given below:

Financial Results	Date of Approval	Date of Submission
Un-audited Financial Results for the quarter ended 30th June, 2016	13th September, 2016	13th September, 2016
Un-audited Financial Results for the quarter ended 30th September, 2016	14th December, 2016	14th December, 2016
Un-audited Financial Results for the quarter ended 31st December, 2016	13th February, 2017	13th February, 2017
Financial Results for the year ended 31st March, 2017	27th May, 2017	27th May, 2017

b) Publication of Financial Results:

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

c) Website:

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

GENERAL BODY MEETINGS

a) Annual General Meetings

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

AGM	Financial Year	Date & Time	Venue	Details of Special Resolution Passed
45th AGM	F.Y. 2013-14	September 26, 2014 at 2.30 PM	Rotary Sadan, 94/2 Chowinghee Road, Kolkata – 700 020	<ul style="list-style-type: none"> To create securities in favor of lenders u/s 180(1)(a) of the Companies Act, 2013. Borrowing limits of the company u/s 180(1)(c) of the Companies Act, 2013.
46th AGM	F.Y. 2014-15	September 21, 2015 at 2.30 PM	Rotary Sadan 94/2 Chowinghee Road, Kolkata – 700 020	<ul style="list-style-type: none"> To approve the Corporate Debt Restructuring package between the Company and the lenders of the Company. To restructure loan as per provision of 62(3) of the companies Act, 2013. To issue and offer 6% non-cumulative,non-convertible Redeemable Preference Shares u/s 55 and 62 of the Companies Act, 2013.
47th AGM	F.Y. 2015-16	September 22, 2016 at 3.30PM	Rotary Sadan 94/2 Chowinghee Road, Kolkata – 700 020	<ul style="list-style-type: none"> Maintenance of Registers of Members at a place other than registered office of the Company.

b) Postal Ballot

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

GENERAL SHAREHOLDERS INFORMATION

a) 48th Annual General Meeting (AGM) for the Financial Year 2016-17

Day, Date and Time	Saturday, 23rd September, 2017 at 12:30 PM
Venue	Kala Kunj, 48 Shakespear Sarani Road Kolkata – 700 017
Book Closure Date	September 15, 2017 to September 22, 2017 (both days inclusive)
Dividend Payment Date	N.A.

b) Financial Year:

Tentative dates for the financial year 2017-18:

First Quarter Results	Held on 14th August, 2017
Second Quarter Results	On or before 14th November, 2017
Third Quarter Results	On or before 14th February, 2018
Annual Results	On or before 30th May, 2018
AGM for the year ended 2018	On or before 30th September, 2018

c) Dividend

The Board of Directors did not declare any dividend for the financial year 2016-17 as your company had inadequate profit.

Dividend History for the last 7 Years

Year of Declaration of Dividend	Date of Declaration of Dividend	Amount declared per share
2009-10	29th September, 2010	50p per equity 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

Unclaimed Dividend/Shares

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

Year of Declaration of Dividend	Date of Declaration of Dividend	Unclaimed Amount (₹)	Due Date for transfer to IEPF Account
2009-10	29th September, 2010	166,803	4th November, 2017
2010-11	19th September, 2011	89,789	26th October, 2018
2011-12	18th September, 2012	44,797	25th October, 2019

d) Details of Stock Exchanges at which shares are listed

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

e) Market Price Data

Market price data during each month in Financial Year 2016-17 are:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-16	15.28	8.59	14.95	8.55
May-16	12.65	10.50	13.25	10.55
Jun-16	13.69	10.20	13.10	10.25
Jul-16	15.00	11.55	14.40	11.55
Aug-16	13.92	10.06	12.75	10.80
Sep-16	11.99	9.70	12.40	9.50
Oct-16	17.70	9.87	17.70	9.60
Nov-16	15.70	10.50	15.80	10.15
Dec-16	14.24	10.40	14.10	10.30
Jan-16	16.75	10.75	16.50	10.50
Feb-17	16.90	13.00	16.80	13.00
Mar-17	14.34	12.00	14.00	12.10

f) Comparison Chart

Chart A: MSPL's Performance in comparison with BSE Sensex

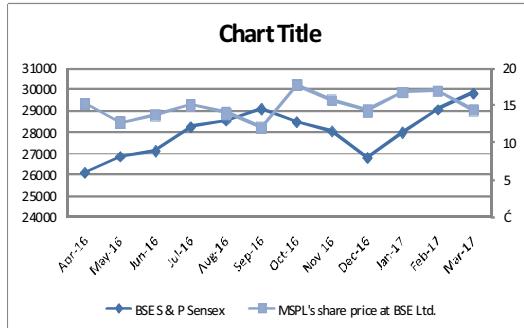
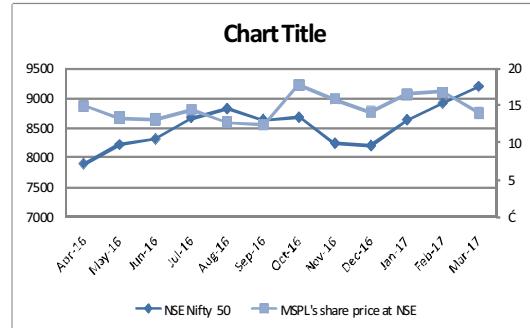


Chart B: MSPL's Performance in comparison with NSE Nifty 50



g) Registrar and Share Transfer Agents:

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

Contact Information:

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

h) Share Transfer System

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

k) Distribution of Shareholding as on 31st March, 2017.

Sl. No	Category	Cases	% of Cases	No. of Shares.	% Shareholding
1	upto 1 - 5000	8,484	79.46	1,479,245	1.68
2	500 - 10000	1,033	9.68	890,152	1.01
3	10001 - 20000	524	4.91	829,523	0.94
4	20001 - 30000	189	1.77	489,675	0.56
5	30001 - 40000	81	0.76	291,819	0.33
6	40001 - 50000	79	0.74	378,728	0.43
7	50001 - 100000	126	1.18	946,909	1.07
8	100001 & ABOVE	161	1.51	82,793,949	93.98
	Total:	10677	100.00	88,100,000	100.00

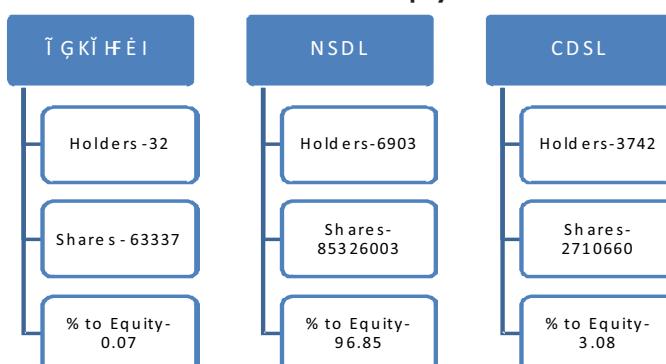
Shareholding Pattern for the year ended 31st March, 2017

Category	No. of Holders	No. of Shares Held	% of Holding
Promoter Individuals	9	2,023,240	2.30
Promoters Body Corporates	15	61,320,260	69.60
Bodies Corporates	249	16,802,290	19.07
HUF	264	353,573	0.40
Resident Individuals	10,024	7,109,877	8.07
Banks	1	254,990	0.29
NBFC	1	100	0.00
Non-Resident Indians	80	202,957	0.23
NRI Non-Repatriation	19	18,662	0.02
Clearing Members	15	14,051	0.02
Total	10,677	88,100,000	100.00

Pledge of Shares :- the shares of the promoters are fully pledged thus percentage of shares pledge is 100%

I) 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). 99.93% of the total equity shares, are held in dematerialized form and 0.07% 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.

Details of shares held in dematerialized and physical form as on 31st March 2017.


m) Plant Location

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

n) Address for Correspondence:**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- 700053
Ph.No.:033-40057777
Fax No.: 033-40057788

For Investor Query

Ms. Shreya Kar
Ph.No.:033-40057777
Email-id: shreya.kar@mspsteel.com

For and behalf of the Board
MSP Steel & Power Limited

Date: 14TH August, 2017
Place: Kolkata

Suresh Kumar Agrawal
(Chairman)
DIN: 00587623

Manish Agrawal
(Director)
DIN: 00129240

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
MSP STEEL & POWER LIMITED

We have examined the compliance of Corporate Governance by MSP Steel & Power Limited ("the Company"), for the year ended 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraph C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. The responsibility includes collecting, collating, the data and designing, implementing, maintaining and monitoring of Corporate Governance process suitable for ensuring the compliance with the Listing Regulations.

Auditor's Responsibility

Our examination was limited to review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on Compliance with the Corporate Governance requirements by the Company.

Opinion

In our opinion and to the best of our information and explanations given 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 paragraph C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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.

Place: Kolkata
Date: 27th May, 2017

For **Sunil Kumar Agrawal & Associates**
Firm Registration No. 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership no.: 057731

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT

As required under Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board Management and Senior Management Personnel have affirmed compliance with the code of conduct for the Financial Year 2016-17.

For MSP Steel & Power Limited

Place: Kolkata
Date: 14th August, 2017

Saket Agrawal
Managing Director

CEO & CFO CERTIFICATION

The Board of Directors
MSP Steel & Power Limited

1, Crooked Lane
Kolkata- 700 069

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

- a) We have reviewed the financial statements and cash flow statements for the year ended 31st March, 2017 and to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for the establishing and maintaining internal control systems for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee that:-
 - i. There have been no significant changes in internal control over financial reporting during the year.
 - ii. The significant changes in accounting policies arising from the adoption of the Indian Accounting Standards have been discussed and approved by the auditors and Audit Committee.
 - iii. There have been no instances of significant fraud of which we have become aware.

Place: Kolkata
Date : 27th May, 2017

Saket Agrawal
Managing Director

Kamal Kumar Jain
Chief Financial Officer

REVIEW & PERSPECTIVE OF FINANCIAL RESULTS

“PROPER PLANNING AND PREPARATION PREVENTS POOR PERFORMANCE”

-BY STEPHEN KEAGUE

The following retrospective and fragile performance of the Company will lead to meeting the Challenges in future. The dedication of our team will lead to a constant movement towards the targeted goal of the Company. Our Company is likely to improve the efficiency and quality of products being manufacturer in coming years with the support of all concerned.

Independent Auditors' Report

To the Members of MSP Steel & Power Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **MSP Steel & Power Limited ('the Company')**, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other comprehensive income), the Cash Flow Statement and the statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under sub-section 10 of section 143 of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's

preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued standalone financial statements for the year ended 31st March 2016 and 31st March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion on those standalone financial statements dated 27th May, 2016 and 6th June, 2015 respectively. The adjustments for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

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, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order
2. As required by sub-section 3 of Section 143 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in '**Annexure B**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditors' 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 Ind AS financial statements;
 - ii. Provision has been made in the financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts;
 - iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes during the period from 8th November, 2016 to 31st December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For Sunil Kumar Agrawal & Associates

Chartered Accountants
Firm Registration No: 323133E

CA Sunil Kumar Agrawal

Partner
Membership No: 057731

Kolkata, 27th day of May, 2017

Annexure A to Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of **MSP Steel & Power Limited** ('the Company') for the year ended 31st March, 2017. We report that:

- (i) (a) According to the information & explanation given to us and based on the records produced before us, we are of the opinion that the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information & explanation given to us, all the 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 nature of its assets. As informed, no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and based on the records produced before us, the title deeds of the immovable properties are held in the name of the Company except as reported in Note 2A to the standalone Ind AS financial statement.
- (ii) According to the information & explanation given to us, a part of the inventory has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable.
- (iii) According to the information & explanation given to us, the Company has not granted loans to the parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Hence paragraph 3 (iii) is not applicable to the company.
- (iv) According to the information & explanation given to us, we are of the opinion that in respect of grant of loans, making investments and providing guarantees and securities, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) According to the information & explanation given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed there under.
- (vi) According to the information & explanation given to us, the company has maintained cost records as specified by Central Government under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Professional tax, Employees' state insurance, Income tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding, as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, value added tax, income tax, customs duty, service tax, excise duty and cess which have not been deposited on account of any dispute, except:-

Name of the statute	Nature of dues	Year	Amt. in Lacs	Forum where dispute is pending
Central and Local Sales Tax Acts(*)	Sales Tax including Non collection of C Forms and disallowance of VAT Credit	2004-2012	275.01	Appellate Authority upto Joint Commissioner Level.
Central Excise Act, 1944(**)	Excise Duty including interest and penalty, if applicable	2004-2012	70.45	Appellate Authority upto Commissioner's level.
Central Excise Act, 1944	Excise Duty including interest and penalty, if applicable	2005-2012	1,100.07	Customs, Excise and Service Tax Appellate Tribunal
Income-tax Act, 1961	Disallowance of TDS	2004-2005	55.95	Deputy/Assistant Commissioner of Income Tax

(viii) According to the information & explanation given to us and based on the records produced before us, the company has defaulted in repayment of dues to financial institutions, banks or Government. As explained to us, the company did not have any dues to debenture holders.

(ix) According to the information & explanation given to us and based on the records produced before us the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(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 of 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 Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence paragraph 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 them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For Sunil Kumar Agrawal & Associates

Chartered Accountants

Firm Registration No: 323133E

CA Sunil Kumar Agrawal

Partner

Membership No: 057731

Kolkata, 27th day of May, 2017

Annexure B to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act 2013 ('the Act').

We have audited the internal financial controls over financial reporting of **MSP Steel & Power Limited ('the Company')**, as of 31st March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') 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 over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidences about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparations of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of the Management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Our opinion is not modified in respect of this matter.

For Sunil Kumar Agrawal & Associates

Chartered Accountants
Firm Registration No: 323133E

CA Sunil Kumar Agrawal

Partner
Membership No: 057731
Kolkata, 27th day of May, 2017

Balance Sheet
As at 31st March, 2017

₹ in lacs

Particulars	Notes No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Assets				
Non-Current Assets				
(a) Property, Plant and Equipment	2A	1,06,992.80	1,12,638.46	1,13,675.99
(b) Capital Work In Progress	2B	-	-	4,899.59
(c) Financial Assets				
(i) Investments	3	4,811.06	4,658.64	2,807.06
(ii) Loans	4	-	-	-
(iii) Other Financial Assets	5	547.39	361.09	550.89
(d) Deferred Tax Assets (Net)	12	1,056.31	-	-
(e) Other Non-Current Assets	6	4,195.01	4,195.01	4,199.07
Total		1,17,602.57	1,21,853.20	1,26,132.60
Current Assets				
(a) Inventories	7	29,601.65	27,267.62	32,154.52
(b) Financial Assets				
(i) Trade Receivables	8	13,561.28	10,987.25	10,203.48
(ii) Cash & Cash Equivalents	9	742.49	188.10	1,815.24
(iii) Bank Balances Other than Cash and Cash Equivalents	10	753.65	196.72	131.84
(iv) Loans	4	1,357.39	1,333.73	4,137.21
(v) Other Financial Assets	5	1,425.55	1,755.10	1,722.86
(c) Current Tax Assets (Net)	11	77.11	67.85	49.00
(d) Other Current Assets	6	13,716.61	12,669.79	15,014.94
Total		61,235.73	54,466.16	65,229.09
Total Assets		1,78,838.30	1,76,319.36	1,91,361.69
Equity and Liabilities				
Equity				
(a) Equity Share Capital	13A	8,810.00	8,810.00	8,810.00
(b) Other Equity	13B	32,782.56	42,007.32	48,878.09
Total		41,592.56	50,817.32	57,688.09
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14A	86,380.22	84,038.00	91,392.36
(ii) Other Non-Current Financial Liabilities	15	207.73	204.05	212.32
(b) Deferred Tax Liabilities (Net)	17	-	142.92	1,026.63
(c) Provisions	16	130.48	105.34	188.93
Total		86,718.43	84,490.31	92,820.24
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14B	26,096.51	25,422.31	23,314.64
(ii) Trade Payables	18	11,917.41	6,851.30	11,499.55
(iii) Other Current Financial Liabilities	15	7,942.40	4,838.60	2,560.96
(b) Other Current Liabilities	19	4,570.99	3,899.52	3,478.21
Total		50,527.31	41,011.73	40,853.36
Total Equity and Liabilities		1,78,838.30	1,76,319.36	1,91,361.69

Significant Accounting Policies

1

The accompanying notes are an integral part of this Standalone financial statements

As per our report of even date

For Sunil Kumar Agrawal & Associates

Firm Registration No.: 323133E

Chartered Accountants

CA Sunil Kumar Agrawal

Partner

Membership No.: 057731

Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors

MSP Steel & Power Limited**Suresh Kumar Agrawal**

Chairman

(DIN: 00587623)

Kamal Kumar Jain

Chief Financial Officer

Saket Agrawal

Managing Director

(DIN: 00129209)

Shreya Kar

Company Secretary

Statement of Profit and Loss
for the year ended 31st March, 2017

₹ in lacs

Particulars	Notes No.	As at 31st March, 2017	As at 31st March, 2016
INCOME			
Revenue from Operation (Gross)	20	93,570.09	1,00,768.43
Less: Excise Duty		9,286.51	10,316.92
Revenue from Operation (Net)		84,283.58	90,451.51
Other Income	21	105.16	165.00
Total (I)		84,388.74	90,616.51
EXPENSES			
Cost of Raw Material and Components Consumed	22	59,429.04	72,705.48
Purchase of Stock in Trade	23	44.90	875.48
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	24	2,387.69	2,986.02
Employee Benefits Expenses	25	2,843.47	3,046.19
Finance Costs	26	12,323.62	11,849.95
Depreciation and Amortization Expenses	27	5,642.15	6,333.40
Other Expenses	28	12,123.49	11,935.25
Total (II)		94,794.36	1,09,731.77
Profit Before Tax (I - II)		(10,405.62)	(19,115.26)
Tax Expenses			
Current Tax [Minimum Alternate Tax (MAT)]		-	-
Less: MAT Credit Entitlement		-	-
Income Tax for Earlier Years		154.05	33.29
Deferred Tax		(1,199.23)	(905.97)
Total Tax Expenses		(1,045.18)	(872.68)
Profit for the Year		(9,360.44)	(18,242.58)
A (i) Items that will not be reclassified to Profit or Loss			
(a) Re-measurement of the defined benefit plans		(39.54)	52.90
(b) Equity Instruments through Other Comprehensive Income		152.43	37.70
(ii) Income Taxes on items that will not be reclassified to Profit or Loss			
B (i) Items that will be reclassified to Profit or Loss			
(a) Effective Portion of Gains and Loss on Hedging instruments in a Cash Flow Hedge		(10.95)	15.71
(ii) Income Taxes on Items that will be reclassified to Profit or Loss			
Other Comprehensive Income (After Tax)		-	-
Deferred Tax - on OCI Items		-	(22.26)
Total Comprehensive Income for the period		(9,258.50)	(18,158.53)
Earnings per Equity Shares of Face Value ₹ 10/- each	29		
Basic (₹)		(10.62)	(20.71)
Diluted (₹)		(10.62)	(20.71)
Significant Accounting Policies		1	

The accompanying notes are an integral part of this Standalone financial statements
 As per our report of even date

For Sunil Kumar Agrawal & Associates
 Firm Registration No.: 323133E
 Chartered Accountants

For and on behalf of Board of Directors
MSP Steel & Power Limited

CA Sunil Kumar Agrawal
 Partner
 Membership No.: 057731

Suresh Kumar Agrawal
 Chairman
 (DIN: 00587623)

Saket Agrawal
 Managing Director
 (DIN: 00129209)

Kolkata, 27th day of May, 2017

Kamal Kumar Jain
 Chief Financial Officer

Shreya Kar
 Company Secretary

Cash Flow Statement
For the year ended 31st March, 2017

₹ in lacs

	Year ended 31st March, 2017	Year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Taxes	(10,405.62)	(19,115.26)
Adjustment for:		
Depreciation	5,642.15	6,333.40
Interest on Loans, Deposit etc.	(102.89)	(162.51)
Interest Expenses	11,420.33	11,094.74
Preference Share Liability Recognised	443.23	340.02
Other Finance Expenses	460.06	415.19
(Profit)/ Loss on sale of Property, Plant & Equipment (Net)	0.02	-
Dividend Income	(0.01)	(0.14)
Operating Profit before Working Capital Changes	7,457.27	(1,094.56)
Movement in Working Capital for:		
(Increase)/ Decrease in Trade and Other Receivables	(3,481.80)	4,535.23
(Increase)/ Decrease in Inventories	(2,334.03)	4,886.90
(Increase)/ Decrease in Trade and Other Payables	5,634.10	(4,247.63)
(Increase)/ Decrease in Provisions	(14.40)	(30.69)
Cash Generated from Operation	7,261.14	4,049.25
Direct Taxes Paid	163.31	52.14
Net Cash generated from Operating Activities	7,097.83	3,997.11
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Land and Equipment [including Pre-Operative & Trial Run Expenses (Pending Allocation)]	(0.62)	(422.74)
Discard/ Sale of Property, Plant & Equipment	4.13	-
Loss on Sale of Property, Plant & Equipment	(0.02)	-
Purchase of Investments	-	(1,813.87)
Bank Deposits not considered as cash and cash equivalents (Net)	(556.92)	(64.88)
Interest Received	83.42	153.76
Dividends Received	0.01	0.14
Net Cash used in investing activities	(470.00)	(2,147.59)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Preference Shares including Securities Premium	-	12,050.50
Long Term Borrowings Repaid	(1,067.03)	(13,664.00)
Short Term Borrowing Received/ (Paid) (Net)	674.20	2,313.59
Interest Paid	(5,220.55)	(3,761.55)
Other Finance Expenses Paid	(460.06)	(415.19)

Cash Flow Statement
For the year ended 31st March, 2017

₹ in lacs

	Year ended 31st March, 2017	Year ended 31st March, 2016
Net Cash Generated in Financing Activities	(6,073.44)	(3,476.65)
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	554.39	(1,627.13)
Cash and Cash Equivalents as at the beginning of the year	185.58	1,812.72
Cash and Cash Equivalents as at the end of the Year*	739.97	185.58

	₹ in lacs	
* Components of Cash and Cash Equivalents	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash on Hand	13.17	9.91
With Scheduled Banks on Current Account	726.80	175.67
	739.97	185.58

Significant Account Policies 1

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

As per our report of even date:

Note: I. The Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7, Statement of Cash Flow.

II. The Purchase of Investments in 2015-16 is conversion of loan and advances of ₹ 1,870.50 lacs given by the company to its Associates Company (AA-ESS Tradelinks Pvt. Ltd.) into equity share capital.

III. The repayment of long term borrowing in 2015-16 includes amount of ₹ 12,050.50 lacs converted into 6% non cumulative redeemable Preference Shares having a nominal value of ₹ 10/- per share

For Sunil Kumar Agrawal & Associates
Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731

Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman
(DIN: 00587623)

Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director
(DIN: 00129209)

Shreya Kar
Company Secretary

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

A. EQUITY SHARE CAPITAL		₹ in lacs
As at 1st April, 2015		8,810.00
Change in Equity Share Capital		-
As at 31st March, 2016		8,810.00
Change in Equity Share Capital		-
As at 31st March, 2017		8,810.00

B. OTHER EQUITY

Particulars	Reserve & Surplus			Items of Other Comprehensive Income/ (Loss) (OCI)			Total
	Security Premium Reserve	Retained Earnings	Equity Component of Compound Financial Instruments	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Remeasurement of the defined benefit Plans	
Balance as at 1st April, 2015	15,055.59	14,299.02	19,523.48		-	-	48,878.09
Profit/ (Loss) for the year	-	(18,242.58)	-	-	-	-	(18,242.58)
Movement during the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	37.70	10.62	35.74	84.06
Total Comprehensive Income for the year	15,055.59	(3,943.56)	19,523.48	37.70	10.62	35.74	30,719.57
Issue of Share Capital	-	-	11,314.21	-	-	-	11,314.21
Depreciation charge	-	(26.46)	-	-	-	-	(26.46)
Transfer From/ (to) Retained Earning	-	-	-	-	-	-	-
Balance as at 31st March,	15,055.59	(3,970.02)	30,837.69	37.70	10.62	35.74	42,007.32
Balance as at 1st April, 2016	15,055.59	(3,972.02)	30,837.69	37.70	10.62	35.74	42,007.32
Profit / (Loss) for the year	-	(9,360.44)	-	-	-	-	(9,360.44)
Leave Provision for the year	-	-	-	-	-	33.74	33.74
Movement during the year	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	152.43	(10.95)	(39.54)	101.94
Total Comprehensive Income for the year	15,055.59	(13,330.46)	30,837.69	190.13	(0.33)	29.94	32,782.56
Issue Of Share Capital	-	-	-	-	-	-	-
-Depreciation charge	-	-	-	-	-	-	-
Balance as at 31 st March, 2017	15,055.59	(13,330.46)	30,837.69	190.13	(0.33)	29.94	32,782.56

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

As per our report of even date

For Sunil Kumar Agrawal & Associates

Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal

Partner
Membership No.: 057731

Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors

MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman
(DIN: 00587623)

Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director
(DIN: 00129209)

Shreya Kar
Company Secretary

Notes to the Financial Statements for the year ended 31st March, 2017 (Contd.)

1A. General Information

MSP Steel & Power Limited ('the Company') is a public company incorporated in India and is listed on the Bombay Stock Exchange of India Limited (BSE) and the National Stock Exchange of India Limited (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 in Raigarh (Chhattisgarh).

1B. Significant Accounting Policies

i. Compliance with Ind AS

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The aforesaid standalone financial statements have been approved by the Board of Directors in the meeting held on 27th May, 2017. These standalone financial statements for the year ended 31st March, 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the date of transition to Ind AS.

ii. Basis of preparation and presentation

These standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable

inputs and minimising the use of unobservable inputs.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) Certain financial assets and liabilities that are measured at fair value.
- 2) Assets held for sale - measured at lower of carrying amount or fair value less cost to sell.
- 3)Defined benefit plans - plan assets measured at fair value.

Current & non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of twelve months and other criteria set out in the Schedule III to the Act.

Rounding of amounts

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

iii. Use of estimates and judgments:-

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

iv. Property, plant and equipment:-

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

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

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on estimate of their specific useful lives.

Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

v. Investments and other financial assets:-

Classification

The Company classifies its financial assets in the following measurement categories:

1.Those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and

2.Those measured at amortised cost.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

vi. Inventories: -

Inventories of Raw Materials, Work-in-Progress, Stores and spares, Finished Goods and Stock-in-trade are stated 'at cost or net realisable value, whichever is lower'. Goods-in-Transit are stated 'at cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-in-First-out', 'Weighted Average cost' or 'Specific identification', as applicable.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

vii. Cash and Cash Equivalents: -

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

viii. Revenue Recognition

Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when significant risks and rewards of ownership pass to the customer. Sale of products is presented gross of manufacturing taxes like excise duty wherever applicable. Revenue from sale of by-products are included in revenue.

Sale of Power

Revenue from sale of power is recognized when delivered and measured based on the bilateral contractual arrangements.

Dividend and Interest Income

Dividend Income from Investments is recognised when the

Notes to the Financial Statements for the year ended 31st March, 2017 (Contd.)

shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is included in other income & recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

ix. Employee benefit expenses: -

Short-term & Other long-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity and pension; and
- (b) Defined contribution plans such as provident fund.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plans

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

x. Borrowings:-

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividend on these preference shares is recognised in Statement of Profit and Loss as finance costs.

xi. Borrowing costs

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to Statement of Profit and Loss. The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

xii. Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

xiii. Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

(i) Operating Lease

Operating lease payments are recognized as an expense in the Statement of Profit and Loss 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 leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

(ii) Finance Lease

Assets held under finance leases are initially recognized as assets of the Company 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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

xiv. Segment Reporting:-

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director & CFO.

xv. Accounting of provisions, contingent liabilities and contingent assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

xvi. Foreign currency translation:-

Functional and presentation currency

These standalone financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss. Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

xvii. Income tax:-

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Deferred tax is recognised 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period : Current and deferred tax are recognised in profit or loss, except when they are relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

xviii. Earnings per Share: -

Notes to the Financial Statements for the year ended 31st March, 2017 (Contd.)

Basic earnings per share

Basic earnings per share are calculated by dividing the profit / (Loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

xix. Dividend to equity shareholders

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

xx. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where

the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

xxi. First time adoption – mandatory exceptions, optional exemptions

The Company has prepared the opening Standalone Balance Sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

Share based payment transactions - The Company has availed the exemption of not applying Ind AS 102- Share based payment to equity instruments that vested before date of transition to Ind AS.

Deemed cost for property, plant and equipment and intangible assets including capital work in progress and intangible assets under development-

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets including capital work in progress and intangible assets under development recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

Deemed cost for investments in subsidiaries, associates and joint ventures

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint ventures and associates recognised as of 1 April, 2015 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

Designation of previously recognised financial instruments

The Company has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

xxii. Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Reconciliations

The accounting policies as stated have been applied in preparing the financial statements for the year ended 31st March, 2017, the financial statements for the year ending 31 March, 2016 and the preparation of an opening Ind AS statement of financial position as at 1 April, 2015. In preparing its opening Ind AS Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2016, the Company has adjusted amounts reported in financial statements prepared in accordance with Previous GAAP.

An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables.

(a) Reconciliation of Balance Sheet

₹ in lacs

Sl. No.	Particulars	As at 31st March, 2016			As at 01st April, 2015		
		Amount as per Previous GAAP	Effects of Transaction to Ind AS	Amount as per Ind AS	Amount as per Previous GAAP	Effects of Transaction to Ind AS	Amount as per Ind AS.
A Assets							
1 Non-Current Assets							
(a) Property, Plant and Equipment	1,12,638.47	-	1,12,638.46	1,13,675.99	-	1,13,675.99	
(b) Capital work-in-progress	-	-	-	4,899.59	-	4,899.59	
(c) Financial Assets							
(i) Investments	5,076.68	(418.04)	4,658.64	3,262.81	(455.75)	2,807.06	
(ii) Other Financial Assets	354.45	6.63	361.09	550.89	-	550.89	
(d) Other Non-Current Assets	4,195.00	-	4,195.01	4,199.07	-	4,199.07	
Total	1,22,264.60	(411.41)	1,21,853.20	1,26,588.35	(455.75)	1,26,132.60	
2 Current Assets							
(a) Inventories	27,267.62	-	27,267.62	32,154.52	-	32,154.52	
(b) Financial Assets							
(i) Trade Receivables	10,987.25	-	10,987.25	10,203.48	-	10,203.48	
(ii) Cash and Cash equivalents	188.11	-	188.10	1,815.24	-	1,815.24	
(iii) Bank Balances other than Cash and Cash equivalents	196.72	-	196.72	131.84	-	131.84	
(iv) Loans	1,333.73	-	1,333.73	4,137.21	-	4,137.21	
(v) Other Financial Assets	1,755.10	-	1,755.10	1,731.95	(9.08)	1,722.86	
(c) Current Tax Assets (Net)	67.85	-	67.85	49.00	-	49.00	
(d) Other Current Assets	12,669.79	-	12,669.79	15,014.93	-	15,014.94	
Total	54,466.17	-	54,466.16	65,238.17	(9.08)	65,229.08	
Total Assets	1,76,730.77	(411.41)	1,76,319.36	1,91,826.52	(464.83)	1,91,361.68	
B Equity and Liabilities							
1 Equity							
(a) Equity Share capital	8,810.00	-	8,810.00	8,810.00	-	8,810.00	
(b) Other Equity	45,357.47	(3,350.15)	42,007.32	51,177.79	(2,299.70)	48,878.09	
Total	54,167.47	(3,350.15)	50,817.32	59,987.79	(2,299.70)	57,688.09	
2 Liabilities							
Non-Current Liabilities							
(a) Financial liabilities							
(i) Borrowings	81,089.39	2,948.61	84,038.00	89,521.05	1,871.31	91,392.36	
(ii) Other Non-Current Financial Liabilities	204.05	-	204.05	212.32	-	212.32	
(b) Deferred Tax Liabilities (Net)	132.00	10.92	142.92	1,010.02	16.61	1,026.63	
(c) Provisions	105.34	-	105.34	188.93	-	188.93	
Total	81,530.78	2,959.53	84,490.31	90,932.32	1,887.92	92,820.24	
3 Current Liabilities							
(a) Financial liabilities							
(i) Borrowings	25,422.31	-	25,422.31	23,314.64	-	23,314.64	
(ii) Trade Payables	6,851.29	-	6,851.30	11,499.54	0.01	11,499.55	
(iii) Other Current Financial Liabilities	4,859.40	(20.80)	4,838.60	2,614.02	(53.06)	2,560.96	
(b) Other Current Liabilities	3,899.52	-	3,899.52	3,478.21	-	3,478.21	
Total	41,032.52	(20.80)	41,011.73	40,906.41	(53.05)	40,853.36	
Total Equity and Liabilities	1,76,730.77	(411.41)	1,76,319.36	1,91,826.52	(464.83)	1,91,361.69	

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

(b) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

₹ in lakhs

Particulars	Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS
Income			
Revenue from Operations (Gross)	1,00,768.43	-	1,00,768.43
Less: Excise Duty	10,316.92	-	10,316.92
Revenue from Operations (Net)	90,451.51	-	90,451.51
Other Income	165.00	-	165.00
Total (I)	90,616.51	-	90,616.51
Expenses			
Cost of Raw Material and Components Consumed	72,705.48	-	72,705.48
Purchase of Stock In Trade	875.48	-	875.48
Changes in Inventories of Finished Goods, Work-in-Progress and Stock In Trade	2,986.02	-	2,986.02
Employee Benefits Expenses	2,993.28	52.91	3,046.19
Finance Costs	11,476.10	373.85	11,849.95
Depreciation and Amortization Expenses	6,333.40	-	6,333.40
Other Expenses	11,935.84	(0.59)	11,935.25
Total (II)	1,09,305.60	426.17	1,09,731.77
Profit Before Tax (I-II)	(18,689.09)	(426.17)	(19,115.26)
Tax Expenses			
Current Tax [Minimum Alternate Tax (MAT)]			
Less: MAT Credit Entitlement	-	-	-
Income Tax for Earlier Years	33.29	-	33.29
Deferred Tax	(878.02)	(27.95)	(905.97)
Total Tax Expenses	(844.73)	(27.95)	(872.68)
Profit for the Year	(17,844.36)	(398.22)	(18,242.58)

(c) Effects of Ind AS adoption on Cash flows for the year ended 31st March, 2016

₹ in lakhs

Particulars	Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS
Net Cash generated from / (used in) operating Activities - A	6,321.95	(2,324.84)	3,997.11
Net Cash generated from / (used in) investing Activities - B	(2,147.59)	-	(2,147.59)
Net Cash generated from / (used in) financing Activities - C	(5,801.49)	2,324.84	(3,476.65)
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	(1,627.13)	-	(1,627.13)
Cash and Cash equivalents as at the beginning of the year	1,812.72	-	1,812.72
Cash and Cash equivalents as at the end of the year	185.58	-	185.58

(d) Effects of Ind AS adoption on Total Equity

₹ in lakhs

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as per Previous GAAP	54,167.47	59,987.79
1. Impact of Preference Share Accounting	(2,954.85)	(1,878.54)
2. Fair Value of Investments	(418.04)	(455.75)
3. Impact of Derivative Accounting	6.63	6.13
4. Impact of Long Term Loans	27.03	45.07
5. Deferred Tax Impact on the above (1-4)	(10.92)	(16.61)
Equity as per Ind AS	50,817.32	57,688.09

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

2A. Property, Plant & Equipment	Land	Factory Building	Other Building	Plant & Machinery	Vehicle	Office Equipments	Furniture & Fixtures	Total
Cost/ Deemed Cost								
Balance as on 1st April, 2015	926.80	11,790.60	7,681.07	92,942.03	276.83	20.64	38.02	1,13,675.99
Additions	-	-	-	4,949.90	-	2.38	-	4,952.28
Deductions	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	370.06	-	-	-	370.06
Balance as at 31st March, 2016	926.80	11,790.60	7,681.07	98,261.99	276.83	23.02	38.02	1,18,998.33
Additions	-	-	-	-	-	0.64	-	0.64
Deductions	-	-	-	-	14.61	-	-	14.61
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	926.80	11,790.60	7,681.07	98,261.99	262.22	23.66	38.02	1,18,984.35
Accumulated Depreciation								
Balance as on 1st April, 2015	-	-	-	-	-	-	-	-
Depreciation expense	-	429.79	284.28	5,537.93	62.83	11.58	7.00	6,333.41
Deductions	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	26.46	-	-	-	26.46
Balance as at 31st March, 2016	-	429.79	284.28	5,564.39	62.83	11.58	7.00	6,359.87
Depreciation expense	-	429.78	284.28	4,862.96	51.93	6.21	6.99	5,642.15
Deductions	-	-	-	-	10.46	-	-	10.46
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	859.57	568.56	10,427.35	104.30	17.79	13.99	11,991.56
Carrying value	-	-	-	-	-	-	-	-
Balance as at 1st April, 2015	926.80	11,790.60	7,681.07	92,942.03	276.83	20.64	38.02	1,13,675.99
Balance as at 31st March, 2016	926.80	11,360.81	7,396.79	92,697.60	214.00	11.44	31.02	1,12,638.46
Balance as at 31st March, 2017	926.80	10,931.03	7,112.51	87,834.64	157.92	5.87	24.03	1,06,992.80
Useful Life of the assets (years)	N.A.	30 Years	30-60 Years	8-40 Years	8-10 Years	5-6 Years	10 Years	-
Method of Depreciation	N.A.	SLM	SLM	SLM	SLM	SLM	SLM	-

Notes:	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
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a. Freehold Land which is yet to be registered in the name of the Company	Deemed Cost in Lakhs	6.51	6.51	10.86
b. All property, plant and equipment held by the company have been pledged as security to the Bank.				

2B. Capital Work in Progress	₹ in lacs
As at 1st April, 2015	4,899.59
As at 31st March, 2016	-
As at 31st March, 2017	-

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

3. Non Current Investments	Number of Shares / Units as at 31st March, 2017	As at 31st March, 2017 (` in lakhs)	Number of Shares / Units as at 31st March, 2016	As at 31st March, 2016 (` in lakhs)	Number of Shares / Units as at 1st April, 2015	As at 1st April, 2015 (` in lakhs)
(a) Unquoted						
Investments in Equity Instruments						
(i) In Subsidiary & Associate Company (at cost)						
MSP Cement Limited (₹10 each)	5,80,698	58.07	5,80,698	58.07	5,80,698	58.07
AA ESS Tradelinks Private Limited (₹10 each)	46,50,175	4,370.68	46,50,175	4,370.68	25,00,175	2,500.18
	4,428.75		4,428.75		2,558.25	
(ii) In Joint Venture (at cost)						
Madanpur South Coal Company Limited (₹10 each)	1,25,692	175.65	1,25,692	175.65	1,66,220	232.28
	175.65		175.65		232.28	
(iii) In Others (at fair value through OCI)						
MSP Metallics Limited (Rs.10 each)	4,20,000	23.75	4,20,000	-	4,20,000	-
MSP Properties (I) Limited (Rs.10 each)	7,500	4.05	7,500	4.00	7,500	4.00
MSP Sponge Iron Limited (Rs.10 each)	3,13,000	103.52	3,13,000	-	3,13,000	-
MSP Power Limited (Rs.10 each)	8,000	0.80	8,000	0.80	8,000	0.80
	132.12		4.80		4.80	
(b) Quoted (at fair value through OCI)						
(iv) Investments in Equity Instruments						
Howrah Gases Limited (₹ 10 each)	93,700	66.61	93,700	42.86	93,700	-
Ashirwad Steel and Industries Limited (₹10 each)	2,500	0.27	2,500	0.12	2,500	0.14
Nageshwar Investment Limited (₹10 each)	11,000	1.68	11,000	1.68	11,000	1.68
Indian Overseas Bank (₹10 each)	2,900	0.78	2,900	0.88	2,900	1.23
IDFC Bank Limited (₹10 each)	5,201	3.08	5,201	2.51	-	-
IDFC Limited (₹10 each)	5,201	2.13	5,201	1.39	5,201	8.68
	74.55		49.44		11.73	
TOTAL (i+ii+iii+iv)	4,811.07		4,658.64		2,807.06	
Aggregate amount of Quoted Investments - at Cost	74.55		49.44		11.73	
Aggregate amount of the Quoted Investments - at Market value	74.55		49.44		11.73	
Aggregate value of unquoted Investments	4,736.52		4,609.20		2,795.33	
Aggregate amount of impairment in value of investment	-		-		-	

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

4. Loans	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good Unless Otherwise Stated						
Loans to Bodies Corporate	-	-	-	889.22	844.00	1,812.06
(A)	-	-	-	889.22	844.00	1,812.06
Others						
Loans to Related Parties *	-	-	-	439.75	439.75	2,312.24
Loans to Employees	-	-	-	28.42	49.98	12.91
(B)	-	-	-	468.17	489.73	2,325.15
Total (A+B)	-	-	-	1,357.39	1,333.73	4,137.21

* For business purpose only.

Note - Disclosure of Loans and Advances given to subsidiary as per Regulation 34 (3) and 53 (f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

₹ in lacs

Name of the Companies	Amount Outstanding		Maximum Balance Outstanding during the year		Investment by Subsidiary in Shares of the Company (No. of Shares)	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
MSP Cement Limited	0.01	0.01	0.01	0.01	-	-
AA ESS Tradelinks Private Limited	438.11	438.11	438.11	2,308.61	19,00,000	19,00,000
Madanpur South Coal Company Limited	-	-	-	-	-	-
MSP Mines & Minerals Private Limited - Related Party	1.63	1.63	1.63	1.63	-	-

₹ in lacs

5. Other Financial Assets	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good Unless Otherwise Stated						
Fixed Deposits with Banks with maturity more than 12 months (Refer Note No. 10)	271.62	94.95	63.62	-	-	-
(A)	271.62	94.95	63.62	-	-	-
Security Deposit	275.77	259.51	160.67	-	-	-
(B)	275.77	259.51	160.67	-	-	-
Others						
Interest Accrued on Fixed Deposits and Others	-	-	-	57.45	37.98	29.22
Export Incentive Receivable	-	-	-	-	100.55	106.55
Balances with Statutory/ Government Authorities	-	-	-	1,368.10	1,206.94	942.98
Gain Receivable on Forward Exchange Contract	-	6.63	326.60	-	409.63	644.11
(C)	-	6.63	326.60	1,425.55	1,755.10	1,722.86
Total (A+B+C)	547.39	361.09	550.89	1,425.55	1,755.10	1,722.86

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in Lacs

6. Other Assets	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good Unless Otherwise Stated						
Capital Advances	-	-	4.06	-	-	-
(A)	-	-	4.06	-	-	-
Advances other than Capital Advances Recoverable in Cash or Kind						
Considered Good	-	-	-	13,624.67	12,611.93	14,970.54
Considered Doubtful	-	-	-	19.40	19.40	19.40
	-	-	-	13,644.07	12,631.33	14,989.94
Less: Provision for Doubtful Advances	-	-	-	19.40	19.40	19.40
(B)	-	-	-	13,624.67	12,611.93	14,970.54
Other Advances						
MAT Credit Entitlement	4,195.01	4,195.01	4,195.01	-	-	-
Prepaid Expenses	-	-	-	91.94	57.86	44.40
(C)	4,195.01	4,195.01	4,195.01	91.94	57.86	44.40
Total (A+B+C)	4,195.01	4,195.01	4,199.07	13,716.61	12,669.79	15,014.94
Advances Recoverable in Cash or Kind include						
Dues from officers	-	-	-	-	-	8.50

7. Inventories (Valued at Lower of Cost and Net Realizable Value)	₹ in lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Components (at cost)	20,273.75	15,355.94	17,008.27
Work - in - Progress (at cost)	2,070.78	1,915.23	2,314.79
Finished Goods (Lower of cost or NRV)	3,746.57	5,473.72	6,485.73
Stores and Spares (at cost)	2,476.67	2,672.76	2,921.31
By Products (at Net Realisable Value)	1,033.88	1,849.97	3,424.42
Total	29,601.65	27,267.62	32,154.52

Inventories have been pledged as security against Cash Credit and Short term loan facilities from Banks.

Particulars	₹ in lakhs		
	As at 31st March, 2017	As at 31st March, 2016	
Cost of Raw Material and Components Consumed	59,429.04	72,705.48	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock In Trade	2,387.69	2,986.02	
Consumption of Stores and Spares	5,172.34	4,737.35	

Particulars	₹ in lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Components	1,900.65	456.26	4,712.93
Stores and Spares	276.46	-	79.89
Total	2,177.11	456.26	4,792.82

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lakhs

8. Trade Receivables	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good	13,561.28	10,987.25	10,203.48
Unsecured, Considered Doubtful	240.39	240.39	302.61
Less: Allowance for doubtful trade receivables	(240.39)	(240.39)	(302.61)
Total	13,561.28	10,987.25	10,203.48

Ageing of Trade Receivables

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Not due	4,273.10	3,995.76	3,995.46
30 - 60 days	1,622.12	372.63	996.28
60 - 90 days	393.52	702.13	344.58
90 - 180 days	1,075.71	994.42	157.93
180 days & more	6,196.83	4,922.31	4,709.23
Total	13,561.28	10,987.25	10,203.48

- i) The credit period on sales of goods ranges from 7 to 30 days with or without security. No interest is charged on trade receivables upto the end of the credit period.
- ii) In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables 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 the ageing of the receivables that are due and rates used in the provision matrix. There has been no significant change in the credit quality of receivables past due for more than 180 days.
- iii) The Company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.
- iv) Trade receivables have been hypothecated against Cash Credit and Short term loan facilities and foreign currency loans from banks.

9. Cash and Cash equivalents	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Cash on Hand	13.17	9.91	10.22
Balance with Banks:			
On Current Accounts	726.80	175.67	1,802.50
Earmarked balance with bank for Unpaid Dividend	2.52	2.52	2.52
Total	742.49	188.10	1,815.24

10. Bank Balances other than Cash and Cash equivalents	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Deposits with Original Maturity for more than 12 months	271.62	94.95	63.62	84.61	183.05	30.26
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months	-	-	-	669.04	13.67	101.58
Fixed Deposits with Original Maturity for less than 3 Months	-	-	-	-	-	-
Total	271.62	94.95	63.62	753.65	196.72	131.84
Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 5)	(271.62)	(94.95)	(63.62)	-	-	-
Total	-	-	-	753.65	196.72	131.84

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

11. Current Tax Assets (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance Income Tax & TDS	77.11	67.85	49.00
Total	77.11	67.85	49.00

₹ in lacs

12. Deferred Tax Assets (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Liabilities :			
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	(12,236.02)	-	-
Deferred Tax Assets :			
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	114.67	-	-
Tax impact of unabsorbed loss / allowances	13,177.66	-	-
Total	1,056.31	-	-

13A. Equity Share Capital	₹ in lacs		
Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised Share Capital			
96,000,000 (31.03.2016 - 96,00,000; 01.04.2015 - 96,00,000) equity shares of ₹ 10/- each	9,600.00	9,600.00	9,600.00
Issued, Subscribed and Fully Paid-up Share Capital			
88,100,000 (31.03.2016 - 88,100,000; 01.04.2015 - 88,100,000) equity shares of ₹ 10/- each	8,810.00	8,810.00	8,810.00
Total	8,810.00	8,810.00	8,810.00

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

Particulars	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2016	As at 1st April, 2015	As at 1st April, 2015
	Nos.	₹ in lacs	Nos.	₹ in lacs	Nos.	₹ in lacs
Equity Shares:						
Balance at the beginning of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00	8,81,00,000	8,810.00
Movement during the year						
Balance at the end of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00	8,81,00,000	8,810.00

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

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

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

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	
	No of shares	% of shares	No of shares	% of shares
Adhunik Gases Limited	55,54,000	6.30	55,54,000	6.30
MSP Infotech Private Limited	72,29,760	8.21	72,29,760	8.21
MSP Sponge Iron Limited	2,47,36,500	28.08	2,47,36,500	28.08

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

13B. Other Equity

₹ in lacs

Particulars	Reserve & Surplus			Items of Other Comprehensive Income/(Loss) (OCI)			Total
	Securities Premium Reserve	Retained Earnings	Equity Component of Compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Remeasurement of the defined benefit plans	
Balance as at 1st April, 2015	15,055.59	14,299.02	19,523.48		-	-	48,878.09
Profit/ (Loss) for the year	-	(18,242.58)	-	-	-	-	(18,242.58)
Movement during the year	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	37.70	10.62	35.74	84.06
Total Comprehensive Income for the year	15,055.59	(3,943.56)	19,523.48	37.70	10.62	35.74	30,719.57
Issue of share capital	-	-	11,314.21	-	-	-	11,314.21
Depreciation charge	-	(26.46)	-	-	-	-	(26.46)
Transfer from/ (to) Retained Earnings	-	-	-	-	-	-	-
Balance as at 31st March, 2016	15,055.59	(3,970.02)	30,837.69	37.70	10.62	35.74	42,007.32
Balance as at 1st April, 2016	15,055.59	(3,970.02)	30,837.69	37.70	10.62	35.74	42,007.32
Profit/ (Loss) for the year	-	(9,360.44)	-	-	-	-	(9,360.44)
Leave provision of the year	-	-	-	-	-	33.74	33.74
Movement during the year	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	152.43	(10.95)	(39.54)	101.94
Total Comprehensive Income for the year	15,055.59	(13,330.46)	30,837.69	190.13	(0.33)	29.94	32,782.56
Issue of share capital	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-
Transfer from/ (to) Retained Earnings	-	-	-	-	-	-	-
Balance as at 31st March, 2017	15,055.59	(13,330.46)	30,837.69	190.13	(0.33)	29.94	32,782.56

Securities Premium Reserve

Securities Premium Reserve is used to record the Premium on issue of shares. These Reserve is utilised in accordance with the provision of the Act.

Effective portion of Cash Flow Hedges

In the case of a cash flow hedge, gains or losses arising in the effective period of a cash flow hedge have been recognised in Other Comprehensive Income (OCI). These gains will remain in OCI until the related cash flows occur. Where a forecast transaction will be no longer highly probable but still expected to occur, hedging gains and losses previously deferred in OCI will remain in OCI until the transaction affects profit or loss. Once a forecast transaction will be no longer expected to occur, any gain or loss will be released immediately to the income statement.

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

14A. Non Current Borrowings	Non-Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured						
a. Term loans						
From Banks						
Indian rupee loan	81,105.60	79,048.64	74,916.86	7,052.66	3,384.63	-
Foreign currency loan	1,376.57	1,522.60	2,693.13	647.04	1,347.08	2,400.69
	82,482.17	80,571.24	77,609.99	7,699.70	4,731.71	2,400.69
b. Finance Lease Obligation						
From Banks	1.73	5.75	17.57	4.23	9.44	20.46
From Body Corporates	-	-	-	-	-	10.28
	1.73	5.75	17.57	4.23	9.44	30.74
c. Unsecured						
Inter Corporate Deposits	418.24	426.15	7,523.76	-	-	-
Loans and Advances from related parties	80.00	80.00	4,362.50	-	-	-
	498.24	506.15	11,886.26	-	-	-
d. Liability Component of Compound Financial Instruments						
Preference Shares	3,398.08	2,954.86	1,878.54	-	-	-
	3,398.08	2,954.86	1,878.54	-	-	-
Total (a+b+c+d)	86,380.22	84,038.00	91,392.36	7,703.93	4,741.15	2,431.43
The above amount includes :						
Secured borrowings	82,483.90	80,576.99	77,627.56	7,703.93	4,741.15	2,431.43
Unsecured borrowings	3,896.32	3,461.01	13,764.80	-	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 15)	-	-	-	(7,703.93)	(4,741.15)	(2,431.43)
Net Amount	86,380.22	84,038.00	91,392.36	-	-	-

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Terms of Repayments	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non- Current	Current	Non- Current	Current	Non- Current	Current
Rupee Term Loans From Banks (Secured)* (Repayable in 32 Quarterly Instalments from December 2016. Last instalment due in September 2024. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a., and April 1, 2015 : 10.75% p.a.)	66,278.82	5,763.37	67,000.76	2,882.63	69,924.59	-
Rupee Term Loans From Banks (Secured)* (Repayable in 24 Quarterly Instalments from December 2016. Last instalment due in September 2022. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a. and April 1, 2015 : 10.75% p.a.)	14,826.78	1,289.29	12,047.88	502.00	4,992.27	-
Foreign Currency Term Loans From Banks (Secured)* (Repayable in 8 Half Yearly instalments from December 2012. Last instalment due in April 2017. Rate of Interest as at year ended Mar 31, 2017 : 8.80 % p.a., Mar 31, 2016 : 8.80 % p.a. and April 1, 2015 : 8.80% p.a.)	-	527.33	-	1,347.08	1,200.34	2,400.69
Foreign Currency Term Loans From Banks (Secured)* (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a. and April 1, 2015 : 10.75% p.a.)	1,376.57	119.71	1,522.60	-	1,492.79	-
Rupee Term Loans From Financial Institutions (Secured)**	1.73	4.23	5.75	9.44	17.57	20.46
From Bank (Repayable in monthly Instalments Starting from April 2015, Maturity in October 2018. Rate of Interest as at year ended March 31, 2017 : 10.25 % p.a., Mar 31, 2016 : 10.25 % p.a. and April 1, 2015 : 10.25%)	-	-	-	-	-	10.28
From Body Corporate (Repayable in monthly Instalments Starting from April 2015, Maturity in August 2015. Rate of Interest as at year ended March 31, 2017 : 10.25% p.a., March 31, 2016 : 10.25 % p.a. and April 1, 2015 : 10.25%)	-	-	-	-	-	-
Total Term loan -Secured	82,483.90	7,703.93	80,576.99	4,741.15	77,627.56	2,431.43
Unsecured Borrowings	3,896.32	-	3,461.01	-	13,764.80	-
Total Term Loan	86,380.22	7,703.93	84,038.00	4,741.15	91,392.36	2,431.43

***The details of security for the secured loans are as follows:**

In terms of the Corporate Debt Restructuring (CDR) Package, effective from October 1, 2014, the Loans considered under the said package have been categorised as Term Loans, Working Capital Term Loans, Funded Interest Term Loans which are secured as under :

- First hypothecation charge on plant, machinery, fixed assets, and other movable assets, both present and future of the company, on pari-passu basis with all term lenders and equitable mortgage of factory land & building on pari-passu basis with all Term Lenders.
- Hypothecation charge of entire current assets of the company, both present and future on pari-passu basis with other consortium member banks.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

- c. Second charge on entire current assets of the company ranking pari passu with other member banks of the consortium.
- d. Pledge of 100% of Promoter's Shareholding representing 71.90% of the paid up capital of the company as on 30.09.2014 has been executed in favour of the CDR lenders.
- d. Lien on all Bank Accounts including the Trust and Retention Account.

Further, the above facilities are also covered by the following:

Irrevocable, unconditional personal guarantee of promoters (Mr. Puran Mal Agrawal, Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal, and Mr. Manish Agrawal) of the Company.

Registered mortgage of 150.50 acres of segregated agricultural land.

Irrevocable, unconditional Corporate Guarantee of Ilex Private Limited.

** Hire purchases obligations are secured by hypothecation of vehicles purchased under the respective agreements.

			₹ in lacs		
			As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
14B. Short Term Borrowings					
Secured					
Rupee Loan from Banks					
Cash Credit Facility			26,096.51	25,422.31	23,108.72
Unsecured					
From Body Corporates - Inter Corporate Deposits					
			-	-	205.92
			26,096.51	25,422.31	23,314.64
The above amount includes					
Secured Borrowings			26,096.51	25,422.31	23,108.72
Unsecured Borrowings			-	-	205.92

15. Other Financial Liabilities	Non-Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retention / Security Deposit	207.73	204.05	212.32	93.23	76.30	88.75
Current maturities of long-term borrowings (refer Note No. 14A)	-	-	-	7,703.93	4,741.15	2,431.43
Interest accrued and due on borrowings	-	-	-	137.37	6.47	17.83
Interest accrued but not due on borrowings	-	-	-	5.35	12.16	20.43
Unclaimed Dividend	-	-	-	2.52	2.52	2.52
Total	207.73	204.05	212.32	7,942.40	4,838.60	2,560.96

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

16. Provisions	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for employee benefits			
For Gratuity	52.18	14.88	84.96
For Leave Benefits	78.30	90.46	103.97
Total	130.48	105.34	188.93

₹ in lacs

17. Deferred Tax Liabilities (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Liabilities :			
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	-	10,913.52	1,026.63
Deferred Tax Assets :			
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	-	(130.64)	(206.02)
Tax impact of unabsorbed loss / allowances	-	(10,639.96)	206.02
Total	-	142.92	1,026.63

₹ in lacs

18. Trade Payables	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015
Trade Payables (Other than Micro and Small Enterprises)	11,917.41	6,851.30	11,499.55
Due to Micro and Small Enterprises	-	-	-
Total	11,917.41	6,851.30	11,499.55

a. Trade Payables includes credit availed by the company from banks for payment to suppliers for Raw material purchased by the company. The arrangements are interest-bearing and are payable within one year.

b. Trade payables other than acceptances are normally settled within 1-180 days.

c. There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

₹ in lacs

19. Other Financial Liabilities	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Payables on capital purchases	1,571.93	1,663.64	1,714.32
Others (including statutory dues payable)	2,999.06	2,235.88	1,763.89
Total	4,570.99	3,899.52	3,478.21

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

20. Revenue from Operations	Year ended 31st March, 2017	Year ended 31st March, 2016
Sale of Products		
Finished Goods	91,121.77	95,622.07
Power	1,249.31	3,158.98
Stock in Trade	55.27	884.57
Other Operating Revenue		
Scrap Sales and By Products	419.99	451.28
Sale of Raw Materials	723.75	593.18
Export Incentives	-	58.35
Total	93,570.09	1,00,768.43

Details of Product Sold**Finished Goods Sold**

Pellet	8,970.55	8,535.24
Sponge Iron	12,648.99	12,735.40
MS Billets	12,257.20	14,536.02
TMT Bar	22,668.36	24,915.57
Structural Steel	25,797.60	26,842.81
Light Structural Steel	8,778.28	8,044.22
Fly Ash Bricks	0.79	1.18
MS Round 32MM	-	11.63
Total	91,121.77	95,622.07

Stock in Trade

Coal	55.27	884.57
Total	55.27	884.57

21. Other Income

Year ended
31st March,
2017

Year ended
31st March,
2016

Interest income

Loans, Fixed Deposits, etc	102.89	162.51
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Dividend Income

Long-Term Investments	0.01	0.14
Other Non-Operating Income	2.26	2.35
Total	105.16	165.00

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
22. Cost of Raw Material and Component Consumed			
Inventory at the begining of the year	15,355.94	17,008.27	
Add : Purchases	64,346.85	71,053.15	
Less : Inventory at the end of the year	20,273.75	15,355.94	
Total	59,429.04	72,705.48	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
23. Purchase of Stock in Trade			
Coal	44.90	875.48	
Total	44.90	875.48	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
24. Changes in Inventories of Finished goods, work-in-progress and stock in Trade			
Opening Inventories			
By-Products	1,849.97	3,424.42	
Work-in-Progress	1,915.23	2,314.79	
Finished Goods	5,473.72	6,485.73	
Total	9,238.92	12,224.94	

Closing Inventories			
By-Products	1,033.88	1,849.97	
Work-in-Progress	2,070.78	1,915.23	
Finished Goods	3,746.57	5,473.72	
Total	6,851.23	9,238.92	

(Increase)/Decrease in Inventories			
By-Products	816.09	1,574.45	
Work-in-Progress	(155.55)	399.56	
Finished Goods	1,727.15	1,012.01	
Total	2,387.69	2,986.02	

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

Details of Inventories	Year ended 31st March, 2017	Year ended 31st March, 2016
By-Products		
Coal Fines	82.17	331.36
Dolochar	933.37	1,514.39
Coal Tar	18.34	4.22
Total	1,033.88	1,849.97

Work-in-Progress		
Iron Ore Pellet/ Filter Cake	1,544.58	1,150.68
Sponge Iron	67.31	231.59
M.S. Billets	312.45	106.21
Others	146.44	426.75
Total	2,070.78	1,915.23

Details of Inventories	Year ended 31st March, 2017	Year ended 31st March, 2016
Finished Goods		
Iron Ore Pellet	422.12	1,672.84
Sponge Iron	534.52	444.59
M.S. Billets	215.05	629.32
TMT Bar	480.20	956.30
Structural Steel	1,279.36	1,518.89
Light Structural Steel	815.32	251.78
Total	3,746.57	5,473.72

25. Employee Benefits Expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries, Wages and Bonus	2,574.81	2,761.71
Contribution to Provident and Other Funds	165.48	189.21
Gratuity	53.65	76.69
Staff Welfare Expenses	49.53	18.58
Total	2,843.47	3,046.19

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

26. Finance Costs	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest Expenses		
- On Borrowings	11,420.33	11,094.74
- On Preference Shares	443.23	340.02
Other borrowing cost	460.06	415.19
Total	12,323.62	11,849.95

27. Depreciation and amortization expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Depreciation on Property, Plant & Equipments	5,642.15	6,333.40
Total	5,642.15	6,333.40

28. Other Expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Consumption of Stores and Spares	5,172.34	4,737.35
Increase/(Decrease) of Excise Duty on Inventory	(182.01)	118.36
Power and Fuel	1,289.10	1,156.16
Rent	70.86	124.41
Rates and Taxes	299.58	250.32
Insurance	73.03	48.83
Repairs and Maintenance		
Plant and Machinery	671.76	470.07
Buildings	75.37	65.11
Others	41.95	53.35
Material Handling Charges	2,068.34	1,911.58
Vehicle Running Expenses	451.44	365.71
Cash Discount	169.45	264.99
Advertising and Sales Promotion	28.16	17.23
Freight Outward	543.54	628.38
Sales Commission	220.07	201.45
Legal and Professional Charges	246.90	316.57
Charity and Donations	40.50	21.13
Payment to Auditors (Refer details below)	15.41	15.27
Exchange Differences (Net)	14.46	267.14
Irrecoverable Debts, Deposits and Advances Written off	5.53	-
Less : Adjusted with Provisions	-	5.53
Miscellaneous Expenses	807.69	901.84
Total	12,123.49	11,935.25

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

28.1 Payment to Auditors	Year ended 31st March, 2017	Year ended 31st March, 2016
For Statutory Audit	10.00	10.00
For Limited Review	3.00	3.00
For Taxation matters	0.40	0.40
For Certification & Other Services	1.71	1.57
For Reimbursement of expenses	0.30	0.30
Total	15.41	15.27

29. Earnings Per Share (EPS)	Year ended 31st March, 2017	Year ended 31st March, 2017
Earnings Per Share has been computed as under:	₹ in lacs	₹ in lacs
Profit After Tax	(9,360.44)	(18,242.58)
Net Profit for Calculation of Basic and Diluted EPS	(9,360.44)	(18,242.58)
	Nos.	Nos.
Weighed average number of equity shares in calculating Basic & Diluted EPS	8,81,00,000	8,81,00,000
	8,81,00,000	8,81,00,000

Earnings Per Share	(10.62)	(20.71)
Basic (₹)		
Diluted (₹)	(10.62)	(20.71)

30. Contingent Liabilities (Ind As-37)

Contingent Liabilities not Provided for in Respect of:

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Excise Matters under dispute/ appeal	1,192.74	1,684.99
Sales Tax & VAT Matters under dispute/ appeal	233.19	347.05
Income Tax Matters under dispute/ appeal	55.95	0.55
CDR Related Liability (Right to Recompense)	27,801.00	27,801.00
Corporate Guarantees given*	73.30	1,010.80

* Corporate Guarantees given to group companies are to the extent of shares pledged.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

There is no possibility of any reimbursement on any of the cases listed above.

The Company is not paying electricity duty on power generation. According to the management, application for extension of exemption from 10 years to 15 years is under process.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

31. Employees Benefit (Ind As-19)

The Company offers its employees defined-benefit plans in the form of a gratuity scheme which are funded with Life Insurance corporation of India in the form of qualifying insurance policy. Leave encashment benefits is an unfunded plan of the Company.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

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 illiquid 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 participants in future. Deviation in the rate of increase of salary in future for plan participants 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 assumptions 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 requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 10,00,000).

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.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows: ₹ in lacs

Particulars	Gratuity		Leave	
	2016-17	2015-16	2016-17	2015-16
Current service cost	52.48	70.52	8.06	6.57
Net Interest Expense	1.17	6.17	7.12	7.55
Components of defined benefit costs recognised in profit or loss	53.65	76.69	15.18	14.12
Return on plan assets (excluding amounts included in net interest expense)	0.58	(3.13)	-	-
Actuarial (Gain)/Loss arising from changes in financial assumptions	25.69	2.20	5.14	-
Actuarial (Gain)/Losses arising from experience adjustments	13.27	(51.97)	(38.88)	-
Components of defined benefit costs recognised in OCI	39.54	(52.90)	(33.74)	-
Total	93.19	23.79	(18.56)	14.12

The current service cost and the net interest expenses for the year are included in the employee benefits expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/asset is included in Other Comprehensive Income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plan is as follows: ₹ in lacs

Particulars	Gratuity				Leave			
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Present value of funded defined benefit obligations	401.03	319.86	78.30	90.46				
Fair value of plan assets	348.85	304.98	-	-				
Net liability arising from defined benefit obligation	52.18	14.88	78.30	90.46				

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Changes in the present value of the defined benefit obligation are as follows: -

₹ in lacs

Particulars	Gratuity		Leave	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Opening defined benefit obligation	319.86	307.80	90.46	101.74
Interest cost	25.15	23.09	7.12	7.55
Current service cost	52.48	70.52	8.06	6.57
Benefits paid	(35.42)	(31.78)	(7.17)	(12.47)
Actuarial (Gain)/Loss arising from changes in financial assumptions	25.69	2.20	5.14	(12.93)
Actuarial (Gain)/Losses arising from experience adjustments	13.27	(51.97)	(38.88)	-
Closing defined benefit obligation	401.03	319.86	64.73	90.46

The details of fair value of plan assets as on the Balance Sheet date are as follows:

₹ in lacs

Particulars	Gratuity	
	As at 31st March, 2017	As at 31st March, 2016
Opening fair value of plan assets	304.98	213.40
Interest Income	23.99	16.92
Contribution by the Company	55.89	103.30
Benefits paid	(35.42)	(31.78)
Actuarial gains / (loss)	(0.58)	3.14
Closing fair value of plan assets	348.85	304.98

The details of plan assets as on the Balance Sheet date are as follows:

₹ in lacs

Particulars	Gratuity	
	As at 31st March, 2017	As at 31st March, 2016
Debt Funds	348.86	304.98
Total	348.86	304.98

The financial and demographic assumptions used in determining gratuity and leave liability are as shown below:

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate (%) (per annum)	7.45	7.87
Salary Growth Rate (%) (per annum)	7.50	7.50
Return on Plan Assets (Gratuity Scheme) (%)	7.45	7.87
Withdrawal rates, based on age (%): (per annum)		
Upto 40 years	0.42	0.42
Above 40 years	-	-
Mortality Rate (% of Indian Assured Lives Mortality 06-08)	100.00	100.00

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Amount of expenses incurred for the current and previous years are as follows:

₹ in lacs

Particulars	Gratuity				
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Defined benefit obligation	401.03	319.86	298.36	304.89	257.57
Fair value of plan assets	348.86	304.98	213.40	160.22	149.24
Deficit	52.18	14.88	84.96	144.67	108.33
Experience adjustments on plan liabilities – (gains)/ losses	(13.27)	(51.97)	(29.03)	0.43	(29.82)
Experience adjustments on plan assets	(0.58)	3.14	1.13	0.57	1.03

The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

The amount provided for defined contribution plan are as follows:

₹ in lacs

Particulars	2016-17	2015-16
Provident Fund	165.48	189.36

32. Income Taxes (Ind AS 12):

(i) Reconciliation of effective tax rate

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Enacted Income Tax Rate in India applicable to the company	30.90%	30.90%
Profit/ (Loss) before Tax	(10,405.62)	(19,115.26)
Current Tax Expenses on Profit before tax expenses at the enacted income tax rate in India	(3,215.34)	(5,906.62)
Tax effects of the amounts which are not deductible/ (taxable) in calculating taxable income		
Effect of expenses taxable in future	2,251.56	5,906.93
Tax in respect to earlier years	154.05	33.29
Other items	(235.45)	(906.29)
Total Tax expenses/(Credit)	(1,045.18)	(872.68)
Consequent to the above reconciliation the effective tax rate is as follows		
	10.04	4.57

(ii) At March 31, 2017 a deferred tax liability of 'Nil' (March 31, 2016 ₹142.92 Lakhs) in respect of temporary differences related to undistributed profit in subsidiaries has not been recognized because the Group controls the dividend policy of its subsidiaries and management is satisfied that they are not expecting to distribute profit in the foreseeable future.

33. Segment Information

The Company is engaged in manufacturing of "Iron and Steel". Consequently it has one reportable business segment e.g. "Iron and Steel" (Ind As-108). The analysis of geographical segments is based on the area in which the customers of the Company are located.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

Particulars	2016-17	2015-16
Domestic Revenues (Net of Excise Duty and Trade Discount)	76,558.19	86,196.67
Export Revenues (Including Export Benefits)	7,725.39	4,254.84
Total	84,283.58	90,451.51

a. Revenue from operations have been allocated on the basis of location of customers.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

b. The Company has common fixed assets for producing goods for domestic and overseas markets which are located at only one place i.e. Raigarh. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. Export debtors at the year end amounts to ₹ 846.82 lakhs (₹ 176.49 lakhs).

34. Operating Lease Company as Lessee

The Company has lease agreement for various premises which are in the nature of Operating Lease. There are no restrictions placed upon the company by entering into these leases.

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

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Within one year	65.30	50.40

35. Capital and other commitment:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) ₹ Nil (March 31, 2016 ₹ Nil).

36(A). Classification of Financial Assets and Liabilities (Ind AS 107):

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Financial Assets at amortised cost:			
Trade receivables	13,561.28	10,987.25	10,203.48
Loans	1,357.39	1,333.73	4,137.21
Investments (non-current)	4,604.39	4,604.39	2,790.52
Cash and bank balances	1,496.14	384.83	1,947.08
Other financial assets	1,972.94	1,699.92	1,303.04
Financial Assets at fair value through OCI:			
Investments	206.68	54.25	16.54
Fair Value Hedging Instruments:			
Derivative assets	-	416.26	970.71
Total	23,198.82	19,480.63	21,368.58
Financial Liabilities at amortised cost:			
Term Loan from Banks	80,454.32	77,692.11	72,279.52
Finance Lease Obligations	5.97	15.19	48.31
Unsecured Loans	498.24	506.15	12,092.18
Financial Liability Component of Equity Components	3,398.08	2,954.86	1,878.54
Cash Credits/ Working Capital Borrowing	26,096.51	25,422.31	23,314.64
Trade payables	11,917.41	6,851.30	11,499.55
Other financial liabilities	8,150.13	5,042.65	2,773.28
Foreign Currency Borrowings	2,023.61	2,869.68	5,093.81
Total	1,32,544.27	1,21,354.25	1,28,979.82

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

36(B). Fair Value measurements (Ind AS 113) :

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	₹ in lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Financial Assets at fair value through profit or loss:			
Investments – Level 1	74.55	49.45	11.74
Investments – Level 2	132.12	4.80	4.80
Total	206.67	54.25	16.54

The management assessed that cash and bank balances, trade receivables, trade payables, cash credits, commercial papers and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- (a) The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.
- (b) The fair value of unquoted investments is calculated as the present value of the estimated future cash flows based on DCF method.

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2017, March 31, 2016 and April 01, 2015 are as shown below:

Particulars	Valuation Technique	Significant unobservable inputs	Discounting Rate	Sensitivity of the input to fair value
Investments in Unquoted instruments accounted for as Fair value through Profit and Loss	DCF Method	Average cost of Borrowings	March 31, 2017- 10.00%, March 31, 2016- 10.00% and April 1, 2015-10.00%	-

37. Corporate Social Responsibility :

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is ₹ 54.15 Lakhs (March 31, 2016 ₹ 129.97 lakhs) and on account of capital expenditure is ₹ Nil (March 31, 2016 ₹ Nil).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended March 31, 2017 is ₹ NIL (March 31, 2016 ₹ NIL) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

38. Capital Measurement (Ind AS-01) :

The Company's objectives when managing capital are to: -

- (a) maximise shareholder value and provide benefits to other stakeholders and
- (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Total Debt (Bank and other borrowings)	1,20,180.66	1,14,201.46	1,17,138.43
Equity	41,592.56	50,817.32	57,688.09
Liquid Investments including bank deposits	753.65	196.72	131.84
Debt to Equity (Net)	2.87	2.24	2.03

service ratio, Debt to EBITDA etc., which is maintained by the Company.

39. Disclosure with respect to Specified Bank Notes (SBNs) :

₹ in lacs

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	-	14.39	14.39
Add : Permitted receipts	-	16.12	16.12
Less : Permitted Payments	-	24.22	24.22
Amount deposited in bank	-	-	-
Closing Cash in Hand as on 30.12.2016	-	6.29	6.29

Explanation : For the Purpose of this clause, the term 'Specified Bank Notes'(SBN) shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance ,Department of Economic Affairs number S.O.3407(E), the dated 08 November,2016.

40. Financial Risk Management Objectives:

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities exposes it to market risk, liquidity risk and credit risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts, principal only swaps that are entered to hedge foreign currency risk exposure, interest rate swaps to hedge variable interest rate exposure and commodity fixed price swaps to hedge commodity price risks. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The sources of risks which the company is exposed to and their management is given below:

Risk	Exposure Arising From	Measurement	Management
Credit Risk	Trade receivables, Investments, Derivative Financial Instruments, Loans	Ageing Analysis, Credit Rating	Follow up of the Debtors & timely intervention
Liquidity Risks	Borrowings and other Liabilities	Cash Flow Analysis & Sensitivity Analysis	Adequate unused credit lines and borrowings facilities, Portfolio Diversification
Interest Rate	Long term Borrowings at variables rate investment and other Debt Securities	Sensitivity Analysis, Interest rate movements	Interest rate swaps, Portfolio Diversification

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

41. Interest in Joint Venture

The Company has a 14.90 % (14.90%) interest in Madanpur South Coal Company Limited (a Joint Venture Company), incorporated in India.

The Company's interest in this Joint Venture is reported as Non-Current Investment (Refer Note 3) and is stated at cost. The Company's share of the assets and liabilities related to its interest in this Joint Venture as at the respective Balance Sheet dates is as follows:-

Particulars	₹ in lacs	
	As at 31st March, 2017	As at 31st March, 2016
Equity Share Capital	12.57	12.57
Other Equity	115.11	127.82
Non Current Liabilities	-	-
Current Liabilities	0.13	0.12
Non Current Assets	102.52	116.24
Current Assets	25.29	24.26
Revenue - Other Income	0.10	0.67
Other Expenses	14.70	0.82
Tax Expenses	-	-
Profit/ (Loss) After Tax	(14.60)	(0.15)

The Company's proportionate share of the capital commitments in this Joint Venture amounts to ₹ Nil (₹ Nil).

42. Impairment of Assets

On the basis of physical verification of assets and cash generation capacity of those assets, in the management perception, there is no impairment of assets as on 31st March 2016.

43. Disclosures for Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets' issued by ICAI: ₹ in lacs

Particulars	Provision for Doubtful Debts		Provision for Advances	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Carrying amount- beginning of the year	240.40	302.61	19.40	19.40
Additional provision during the year	-	-	-	-
	240.40	302.61	19.40	19.40
Less: written back during the year	-	62.21	-	-
Carrying amount- end of the year	240.40	240.40	19.40	19.40

44. Derivative instruments and unhedged foreign currency exposure

Derivative contracts outstanding as at the Balance sheet date: -

Particulars	Purpose
Forward contract to buy US \$ US\$ 23,07,692.31 (31st March 2016 : US\$ 24,03,846.15) (₹ 1,496.28 lacs (31st March 2016 : ₹ 1586.30 lacs))	Unhedged portion of foreign currency loan
Forward contract to buy Singapore Dollar (SGD) SGD 11,50,000 (31st March 2016: SGD 26,25,000) (₹ 527.33 lacs (31st March 2016: ₹ 1,283.38 lacs))	Unhedged portion of foreign currency loan
Interest rate swaps on SGD loan of SGD 11,50,000 (31st March 2016: SGD 26,25,000) (₹ 527.33 lacs (31st March 2016: ₹ 1,283.38 lacs))	Unhedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m SOR plus spread of 2.05% on the notional amount

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Particulars of unhedged foreign currency exposure as at the Balance sheet date

Particulars	Amount
Trade payables (including acceptances)	US \$ Nil (31st March 2016: US \$ Nil) ₹ Nil (31st March 2016: ₹ Nil)
Foreign Currency Loans From Banks	US\$ 23,07,692.31 (31st March 2016 : US\$ 24,03,846.16) (₹ 1496.28 Lacs (31st March 2016 : ₹1586.30 Lacs))
Interest accrued but not due on borrowings	US \$ Nil (31st March 2016: US\$ NIL) ₹ Nil (31st March 2016: ₹ NIL)

45. Value of Imports (calculated on CIF basis)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Capital Goods	-	-
Stores, Spares and Consumables	57.94	120.92
Raw Materials	13,170.80	5,827.06

46. Expenditure in Foreign Currency (on accrual basis)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest	132.12	263.97
Travelling	31.44	0.48
Foreign Membership Fees	-	-
Professional fees	-	-

47. Earning in Foreign Currency (on accrual basis)

Particulars	As at 31st March, 2017	As at 31st March, 2016
FOB Value of Exports (excluding sales made in Indian Rupees ₹ 7,725.39 lacs (₹ 3,990.33 lacs))	-	205.32

48. Break-up of Consumption of Raw Materials, Stores and Spares Consumed including Amount Debited to Pre-Operative and Trial Run Expenses (Pending Allocation)

Particulars	Raw Materials		Stores and Spares	
	₹ in lacs	%	₹ in lacs	%
Indigenous	47,099.74	79.25	5,144.39	99.46
	(56,642.71)	77.91	(4,708.22)	99.38
Imported	12,329.30	20.75	27.95	0.54
	(16,062.77)	22.09	(29.14)	0.62
Total	59,429.04	100.00	5,172.34	100.00
	(72,705.48)	100.00	(4,737.36)	100.00

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

49. Related Party Disclosures (Ind AS-24)

Related parties where control exists: -

Subsidiary Companies	:	MSP Cement Limited
Associate Company	:	AA ESS Tradelinks Private Limited
Jointly Controlled Entity	:	Madanpur South Coal Company Limited
Directors and their Relatives and their relatives	:	Puranmal Agrawal - (Father of Manish Agrawal) Suresh Kumar Agrawal - Chairman Manish Agrawal - Director Saket Agrawal - Managing Director Dhananjay Uchit Singh - Director Kiran Agrawal (Mother of Manish Agrawal) Nisha Agrawal (wife of Suresh Agrawal) Ekta Agrawal (wife of Saket Agrawal) Richa Agrawal (wife of Manish Agrawal)
Key Management Personnel and their relatives	:	Kamal Kumar Jain - Chief Financial Officer Shreya Kar - Company Secretary
Enterprises over which Key Management Personnel and or relatives have significant influence	:	Chaman Metallics Limited Howrah Gases Limited Ilex Private Limited MSP Energy Limited MSP Ferro & Power Limited MSP Metallics Limited MSP Mines and Minerals Limited MSP Power Limited MSP Sponge Iron Limited Raj Securities Limited

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Associate Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence		Total			
					2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sales	MSP Metallics Limited	-	-	-	-	-	-	-	6.27	589.67
	MSP Sponge Iron Limited	-	-	-	-	-	-	-	1,760.08	3,551.83
Purchase of Raw Material & Components Consumed	MSP Metallics Limited	-	-	-	-	-	-	-	1,397.07	4,497.41
	MSP Sponge Iron Limited	-	-	-	-	-	-	-	2,651.51	3,160.48
Director's Remuneration	Manish Agrawal	-	-	-	-	-	9.00	-	-	9.00
	Saket Agrawal	-	-	-	-	-	28.00	30.01	-	28.00
Key Managerial Remuneration	Kamal Kumar Jain	-	-	-	-	-	19.16	10.71	-	19.16
	Ruchi Garg	-	-	-	-	-	-	4.98	-	-
	Shreya Kar	-	-	-	-	-	3.30	-	-	3.30
Professional Charges Paid	MSP Mines and Minerals Limited	-	-	-	-	-	-	-	18.96	8.59
	MSP Sponge Iron Limited	-	-	-	-	-	-	-	2.86	-
Expenses Reimbursed	MSP Metallics Limited	-	-	-	-	-	-	-	418.28	-
	MSP Mines and Minerals Limited	-	-	-	-	-	-	-	0.50	-
Rent Paid	Ekta Agrawal	-	-	-	-	-	8.52	8.52	-	8.52
	Richa Agrawal	-	-	-	-	-	6.72	6.72	-	6.72
Allotment of	Ilex Private Limited	-	-	-	-	-	-	-	105.00	-
									105.00	-

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Nature of Transactions (Including taxes & duties where ever applicable)		Subsidiary Company		Associate Company		Jointly Controlled Entity		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loans & Advances Given	AA ESS Tradelinks Private Limited	-	-	0.06	6.25	-	-	-	-	-	-	0.06	6.25
	MSP Energy Limited	-	-	-	-	-	-	-	-	0.22	-	0.22	-
	Dhananjay Uchit Singh	-	-	-	-	-	-	0.30	-	-	-	0.30	-
Repayment of Loans & Advances Given	AA ESS Tradelinks Private Limited	-	-	-	1,870.50	-	-	-	-	-	-	-	1,870.50
	Madanpur South Coal Company Limited	-	-	-	-	-	2.00	-	-	-	-	-	2.00
	Dhananjay Uchit Singh	-	-	-	-	-	-	0.02	-	-	-	0.02	-
	Kamal Kumar Jain	-	-	-	-	-	-	1.99	-	-	-	1.99	-
Loans & Advances Taken	Illex Private Limited	-	-	-	-	-	-	-	-	-	80.00	-	80.00
	Howrah Gases Limited	-	-	-	-	-	-	-	-	40.06	-	40.06	-
Repayment of Loans & Advances	Raj Securities Limited	-	-	-	-	-	-	-	-	-	470.00	-	470.00
Guarantee obtained	Puranmal Agrawal	-	-	-	-	-	-	247.02	215.15	-	-	247.02	215.15
	Suresh Kumar Agrawal	-	-	-	-	-	-	278.80	222.62	-	-	278.80	222.62
	Manish Agrawal	-	-	-	-	-	-	324.52	278.34	-	-	324.52	278.34
	Saket Agrawal	-	-	-	-	-	-	332.85	276.26	-	-	332.85	276.26

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Associate Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence		Total						
					2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	
Loans & Advances (Closing balance)	AA ESS Tradelinks Private Limited	-	-	444.41	444.35	-	-	-	-	-	-	444.41	444.35
	MSP Cement Limited	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
	Dhananjay Uchit Singh	-	-	-	-	-	-	0.28	-	-	-	0.28	-
	Richa Agrawal	-	-	-	-	-	-	-	0.01	-	-	-	0.01
	Kamal Kumar Jain	-	-	-	-	-	-	1.70	3.69	-	-	1.70	3.69
Loans & Advances (Closing balance)	MSP Energy Limited	-	-	-	-	-	-	-	-	0.22	-	0.22	-
	MSP Mines and Minerals Limited	-	-	-	-	-	-	-	-	1.63	1.63	1.63	1.63
Trade Receivables (Closing balance)	MSP Sponge Iron Limited	-	-	-	-	-	-	-	-	2,567.94	991.79	2,567.94	991.79
Trade Payable (Closing balance)	MSP Metallics Limited	-	-	-	-	-	-	-	-	1,183.01	513.69	1,183.01	513.69
	Howrah Gases Limited	-	-	-	-	-	-	-	-	140.45	176.17	140.45	176.17
	Manish Agrawal	-	-	-	-	-	-	0.80	-	-	-	0.80	-
	Saket Agrawal	-	-	-	-	-	-	1.84	-	-	-	1.84	-
	Ekta Agrawal	-	-	-	-	-	-	0.64	-	-	-	0.64	-
	Richa Agrawal	-	-	-	-	-	-	0.50	-	-	-	0.50	-
	Kamal Kumar Jain	-	-	-	-	-	-	1.43	-	-	-	1.43	-
	Shreya Kar	-	-	-	-	-	-	0.27	-	-	-	0.27	-
Other Liabilities (Closing balance)	MSP Mines and Minerals Limited	-	-	-	-	-	-	-	-	8.56	7.51	8.56	7.51

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Nature of Transactions (Including taxes & duties where ever applicable)		Subsidiary Company		Associate Company		Jointly Controlled Entity		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loans & Advances Taken (Closing balance)	Howrah Gases Limited	-	-	-	-	-	-	-	-	40.06	-	40.06	-
	Ilex Private Limited	-	-	-	-	-	-	-	-	80.00	80.00	80.00	80.00
Investments	AA ESS Tradelinks Private Limited	-	-	4,370.68	4,370.68	-	-	-	-	-	-	4,370.68	4,370.68
	Howrah Gases Limited	-	-	-	-	-	-	-	-	15.91	15.91	15.91	15.91
	Madanpur South Coal Company	-	-	-	-	175.65	-	-	-	-	-	175.65	-
	MSP Cement Limited	58.07	-	-	-	-	-	-	-	-	-	58.07	-
	MSP Metallics Limited	-	-	-	-	-	-	-	-	402.00	402.00	402.00	402.00
	MSP Power Limited	-	-	-	-	-	-	-	-	0.80	0.80	0.80	0.80
	MSP Sponge Iron Limited	-	-	-	-	-	-	-	-	49.50	49.50	49.50	49.50

**Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)**

50. Valuation of Current Assets, Loans & Advances and Current Liabilities

In the opinion of the management, current assets (including trade receivables), loans and advances and current liabilities (including trade payables) have the value at which these are stated in the Balance Sheet, unless otherwise stated, and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

51. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required. No amount has been written back / written off during the year in respect of due to / from related parties.
52. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.
53. **During the year, the Company has defaulted in Payment of Principal and Interest to Banks. The Bank wise list is as follows: -**

Name of the Bank	Default in payment of	
	Principal	Interest
Allahabad Bank	3.64	4.40
Corporation Bank	1.87	2.35
DBS Bank	5.34	-
Dena Bank	0.93	0.89
ICICI Bank	1.42	1.13
Indian Overseas Bank	1.23	1.44
Kotak Mahindra Bank	0.39	0.40
Oriental Bank of Commerce	4.14	4.43
State Bank of Bikaner and Jaipur	0.55	0.56
State Bank of India	9.21	9.15
State Bank of Mysore	0.81	0.84
Syndicate Bank	1.39	1.09
UCO Bank	1.47	1.61
Union Bank of India	3.15	3.06
Total	35.54	31.35

Note: The Company have approached bankers for restructuring of Loans under S4A Scheme of RBI. The Bankers have accepted the proposal of the Company under JLF meeting and 24th January, 2017 had been fixed as a reference date for restructuring of loan under S4A Scheme.

54. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Bifurcation of assets and liabilities into Non-Current and Current for preparation of financial statements has been made by the management.

As per our report of even date:

For **Sunil Kumar Agrawal & Associates**
Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731

Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman
(DIN: 00587623)

Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director
(DIN: 00129209)

Shreya Kar
Company Secretary

Independent Auditors' Report

To The Members of MSP Steel & Power Limited

1. Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of MSP Steel & Power Limited (hereinafter referred to as 'the Holding Company'), its subsidiary, its associate and its joint venture (collectively referred to as 'the Group'), comprising the consolidated Balance Sheet as at 31st March, 2017 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 respective Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

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

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under sub-section 10 of section 143 of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at 31st March, 2017, and their consolidated financial performance (including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

5. Other Matter

We did not audit the financial statement of Madanpur South Coal Company Limited (a Joint Venture) whose audited financial statement reflect total assets of ` 857.78 lacs as at 31st March, 2017, and total loss (net) of ` 97.99 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures in respect of these Joint Venture and our report on Other Legal and Regulatory Requirements, in so far as it relates to the aforesaid joint venture is based solely on the report of other auditor.

6. Report on Other Legal and Regulatory Requirements

As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- 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 Ind AS financial statements.

- b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Group so far as it appears from our examination of those books and the report of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement 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 Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards 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 31st March, 2017, taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditors of its subsidiary and associate and Joint Venture incorporated in India, none of the directors of the Group Companies is disqualified as on 31st March, 2017, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting 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 and its subsidiary, associate and joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the group;
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts;
 - iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Group; and
 - iv. The Holding Company has provided requisite disclosures in the consolidated Ind AS financial statements as regards its holding and dealings in Specified Bank Notes during the period from 8th November, 2016 to 31st December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Holding Company and as produced to us by the Management.

For **Sunil Kumar Agrawal & Associates**

Chartered Accountants
Firm Registration No: 323133E

CA Sunil Kumar Agrawal

Partner
Membership No: 057731

Kolkata, 27th day of May, 2017

Annexure A to the Independent Auditors' Report

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act 2013 ('the Act').

We have audited the internal financial controls over financial reporting of **MSP Steel & Power Limited ('the Holding Company')**, its Subsidiary, associate and joint venture incorporated in India as at 31st March, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary, associate and joint venture which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit to Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidences about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary, Associate and joint venture incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one joint venture is based solely on the report of other auditor.

For **Sunil Kumar Agrawal & Associates**
Chartered Accountants
Firm Registration No: 323133E

CA Sunil Kumar Agrawal
Partner
Membership No: 057731

Kolkata, 27th day of May, 2017

Consolidated Balance Sheet
As at 31st March, 2017

₹ in lacs

Particulars	Notes No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Assets				
Non-Current Assets				
(a) Property, Plant and Equipment	2A	1,07,030.21	1,12,675.88	1,14,017.43
(b) Capital work in progress	2B	65.11	65.11	11,054.96
(c) Intangible Assets under development	2C	58.76	58.48	367.79
(d) Financial Assets				
(i) Investments	3A	5,333.28	5,180.18	7,125.72
(ii) Loans	4	1.45	1.45	1,501.53
(iii) Other Financial Assets	5	547.39	361.09	1,051.90
(e) Deferred Tax Assets (Net)	12	1,056.31	-	0.02
(f) Other Non-Current Assets	6	4,195.01	4,208.74	4,226.53
Total		1,18,287.51	1,22,550.93	1,39,345.88
Current Assets				
(a) Inventories	7	29,601.65	27,267.62	32,154.81
(b) Financial Assets				
(i) Trade Receivables	8B	13,561.29	10,987.25	10,206.32
(ii) Investments		23.57	23.50	-
(iii) Cash & Cash Equivalents	9	745.16	190.89	1,864.46
(iv) Bank Balances Other than Cash and Cash Equivalents	10	753.65	196.72	198.25
(v) Loans	4	1,357.39	1,333.73	1,826.61
(vi) Other Financial Assets	5	1,425.55	1,755.10	1,722.86
(c) Current Tax Assets (Net)	11	77.11	67.85	49.00
(d) Other Current Assets	6	13,718.21	12,670.53	15,014.93
Total		61,263.58	54,493.19	63,037.24
Total Assets		1,79,551.09	1,77,044.12	2,02,383.12

Equity and Liabilities

Equity				
(a) Equity Share Capital	13A	8,810.00	8,810.00	8,620.00
(b) Other Equity	13B	33,490.53	42,727.32	48,700.55
(c) Share Application money pending allotment		-	-	1,882.50
(d) Minority Interest		-	-	2,001.40
Total		42,300.53	51,537.32	61,204.45

Consolidated Balance Sheet
As at 31st March, 2017

₹ in lacs

Particular	Notes No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14A	86,380.22	84,038.00	93,311.23
(ii) Other Non-Current Financial Liabilities	15	211.98	208.30	213.57
(b) Deferred Tax Liabilities (Net)	17	-	142.92	1,026.63
(c) Provisions	16	130.48	105.34	188.93
Total		86,722.68	84,494.56	94,740.36
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14B	26,096.51	25,422.31	23,314.64
(ii) Trade Payables	18	11,917.41	6,851.31	11,500.85
(iii) Other Current Financial Liabilities	15	7,942.84	4,838.98	5,031.90
(b) Other Current Liabilities	19	4,571.12	3,899.64	6,590.92
Total		50,527.88	41,012.24	46,438.31
Total Equity and Liabilities		1,79,551.09	1,77,044.12	2,02,383.12
Significant Accounting Policies		1		

The accompanying notes are an integral part of this consolidated financial statements
As per our report of even date

For **Sunil Kumar Agrawal & Associates**
Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731
Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman (DIN: 00587623)
Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director (DIN: 00129209)
Shreya Kar
Company Secretary

**Consolidated Statement of Profit and Loss
for the year ended 31st March, 2017**

₹ in lacs

Particulars	Notes No.	As at 31st March, 2017	As at 31st March, 2016
INCOME			
Revenue from Operation (Gross)	20	93,570.09	1,00,768.43
Less: Excise Duty		9,286.51	10,316.92
Revenue from Operation (Net)		84,283.58	90,451.51
Other Income	21	105.26	165.67
Total (I)		84,388.84	90,617.18
EXPENSES			
Cost of Raw Material and Components Consumed	22	59,429.04	72,705.48
Purchase of Stock in Trade	23	44.90	875.48
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	24	2,387.69	2,986.02
Employee Benefits Expenses	25	2,844.07	3,046.74
Finance Costs	26	12,323.62	11,849.95
Depreciation and Amortization Expenses	27	5,642.15	6,333.40
Other Expenses	28	12,137.60	11,935.52
Total (II)		94,809.07	1,09,732.59
Profit Before Tax (I - II)		(10,420.23)	(19,115.41)
Tax Expenses			
Current Tax [Minimum Alternate Tax (MAT)]		-	-
Less: MAT Credit Entitlement		-	-
Income Tax for Earlier Years		154.05	33.29
Deferred Tax		(1,199.23)	(905.97)
Total Tax Expenses		(1,045.18)	(872.68)
Profit for the Year		(9,375.05)	(18,242.73)

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2017

₹ in lacs

Particulars	Notes No.	As at 31st March, 2017	As at 31st March, 2016
Share of Profit/Loss of Associates		0.68	(3.44)
A (i) Items that will not be reclassified to Profit or Loss		-	-
(a) Re-measurement of the defined benefit plans		(39.54)	52.90
(b) Equity Instruments through Other Comprehensive Income		152.43	37.70
(ii) Income Taxes on items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss			
(a) Effective Portion of Gains and Loss on Hedging instruments in a Cash Flow Hedge		(10.95)	15.71
(ii) Income Taxes on Items that will be reclassified to Profit or Loss		-	-
Other Comprehensive Income (After Tax)		-	-
Deferred Tax - on OCI Items		-	(22.26)
Total Comprehensive Income for the period		(9,272.43)	(18,162.11)
Earnings per Equity Shares of Face Value ₹ 10/- each	29		
Basic (₹)		(10.64)	(20.71)
Diluted (₹)		(10.64)	(20.71)
Significant Accounting Policies		1	

The accompanying notes are an integral part of this consolidated financial statements
As per our report of even date

For **Sunil Kumar Agrawal & Associates**
Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731
Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman (DIN: 00587623)
Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director (DIN: 00129209)
Shreya Kar
Company Secretary

**Consolidated Cash Flow Statement
For the year ended 31st March, 2017**

₹ in lacs

	Year ended 31st March, 2017	Year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Taxes	(10,420.23)	(19,115.41)
Adjustment for:		
Depreciation	5,642.15	6,333.40
Interest on Loans, Deposit etc.	(102.89)	(162.95)
Interest Expenses	11,420.33	11,094.74
Preference Share Liability Recognise	443.23	340.02
Other Finance Expenses	460.06	415.19
(Profit)/ Loss on sale of Property, Plant & Equipment (Net)	0.02	-
Dividend Income	(0.11)	(0.36)
Operating Profit before Working Capital Changes	7,442.56	(1,095.37)
Movement in Working Capital for:		
(Increase)/ Decrease in Trade and Other Receivables	(3,468.93)	4,241.55
(Increase)/ Decrease in Inventories	(2,334.03)	4,887.19
(Increase)/ Decrease in Trade and Other Payables	8,846.58	(10,225.28)
(Increase)/ Decrease in Provisions	-	-
Cash Generated from Operation	10,486.18	(2,191.91)
Direct Taxes Paid	163.31	52.14
Net Cash generated from Operating Activities	10,322.87	(2,244.05)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Land and Equipment [including Pre-Operative & Trial run Expenses (Pending Allocation)]	(0.91)	6,280.86
Discard/ Sale of Property, Plant & Equipment	4.15	-
Loss on Sale of Property, Plant & Equipment	0.02	-
Purchase of Investments	(0.73)	1,959.74
Bank Deposits not considered as cash and cash equivalents (Net)	(556.93)	1.53
Interest Received	83.42	154.19
Dividends Received	0.11	0.36
Net Cash used in investing activities	(470.91)	8,396.68
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Preference Shares including Securities Premium	-	12,050.50
Net Movement in Long Term Borrowings	(3,070.07)	(15,489.98)
Long Term Borrowings Repaid	(1,221.20)	(2,317.65)
Short Term Borrowing Received/ (Paid) (Net)	674.20	2,107.67
Interest Paid	(5,220.55)	(3,761.55)
Other Finance Expenses Paid	(460.06)	(415.19)

Consolidated Cash Flow Statement
For the year ended 31st March, 2017

₹ in lacs

	Year ended 31st March, 2017	Year ended 31st March, 2016
Net Cash Generated in Financing Activities	(9,297.68)	(7,826.20)
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	554.28	(1,673.57)
Cash and Cash Equivalents as at the beginning of the year	188.37	1,861.94
Cash and Cash Equivalents as at the end of the Year*	742.64	188.37
<hr/>		
* Components of Cash and Cash Equivalents		
Cash on Hand	15.52	12.27
With Scheduled Banks on Current Account	727.12	176.10
	742.64	188.37
Significant Account Policies	1	

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

As per our report of even date:

Note:

- I. The Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7, Statement of Cash Flow.
- II. The repayment of long term borrowing in 2015-16 includes amount of ₹ 12,050.50 lacs converted into 6% non cumulative redeemable preference shares having a nominal value of ₹ 10/- per share.

For **Sunil Kumar Agrawal & Associates**
 Firm Registration No.: 323133E
 Chartered Accountants

CA Sunil Kumar Agrawal
 Partner
 Membership No.: 057731
Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
 Chairman (DIN: 00587623)
Kamal Kumar Jain
 Chief Financial Officer

Saket Agrawal
 Managing Director (DIN: 00129209)
Shreya Kar
 Company Secretary

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

A. EQUITY SHARE CAPITAL	₹ in lacs
As at 1st April, 2015	8,620.00
Change in Equity Share Capital	190.00
As at 31st March, 2016	8,810.00
Change in Equity Share Capital	-
As at 31st March, 2017	8,810.00

B. OTHER EQUITY ₹ in lacs

Particulars	Reserve & Surplus				Items of Other Comprehensive Income/ (Loss) (OCI)			Total
	Security Premium Reserve	Retained Earnings	Capital Redemption Reserve	Equity Component of Compound Financial Instruments	Equity Instruments through other comprehensive Income	Effective Portion of Cash Flow Hedges	Remeasurement of the defined benefit Plans	
Balance as at 1st April, 2015	14,988.09	14,196.48	-	19,515.98	-	-	-	48,700.55
Profit/ (Loss) for the year	-	(18,242.73)	-	-	-	-	-	(18,242.73)
Movement during the year	(4.05)	-	4.05	-	-	-	-	-
Other comprehensive income	-	-	-	-	37.70	10.62	35.74	84.06
Total Comprehensive Income for the year	14,984.04	(4,046.25)	4.05	19,515.98	37.70	10.62	35.74	30,541.88
Issue of Share Capital	-	-	-	11,314.21	-	-	-	11,314.21
Depreciation charge	-	(26.46)	-	-	-	-	-	(26.46)
Post Acquisition Securities Premium Adjustment of Associates	897.69	-	-	-	-	-	-	897.69
Transfer From/ (to) Retained Earning	-	-	-	-	-	-	-	-
Balance as at 31st March, 2016	15,881.73	(4,072.71)	4.05	30,830.19	37.70	10.62	35.74	42,727.32

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Particulars	Reserve & Surplus				Items of Other Comprehensive			Total
	Security Premium Reserve	Retained Earnings	Capital Redemption Reserve	Equity Component of Compound Financial Instruments	Equity Instruments through other comprehensive Income	Effective Portion of Cash Flow Hedges	Remeasurement of the defined benefit Plans	
Balance as at 1st April, 2016	15,881.73	(4,072.71)	4.05	30,830.19	37.70	10.62	35.74	42,727.32
Profit / (Loss) for the year	-	(9,375.05)	-	-	-	-	-	(9,375.05)
Leave Provision of the year	-	-	-	-	-	-	33.72	33.72
Post Acquisition Securities Premium Adjustment of Associates	2.60	-	-	-	-	-	-	2.60
Movement during the year	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	152.43	(10.95)	(39.54)	101.94
Total Comprehensive Income for the year	15,884.33	(13,447.76)	4.05	30,830.19	190.13	(0.33)	29.92	33,490.53
Issue Of Share Capital	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-
Transfer from/ (to) Retained Earnings	-	-	-	-	-	-	-	-
Balance as at 31 st March, 2017	15,884.33	(13,447.76)	4.05	30,830.19	190.13	(0.33)	29.92	33,490.53

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

As per our report of even date:

For **Sunil Kumar Agrawal & Associates**
Firm Registration No.: 323133E
Chartered Accountants

For and on behalf of Board of Directors
MSP Steel & Power Limited

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731

Suresh Kumar Agrawal
Chairman (DIN: 00587623)

Saket Agrawal
Managing Director (DIN: 00129209)

Kolkata, 27th day of May, 2017

Kamal Kumar Jain
Chief Financial Officer

Shreya Kar
Company Secretary

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Reconciliations

The accounting policies as stated have been applied in preparing the Consolidated financial statements for the year ended 31 March, 2017, the financial statements for the year ending 31 March, 2016 and the preparation of an opening Ind AS statement of financial position as at 1 April, 2015. In preparing its opening Consolidated Ind AS Balance Sheet and Consolidated Statement of Profit and Loss for the year ended 31 March, 2016, the Company has adjusted amounts reported in Consolidated financial statements prepared in accordance with Previous GAAP.

An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables.

(a) Reconciliation of Balance Sheet

₹ in lacs

Sl. No.	Particulars	As at 31st March, 2016			As at 1st April, 2015		
		Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS	Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS
A	Assets						
1	Non-Current Assets						
	(a) Property, Plant and Equipment	1,12,675.87	0.01	1,12,675.88	1,14,017.42	0.01	1,14,017.43
	(b) Capital work-in-progress	65.11	-	65.11	11,054.96	-	11,054.96
	(c) Intangible Assets under development	58.47	0.01	58.48	367.79	-	367.79
	(d) Financial Assets						
	(i) Investments	5,598.22	(418.04)	5,180.18	7,529.97	(404.25)	7,125.72
	(ii) Loans	-	1.45	1.45	-	1,501.53	1,501.53
	(ii) Other Financial Assets	368.19	(7.10)	361.09	1,052.17	(0.27)	1,051.90
	(e) Deferred Tax Assets (Net)	-	-	-	0.02	-	0.02
	(f) Other Non-Current Assets	4,196.46	12.28	4,208.74	5,714.33	(1,487.80)	4,226.53
		1,22,962.32	(411.38)	1,22,550.94	1,39,736.66	(390.78)	1,39,345.88
2	Current Assets						
	(a) Inventories	27,267.62	-	27,267.62	32,154.81	-	32,154.81
	(b) Financial Assets						
	(i) Trade Receivables	10,987.25	-	10,987.25	10,206.32	-	10,206.32
	(ii) Investments	21.82	1.68	23.50	-	-	-
	(ii) Cash and Cash equivalents	188.11	2.78	190.89	1,864.46	-	1,864.46
	(iii) Bank Balances other than Cash and Cash equivalents	196.72	-	196.72	198.24	0.01	198.25
	(iv) Loans	1,333.73	-	1,333.73	1,826.61	-	1,826.61
	(v) Other Financial Assets	1,755.10	-	1,755.10	1,732.48	(9.62)	1,722.86
	(c) Current Tax Assets (Net)	68.59	(0.74)	67.85	50.15	(1.15)	49.00
	(d) Other Current Assets	12,672.57	(2.04)	12,670.53	15,014.93	-	15,014.93
		54,491.51	1.68	54,493.19	63,048.00	(10.75)	63,037.25
	Total Assets	1,77,453.83	(409.70)	1,77,044.13	2,02,784.66	(401.54)	2,02,383.13

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

(a) Reconciliation of Balance Sheet

₹ in lacs

Sl. No.	Particulars	As at 31st March, 2016		As at 1st April, 2015		
		Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS	Amount as per Previous GAAP	Effects of Transition to Ind AS
B	Equity and Liabilities					
1	Equity					
	(a) Equity Share capital	8,810.00	-	8,810.00	8,620.00	- 8,620.00
	(b) Other Equity	46,075.78	(3,348.46)	42,727.32	50,997.69	(2,297.14) 48,700.55
	(c) Share Application money pending allotment	-	-	-	1,882.50	- 1,882.50
	(d) Minority Interest	-	-	-	2,001.40	- 2,001.40
		54,885.78	(3,348.46)	51,537.32	63,501.59	(2,297.14) 61,204.45
2	Liabilities					
	Non-Current Liabilities					
	(a) Financial liabilities					
	(i) Borrowings	81,089.39	2,948.61	84,038.00	91,432.69	1,878.54 93,311.23
	(ii) Other Non-Current Financial Liabilities	208.30	-	208.30	213.57	- 213.57
	(b) Deferred Tax Liabilities (Net)	132.00	10.92	142.92	1,010.02	16.61 1,026.63
	(c) Provisions	105.34	-	105.34	188.93	- 188.93
		81,535.03	2,959.53	84,494.56	92,845.21	1,895.14 94,740.36
3	Current Liabilities					
	(a) Financial liabilities					
	(i) Borrowings	25,422.31	-	25,422.31	23,314.64	- 23,314.64
	(ii) Trade Payables	6,851.29	0.02	6,851.31	11,500.85	- 11,500.85
	(iii) Other Current Financial Liabilities	4,859.90	(20.92)	4,838.98	5,031.45	0.45 5,031.90
	(b) Other Current Liabilities	3,899.52	0.12	3,899.64	6,590.92	- 6,590.92
		41,033.02	(20.78)	41,012.24	46,437.86	0.45 46,438.31
	Total Equity and Liabilities	1,77,453.83	(409.71)	1,77,044.12	2,02,784.66	(401.54) 2,02,383.12

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

(b) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016

₹ in lakhs

Particulars	Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS
Income			
Revenue from Operations (Gross)	1,00,768.43	-	1,00,768.43
Less: Excise Duty	10,316.92	-	10,316.92
Revenue from Operations (Net)	90,451.51	-	90,451.51
Other Income	165.67	-	165.67
Total (I)	90,617.18	-	90,617.18
Expenses			
Cost of Raw Material and Components Consumed	72,705.48	-	72,705.48
Purchase of Stock In Trade	875.48	-	875.48
Changes in Inventories of Finished Goods, Work-in-Progress and Stock In Trade	2,986.02	-	2,986.02
Employee Benefits Expenses	2,993.83	52.91	3,046.74
Finance Costs	11,476.10	373.85	11,849.95
Depreciation and Amortization Expenses	6,333.40	-	6,333.40
Other Expenses	11,936.11	(0.59)	11,935.52
Total (II)	1,09,306.42	426.17	1,09,732.59
Profit Before Tax (I-II)	(18,689.24)	(426.17)	(19,115.41)
Tax Expenses			
Current Tax [Minimum Alternate Tax (MAT)]			
Less: MAT Credit Entitlement	-	-	-
Income Tax for Earlier Years	33.29	-	33.29
Deferred Tax	(878.02)	(27.95)	(905.97)
Total Tax Expenses	(844.73)	(27.95)	(872.68)
Profit for the Year	(17,844.51)	(398.22)	(18,242.73)

(c) Effects of Ind AS adoption on Cash flows for the year ended 31st March, 2016

₹ in lakhs

Particulars	Amount as per Previous GAAP	Effects of Transition to Ind AS	Amount as per Ind AS
Net Cash generated from / (used in) operating Activities - A	4,373.20	(6,617.25)	(2,244.05)
Net Cash generated from / (used in) investing Activities - B	(245.28)	8,641.96	8,396.68
Net Cash generated from / (used in) financing Activities - C	(5,801.49)	(2,024.71)	(7,826.20)
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	(1,673.57)	-	(1,673.57)
Cash and Cash equivalents as at the beginning of the year	1,861.94	-	1,861.94
Cash and Cash equivalents as at the end of the year	188.37	-	188.37

(d) Effects of Ind AS adoption on Total Equity

₹ in lakhs

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as per Previous GAAP	54,885.78	63,501.59
1. Impact of Preference Share Accounting	(2,954.85)	(1,878.54)
2. Fair Value of Investments	(416.35)	(453.19)
3. Impact of Derivative Accounting	6.63	6.13
4. Impact of Long Term Loans	27.03	45.07
5. Deferred Tax Impact on the above (1-4)	(10.92)	(16.61)
Equity as per Ind AS	51,537.32	61,204.45

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

2A. Property, Plant & Equipment	Land	Factory Building	Other Building	Plant & Machinery	Vehicle	Office Equipments	Furniture & Fixtures	Total
Cost/ Deemed Cost								
Balance as on 1st April, 2015	1,268.21	11,790.59	7,681.07	92,942.00	276.83	20.68	38.05	1,14,017.43
Additions	-	-	-	4,949.90	-	2.38	-	4,952.28
Deductions	304.00	-	-	-	0.40	-	-	304.40
Other adjustments	-	-	-	370.06	-	-	-	370.06
Balance as at 31st March, 2016	964.21	11,790.59	7,681.07	98,261.96	276.43	23.06	38.05	1,19,035.37
Additions	-	-	-	-	-	0.63	-	0.63
Deductions	-	-	-	-	14.61	-	-	14.61
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	964.21	11,790.59	7,681.07	98,261.96	261.82	23.69	38.05	1,19,021.39
Accumulated Depreciation								
Balance as on 1st April, 2015	-	-	-	-	-	-	-	-
Depreciation expense	-	429.79	284.28	5,537.92	62.83	11.58	7.00	6,333.40
Deductions	-	-	-	-	0.37	-	-	0.37
Other adjustments	-	-	-	26.46	-	-	-	26.46
Balance as at 31st March, 2016	-	429.79	284.28	5,564.38	62.46	11.58	7.00	6,359.49
Depreciation expense	-	429.78	284.28	4,862.96	51.93	6.21	6.99	5,642.15
Deductions	-	-	-	-	10.46	-	-	10.46
Other adjustments	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	859.57	568.56	10,427.34	103.93	17.79	13.99	11,991.18
Carrying value	-	-	-	-	-	-	-	-
Balance as at 1st April, 2015	1,268.21	11,790.59	7,681.07	92,942.00	276.83	20.68	38.05	1,14,017.43
Balance as at 31st March, 2016	964.21	11,360.80	7,396.79	92,697.58	213.96	11.48	31.05	1,12,675.88
Balance as at 31st March, 2017	964.21	10,931.02	7,112.51	87,834.62	157.89	5.90	24.06	1,07,030.21
Useful Life of the assets (years)	N.A.	30 Years	30-60 Years	8-40 Years	8-10 Yrs	5-6 Years	10 Years	-
Method of Depreciation	N.A.	SLM	SLM	SLM	SLM	SLM	SLM	-

Notes:	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
a. Freehold Land which is yet to be registered in the name of the Company	Deemed Cost in Lakhs	6.51	6.51
b. All property, plant and equipment held by the company have been pledged as security to the Bank.			10.86

2B. Capital Work in Progress	₹ in lacs
As at 1st April, 2015	11,054.96
As at 31st March, 2016	65.11
As at 31st March, 2017	65.11

2C. Intangible Assets under Development	₹ in lacs
As at 1st April, 2015	367.79
As at 31st March, 2016	58.48
As at 31st March, 2017	58.75

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

3A. Non Current Investments	Number of Shares / Units as at 31st March, 2017	As at 31st March, 2017	Number of Shares / Units as at 31st March, 2016	As at 31st March, 2016	Number of Shares / Units as at 1st April, 2015	As at 1st April, 2015 (₹ in lakhs)
	31st March, 2017 (₹ in lakhs)		31st March, 2016 (₹ in lakhs)		1st April, 2015	
(a) Unquoted Investments in Equity Instruments						
(iii) In Others (at fair value through OCI)						
MSP Metallics Limited (₹ 10/- each)	4,20,000	23.75	4,20,000	-	14,41,000	1,004.00
MSP Properties (I) Limited (₹10/- each)	7,500	4.05	7,500	4.00	1,01,070	12.25
MSP Sponge Iron Limited (₹ 10/- each)	3,13,000	103.52	3,13,000	-	5,84,250	148.06
MSP Power Limited (₹10 each)	8,000	0.80	8,000	0.80	8,000	0.80
Adhunik Gases Ltd. (₹ 10/- each)	-	-	-	-	20,000	4.50
Larigo Investment Pvt. Ltd. (₹ 10/- each)	-	-	-	-	79,500	8.95
Ram Rajya Lefin Pvt. Ltd. (₹ 10/- each)	-	-	-	-	40,040	1,205.38
Digvijay Tracon Private Limited (₹ 10/- each)	-	-	-	-	23,840	1,192.00
MSP Infotech (P) Ltd. (₹ 10/- each)	-	-	-	-	2,64,000	8.50
Mod Commodoal Pvt Ltd. (₹ 10/- each)	-	-	-	-	5,000	5.00
Raj Securities Ltd. (₹ 10/- each)	-	-	-	-	6,00,000	180.00
Metalite Fuel Industries Ltd (₹ 10/- each)	-	-	-	-	1,29,500	2.58
Ravi Business Services Pvt Ltd (₹ 10/- each)	-	-	-	-	16,650	1.66
B.S. Confin Pvt Ltd . (₹ 10/- each)	-	-	-	-	13,560	22.20
Hightime Holding Pvt Ltd . (₹ 10/- each)	-	-	-	-	1,34,600	13.46
K.C. Texofine Pvt. Ltd. (₹ 10/- each)	-	-	-	-	29,400	199.92
Kamyabi Vanijya Pvt Ltd. (₹ 10/- each)	-	-	-	-	3,61,000	12.80
Nairit Tieup Pvt Ltd. (₹ 10/- each)	-	-	-	-	1,01,000	5.05
Nivedan Vyapaar Pvt Ltd. (₹ 10/- each)	-	-	-	-	1,95,000	9.75
Mohit Vyapaar Pvt Ltd (₹ 10/- each)	-	-	-	-	6,00,000	3,000.00
SK Fintex Pvt Ltd (₹ 10/- each)	-	-	-	-	12,600	63.00
	132.12		4.80		7,099.86	
(b) Quoted (at fair value through OCI) Investments in Equity Instruments						
Howrah Gases Ltd (₹ 10 each)	93,700	66.61	93,700	42.87	1,11,263	20.18
Ashirwad Steel and Industries Limited (₹ 10/- each)	2,500	0.27	2,500	0.12	2,500	0.25
Nageshwar Investment Limited (₹ 10/- each)	11,000	1.68	11,000	1.68	11,000	0.61
Indian Overseas Bank (₹ 10/- each)	2,900	0.78	2,900	0.88	2,900	0.70
IDFC Bank Limited (₹ 10/- each)	5,201	3.08	5,201	2.51	-	-
IDFC Limited (₹ 10/- each)	5,201	2.13	5,201	1.39	5,201	1.77
Arihant Enterprises Ltd (₹ 10/- each)	-	-	-	-	7,100	0.89
Bakra Pratishtan Ltd. (₹ 10/- each)	-	-	-	-	3,000	0.36
Ginni Filaments Ltd. (₹ 10/- each)	-	-	-	-	2,000	0.70
Reliance Power Limited (₹ 10/- each)	-	-	-	-	250	0.40
	74.55		49.45		25.86	

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

3A. Non Current Investments	Number of Shares / Units as at 31st March, 2017	As at 31st March, 2017 (₹ in lakhs)	Number of Shares / Units as at 31st March, 2016	As at 31st March, 2016 (₹ in lakhs)	Number of Shares / Units as at 1st April, 2015	As at 1st April, 2015 (₹ in lakhs)
(c) Equity accounted Associates						
AA ESS Tradelinks Private Limited						
Cost of Investments	-	4,237.43	-	4,237.43	-	-
[including ₹ 894.90 lacs of goodwill arising on consolidation]						
Share of Post Acquisition Profit	-	889.18		888.50	-	-
		5,126.61		5,125.93		-
TOTAL (i+ii+iii+iv)		5,333.28		5,180.18		7,125.72

3B Current Investments	Number of Shares / Units as at 31st March, 2017	As at 31st March, 2017 (₹ in lakhs)	Number of Shares / Units as at 31st March, 2016	As at 31st March, 2016 (₹ in lakhs)	Number of Shares / Units as at 1st April, 2015	As at 1st April, 2015 (₹ in lakhs)
Investment in Mutual Funds		23.57		23.50	-	-
TOTAL		23.57		23.50		-

Particulars		₹ in lacs		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Aggregate amount of Quoted Investments - at Cost		98.12	72.95	25.86
Aggregate amount of the Quoted Investments - at Market value		98.12	72.95	25.86
Aggregate value of unquoted Investments		5,258.73	5,130.73	7,099.86
Aggregate amount of impairment in value of investment		-	-	-

4. Loans	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good Unless Otherwise Stated						
Loans to Bodies Corporate	1.45	1.45	1,501.53	889.22	844.00	1,812.06
(A)	1.45	1.45	1,501.53	889.22	844.00	1,812.06
Others						
Loans to Related Parties *	-	-	-	439.75	439.75	1.64
Loans to Employees	-	-	-	28.42	49.98	12.91
(B)	-	-	-	468.17	489.73	14.55
Total (A+B)	1.45	1.45	1,501.53	1,357.39	1,333.73	1,826.61

* For business purpose only.

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
5. Other Financial Assets						
Unsecured, Considered Good Unless Otherwise Stated						
Fixed Deposits with Banks with maturity more than 12 months (Refer Note No. 10)	271.62	94.95	63.62	-	-	-
(A)	271.62	94.95	63.62	-	-	-
Security Deposit	275.77	259.51	661.68	-	-	-
(B)	275.77	259.51	661.68	-	-	-
Others						
Interest Accrued on Fixed Deposits and Others	-	-	-	57.45	37.98	29.22
Export Incentive Receivable	-	-	-	-	100.55	106.55
Balances with Statutory/ Government Authorities	-	-	-	1,368.10	1,206.94	942.98
Gain Receivable on Forward Exchange Contract	-	6.63	326.60	-	409.63	644.11
(C)	-	6.63	326.60	1,425.55	1,755.10	1,722.86
Total (A+B+C)	547.39	361.09	1,051.90	1,425.55	1,755.10	1,722.86

₹ in lacs

6. Other Assets	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good Unless Otherwise Stated						
Capital Advances	-	-	17.79	-	-	-
(A)	-	-	17.79	-	-	-
Advances other than Capital Advances Recoverable in Cash or Kind						
Considered Good	-	13.73	13.73	13,626.27	12,612.67	14,970.54
Considered Doubtful	-	-	-	19.40	19.40	19.40
	-	13.73	13.73	13,645.67	12,632.07	14,989.94
Less: Provision for Doubtful Advances	-	-	-	19.40	19.40	19.40
(B)	-	13.73	13.73	13,626.27	12,612.67	14,970.54

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

6. Other Assets	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Advances						
MAT Credit Entitlement	4,195.01	4,195.01	4,195.01	-	-	-
Prepaid Expenses	-	-	-	91.94	57.86	44.39
(C)	4,195.01	4,195.01	4,195.01	91.94	57.86	44.39
Total (A+B+C)	4,195.01	4,208.74	4,226.53	13,718.21	12,670.53	15,014.93

Advances Recoverable in Cash or Kind include

Dues from officers - - - - - 8.50

7. Inventories (Valued at Lower of Cost and Net Realizable Value)	₹ In lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Components (at cost)	20,273.75	15,355.94	17,008.27
Work - in - Progress (at cost)	2,070.78	1,915.23	2,314.79
Finished Goods (Lower of cost or NRV)	3,746.57	5,473.72	6,485.73
Trading Goods	-	-	0.28
Stores and Spares (at cost)	2,476.67	2,672.76	2,921.32
By Products (at Net Realisable Value)	1,033.88	1,849.97	3,424.42
Total	29,601.65	27,267.62	32,154.81

Inventories have been pledged as security against Cash Credit and Short term loan facilities from Banks.

Cost of Inventories recognised as an expenses	₹ in lakhs		
Particulars	As at 31st March, 2017	As at 31st March, 2016	
Cost of Raw Material and Components Consumed	59,429.04	72,705.48	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock In Trade	2,387.69	2,986.02	
Consumption of Stores and Spares	5,172.34	4,737.35	

Details of Stock-in-Transit	₹ in lacs		
Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials and Components	1,900.65	456.26	4,712.93
Stores and Spares	276.46	-	79.89
Total	2,177.11	456.26	4,792.82

8. Trade Receivables	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured, Considered Good	13,561.29	10,987.25	10,206.32
Unsecured, Considered Doubtful	240.39	240.39	302.61
Less: Allowance for doubtful trade receivables	(240.39)	(240.39)	(302.61)
Total	13,561.29	10,987.25	10,206.32

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Ageing of Trade Receivables

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Not due	4,273.10	3,995.76	3,998.30
30 - 60 days	1,622.12	372.63	996.28
60 - 90 days	393.52	702.13	344.58
90 - 180 days	1,075.71	994.42	157.93
180 days & more	6,196.84	4,922.31	4,709.23
Total	13,561.29	10,987.25	10,206.32

i) The credit period on sales of goods ranges from 7 to 30 days with or without security. No interest is charged on trade receivables upto the end of the credit period.

ii) In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables 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 the ageing of the receivables that are due and rates used in the provision matrix. There has been no significant change in the credit quality of receivables past due for more than 180 days.

iii) The Company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

iv) Trade receivables have been hypothecated against Cash Credit and Short term loan facilities and foreign currency loans from banks.

₹ in lacs

9. Cash and Cash equivalents	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Cash on Hand	15.52	12.27	18.64
Balance with Banks:			
On Current Accounts	727.12	176.10	1,843.30
Earmarked balance with bank for Unpaid Dividend	2.52	2.52	2.52
	745.16	190.89	1,864.46

₹ in lacs

10. Bank Balances other than Cash and Cash equivalents	Non - Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Fixed Deposits with Original Maturity for more than 12 months	271.62	94.95	63.62	84.61	183.05	30.27
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months	-	-	-	669.04	13.67	167.98
Fixed Deposits with Original Maturity for less than 3 Months	-	-	-	-	-	-
	271.62	94.95	63.62	753.65	196.72	198.25
Amount Disclosed under Other Non-Current Financial Assets (Refer Note No. 5)	(271.62)	(94.95)	(63.62)	-	-	-
Total		-	-	753.65	196.72	198.25

Notes to the Financial Statements
for the year ended 31st March, 2017 (Contd.)

₹ in lacs

11. Current Tax Assets (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance Income Tax & TDS	77.11	67.85	49.00
Total	77.11	67.85	49.00

₹ in lacs

12. Deferred Tax Assets (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Liabilities :			
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	(12,236.02)	-	0.02
Deferred Tax Assets :			
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	114.67	-	-
Tax impact of unabsorbed loss / allowances	13,177.66	-	-
Total	1,056.31	-	0.02

13A. Equity Share Capital ₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised Share Capital			
96,00,00,000 (31.03.2016 - 96,00,00,000; 01.04.2015 - 96,00,00,000) equity shares of ₹ 10/- each	9,600.00	9,600.00	9,600.00
Issued, Subscribed and Fully Paid-up Share Capital			
88,10,00,000 (31.03.2016 - 88,10,00,000; 01.04.2015 - 88,10,00,000) equity shares of ₹ 10/- each	8,810.00	8,810.00	8,620.00
Total	8,810.00	8,810.00	8,810.00

Notes:

(i) Reconciliation of number of Shares

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Nos.	₹ in lacs	Nos.	₹ in lacs	Nos.	₹ in lacs
Equity Shares:						
Balance at the beginning of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00	8,62,00,000	8,620.00
Movement during the year	-	-	-	-	-	-
Balance at the end of the year	8,81,00,000	8,810.00	8,81,00,000	8,810.00	8,62,00,000	8,620.00

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

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

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

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No of shares	% of shares	No of shares	% of shares	No of shares	% of shares
Adhunik Gases Limited	55,54,000	6.30	55,54,000	6.30	55,54,000	6.30
MSP Infotech Private Limited	72,29,760	8.21	72,29,760	8.21	72,29,760	8.21
MSP Sponge Iron Limited	2,47,36,500	28.08	2,47,36,500	28.08	2,47,36,500	28.08

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

13B. Other Equity

₹ in lacs

Particulars	Reserve & Surplus				Items of Other Comprehensive Income/(Loss) (OCI)			Total
	Securities Premium Reserve	Retained Earnings	Capital Redemption Reserve	Equity Component of Compound financial instruments	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Remeasurement of the defined benefit plans	
Balance as at 1st April, 2015	14,988.09	14,196.48	-	19,515.98	-	-	-	48,700.55
Profit/ (Loss) for the year	-	(18,242.73)	-	-	-	-	-	(18,242.73)
Movement during the year	(4.05)	-	4.05	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	37.70	10.62	35.74	84.06
Total Comprehensive Income for the year	14,984.04	(4,046.25)	4.05	19,515.98	37.70	10.62	35.74	30,541.88
Issue of share capital	-	-	-	11,314.21	-	-	-	11,314.21
Depreciation charge	-	(26.46)	-	-	-	-	-	(26.46)
Post Acquisition Securities Premium Adjustment of Associates	897.69	-	-	-	-	-	-	897.69
Transfer from/ (to) Retained Earnings	-	-	-	-	-	-	-	-
Balance as at 31st March, 2016	15,881.73	(4,072.71)	4.05	30,830.19	37.70	10.62	35.74	42,727.32
Balance as at 1st April, 2016	15,881.73	(4,072.71)	4.05	30,830.19	37.70	10.62	35.74	42,727.32
Profit/ (Loss) for the year	-	(9,375.05)	-	-	-	-	-	(9,375.05)
Leave provision of the year	-	-	-	-	-	-	33.72	33.72
Post Acquisition Securities Premium Adjustment of Associates	2.60	-	-	-	-	-	-	2.60
Movement during the year	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	152.43	(10.95)	(39.54)	101.94
Total Comprehensive Income for the year	15,884.33	(13,447.76)	4.05	30,830.19	190.13	(0.33)	29.92	33,490.53
Issue of share capital	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-
Transfer from/ (to) Retained Earnings	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	15,884.33	(13,447.76)	4.05	30,830.19	190.13	(0.33)	29.92	33,490.53

Securities Premium Reserve

Securities Premium Reserve is used to record the Premium on issue of shares. These Reserve is utilised in accordance with the provision of the Act.

Effective portion of Cash Flow Hedges

In the case of a cash flow hedge, gains or losses arising in the effective period of a cash flow hedge have been recognised in Other Comprehensive Income (OCI). These gains will remain in OCI until the related cash flows occur. Where a forecast transaction will be no longer highly probable but still expected to occur, hedging gains and losses previously deferred in OCI will remain in OCI until the transaction affects profit or loss. Once a forecast transaction will be no longer expected to occur, any gain or loss will be released immediately to the income statement.

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

14A. Non Current Borrowings	Non-Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured						
a. Term loans						
From Banks						
Indian rupee loan	81,105.60	79,048.64	75,385.63	7,052.66	3,384.63	2,343.75
Foreign currency loan	1,376.57	1,522.60	2,700.34	647.04	1,347.08	2,400.69
	82,482.17	80,571.24	78,085.97	7,699.70	4,731.71	4,744.44
b. Finance Lease Obligation						
From Banks	1.73	5.75	17.57	4.23	9.44	20.46
From Body Corporates	-	-	-	-	-	10.28
	1.73	5.75	17.57	4.23	9.44	30.74
c. Unsecured						
Inter Corporate Deposits	418.24	426.15	8,967.76	-	-	-
Loans and Advances from related parties	80.00	80.00	4,361.39	-	-	-
	498.24	506.15	13,329.15	-	-	-
d. Liability Component of Compound Financial Instruments						
Preference Shares	3,398.08	2,954.86	1,878.54	-	-	-
	3,398.08	2,954.86	1,878.54	-	-	-
Total (a+b+c+d)	86,380.22	84,038.00	93,311.23	7,703.93	4,741.15	4,775.18

₹ in lacs

	Non-Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
The above amount includes :						
Secured borrowings						
Secured borrowings	82,483.90	80,576.99	78,103.54	7,703.93	4,741.15	4,775.18
Unsecured borrowings	3,896.32	3,461.01	15,207.69	-	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 15)	-	-	-	(7,703.93)	(4,741.15)	(4,775.18)
Net Amount	86,380.22	84,038.00	93,311.23	-	-	-

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Terms of Repayments	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non- Current	Current	Non- Current	Current	Non- Current	Current
Rupee Term Loans From Banks (Secured)* (Repayable in 32 Quarterly Instalments from December 2016. Last instalment due in September 2024. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a., and April 1, 2015 : 10.75% p.a.)	66,278.82	5,763.37	67,000.76	2,882.63	70,393.36	2,343.75
Rupee Term Loans From Banks (Secured)* (Repayable in 24 Quarterly Instalments from December 2016. Last instalment due in September 2022. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a. and April 1, 2015 : 10.75% p.a.)	14,826.78	1,289.29	12,047.88	502.00	4,992.27	-
Foreign Currency Term Loans From Banks (Secured)* (Repayable in 8 Half Yearly instalments from December 2012. Last instalment due in April 2017. Rate of Interest as at year ended Mar 31, 2017 : 8.80 % p.a., Mar 31, 2016 : 8.80 % p.a. and April 1, 2015 : 8.80% p.a.)	-	527.33	-	1,347.08	1,207.55	2,400.69
Foreign Currency Term Loans From Banks (Secured)* (Repayable in 32 Quarterly instalments from December 2016. Last instalment due in September 2024. Rate of Interest as at year ended Mar 31, 2017 : 10.15 % p.a., Mar 31, 2016 : 10.05 % p.a. and April 1, 2015 : 10.75% p.a.)	1,376.57	119.71	1,522.60	-	1,492.79	-
Rupee Term Loans From Financial Institutions (Secured)**						
From Bank (Repayable in monthly Instalments Starting from April 2015, Maturity in October 2018. Rate of Interest as at year ended March 31, 2017 : 10.25 % p.a., Mar 31, 2016 : 10.25 % p.a. and April 1, 2015 : 10.25%)	1.73	4.23	5.75	9.44	17.57	20.46
From Body Corporate (Repayable in monthly Instalments Starting from April 2015, Maturity in August 2015. Rate of Interest as at year ended March 31, 2017 : 10.25% p.a., March 31, 2016 : 10.25 % p.a. and April 1, 2015 : 10.25%)	-	-	-	-	-	10.28
Total Term loan -Secured	82,483.90	7,703.93	80,576.99	4,741.15	78,103.54	4,775.18
Unsecured Borrowings	3,896.32	-	3,461.01	-	15,207.69	-
Total Term Loan	86,380.22	7,703.93	84,038.00	4,741.15	93,311.23	4,775.18

*The details of security for the secured loans are as follows:

In terms of the Corporate Debt Restructuring (CDR) Package, effective from October 1, 2014, the Loans considered under the said package have been categorised as Term Loans, Working Capital Term Loans, Funded Interest Term Loans which are secured as under :

- First hypothecation charge on plant, machinery, fixed assets, and other movable assets, both present and future of the company, on pari-passu basis with all term lenders and equitable mortgage of factory land & building on pari-passu basis with all Term Lenders.
- Hypothecation charge of entire current assets of the company, both present and future on pari-passu basis with other consortium member banks.

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

- c. Second charge on entire current assets of the company ranking pari passu with other member banks of the consortium.
- d. Pledge of 100% of Promoter's Shareholding representing 71.90% of the paid up capital of the company as on 30.09.2014 has been executed in favour of the CDR lenders.
- d. Lien on all Bank Accounts including the Trust and Retention Account.

Further, the above facilities are also covered by the following:

Irrevocable, unconditional personal guarantee of promoters (Mr. Puran Mal Agrawal, Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal, and Mr. Manish Agrawal) of the Company.

Registered mortgage of 150.50 acres of segregated agricultural land.

Irrevocable, unconditional Corporate Guarantee of Ilex Private Limited.

** Hire purchases obligations are secured by hypothecation of vehicles purchased under the respective agreements.

	₹ in lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
14B. Short Term Borrowings			
Secured			
Rupee Loan from Banks			
Cash Credit Facility	26,096.51	25,422.31	23,108.72
Unsecured			
From Body Corporates - Inter Corporate Deposits			
			205.92
	26,096.51	25,422.31	23,314.64
The above amount includes			
Secured Borrowings	26,096.51	25,422.31	23,108.72
Unsecured Borrowings	-	-	205.92

15. Other Financial Liabilities	Non-Current			Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retention / Security Deposit	207.73	204.05	212.32	93.23	76.30	88.75
Current maturities of long-term borrowings (refer Note No. 14A)	-	-	-	7,703.93	4,741.15	4,775.18
Interest accrued and due on borrowings	-	-	-	137.37	6.47	138.80
Interest accrued but not due on borrowings	-	-	-	5.35	12.16	20.43
Share Application money pending refund	-	-	-	-	-	3.00
Unclaimed Dividend	-	-	-	2.52	2.52	2.52
Other Payables	4.25	4.25	1.25	0.44	0.38	3.22
	211.98	208.30	213.57	7,942.84	4,838.98	5,031.90

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

16. Provisions	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for employee benefits			
For Gratuity	52.18	14.88	84.96
For Leave Benefits	78.30	90.46	103.97
Total	130.48	105.34	188.93

₹ in lacs

17. Deferred Tax Liabilities (Net)	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Liabilities :			
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	-	10,913.52	1,026.63
Deferred Tax Assets :			
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	-	(130.64)	(206.02)
Tax impact of unabsorbed loss / allowances	-	(10,639.96)	206.02
Total	-	142.92	1,026.63

₹ in lacs

18. Trade Payables	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade Payables (Other than Micro and Small Enterprises)	11,917.41	6,851.31	11,500.85
Due to Micro and Small Enterprises	-	-	-
Total	11,917.41	6,851.31	11,500.85

a. Trade Payables includes credit availed by the company from banks for payment to suppliers for Raw material purchased by the company. The arrangements are interest-bearing and are payable within one year.

b. Trade payables other than acceptances are normally settled within 1-180 days.

c. There is no principal amount and interest overdue to Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

₹ in lacs

19. Other Financial Liabilities	Current		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Payables on capital purchases	1,571.93	1,663.64	1,714.32
Others (including statutory dues payable)	2,999.19	2,236.00	4,876.60
Total	4,571.12	3,899.64	6,590.92

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

	Year ended 31st March, 2017	Year ended 31st March, 2016
20. Revenue from Operations		
Sale of Products		
Finished Goods	91,121.77	95,622.07
Power	1,249.31	3,158.98
Stock in Trade	55.27	884.57
Other Operating Revenue		
Scrap Sales and By Products	419.99	451.28
Sale of Raw Materials	723.75	593.18
Export Incentives	-	58.35
Total	93,570.09	1,00,768.43
Details of Product Sold		
Finished Goods Sold		
Pellet	8,970.55	8,535.24
Sponge Iron	12,648.99	12,735.40
MS Billets	12,257.20	14,536.02
TMT Bar	22,668.36	24,915.57
Structural Steel	25,797.60	26,842.81
Light Structural Steel	8,778.28	8,044.22
Fly Ash Bricks	0.79	1.18
MS Round 32MM	-	11.63
Total	91,121.77	95,622.07
Stock in Trade		
Coal	55.27	884.57
Total	55.27	884.57

	Year ended 31st March, 2017	Year ended 31st March, 2016
21. Other Income		
Interest income		
Loans, Fixed Deposits, etc	102.89	162.95
Dividend Income		
Long-Term Investments	0.11	0.36
Other Non-Operating Income	2.26	2.36
Total	105.26	165.67

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
22. Cost of Raw Material and Component Consumed			
Inventory at the begining of the year	15,355.94	17,008.27	
Add : Purchases	64,346.85	71,053.15	
Less : Inventory at the end of the year	20,273.75	15,355.94	
Total	59,429.04	72,705.48	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
23. Purchase of Stock in Trade			
Coal	44.90	875.48	
Total	44.90	875.48	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
24. Changes in Inventories of Finished goods, work-in-progress and stock in Trade			
Opening Inventories			
By-Products	1,849.97	3,424.42	
Work-in-Progress	1,915.23	2,314.79	
Finished Goods	5,473.72	6,485.73	
Total	9,238.91	12,224.94	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
Closing Inventories			
By-Products	1,033.88	1,849.97	
Work-in-Progress	2,070.78	1,915.23	
Finished Goods	3,746.57	5,473.72	
Total	6,851.23	9,238.92	

	₹ in lacs	Year ended 31st March, 2017	Year ended 31st March, 2016
(Increase)/Decrease in Inventories			
By-Products	816.09	1,574.45	
Work-in-Progress	(155.55)	399.56	
Finished Goods	1,727.15	1,012.01	
Total	2,387.69	2,986.02	

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

Details of Inventories	Year ended 31st March, 2017	Year ended 31st March, 2016
By-Products		
Coal Fines	82.17	331.36
Dolochar	933.37	1,514.39
Coal Tar	18.34	4.22
Total	1,033.88	1,849.97

Work-in-Progress	Year ended 31st March, 2017	Year ended 31st March, 2016
Iron Ore Pellet/ Filter Cake	1,544.58	1,150.68
Sponge Iron	67.31	231.59
M.S. Billets	312.45	106.21
Others	146.44	426.75
Total	2,070.78	1,915.23

Details of Inventories	Year ended 31st March, 2017	Year ended 31st March, 2016
Finished Goods		
Iron Ore Pellet	422.12	1,672.84
Sponge Iron	534.52	444.59
M.S. Billets	215.05	629.32
TMT Bar	480.20	956.30
Structural Steel	1,279.36	1,518.89
Light Structural Steel	815.32	251.78
Total	3,746.57	5,473.72

25. Employee Benefits Expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries, Wages and Bonus	2,575.41	2,762.26
Contribution to Provident and Other Funds	165.48	189.21
Gratuity	53.65	76.69
Staff Welfare Expenses	49.53	18.58
Total	2,844.07	3,046.74

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

26. Finance Costs	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest Expenses		
- On Borrowings	11,420.33	11,094.74
- On Preference Shares	443.23	340.02
Other borrowing cost	460.06	415.19
Total	12,323.62	11,849.95

₹ in lacs

27. Depreciation and amortization expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Depreciation on Property, Plant & Equipments	5,642.15	6,333.40
Total	5,642.15	6,333.40

₹ in lacs

28. Other Expenses	Year ended 31st March, 2017	Year ended 31st March, 2016
Consumption of Stores and Spares	5,172.34	4,737.35
Increase/(Decrease) of Excise Duty on Inventory	(182.01)	118.37
Power and Fuel	1,289.10	1,156.16
Rent	70.86	124.41
Rates and Taxes	299.58	250.32
Insurance	73.03	48.84
Repairs and Maintenance		
Plant and Machinery	671.76	470.07
Buildings	75.37	65.11
Others	41.95	53.35
Material Handling Charges	2,068.34	1,911.58
Vehicle Running Expenses	451.44	365.71
Cash Discount	169.45	264.99
Advertising and Sales Promotion	28.16	17.23
Freight Outward	543.54	628.38
Sales Commission	220.07	201.45
Legal and Professional Charges	247.06	316.75
Charity and Donations	40.50	21.13
Payment to Auditors (Refer details below)	15.41	15.27
Exchange Differences (Net)	14.46	267.14
Irrecoverable Debts, Deposits and Advances Written off	19.26	-
Less : Adjusted with Provisions	-	19.26
Miscellaneous Expenses	807.93	901.91
Total	12,137.60	11,935.52

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

28.1 Payment to Auditors	Year ended 31st March, 2017	Year ended 31st March, 2016
For Statutory Audit	10.00	10.00
For Limited Review	3.00	3.00
For Taxation matters	0.40	0.40
For Certification & Other Services	1.71	1.57
For Reimbursement of expenses	0.30	0.30
Total	15.41	15.27

29. Earnings Per Share (EPS)	Year ended 31st March, 2017	Year ended 31st March, 2017
	₹ in lacs	₹ in lacs
Earnings Per Share has been computed as under:		
Profit After Tax	(9,374.37)	(18,246.17)
Net Profit for Calculation of Basic and Diluted EPS	(9,374.37)	(18,246.17)
	Nos.	Nos.
Weighed average number of equity shares in calculating Basic & Diluted EPS	8,81,00,000	8,81,00,000
	8,81,00,000	8,81,00,000
Earnings Per Share		
Basic (₹)	(10.64)	(20.71)
Diluted (₹)	(10.64)	(20.71)

30. Contingent Liabilities (Ind As-37)

Contingent Liabilities not Provided for in Respect of:

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Excise Matters under dispute/ appeal	1,192.74	1,684.99
Sales Tax & VAT Matters under dispute/ appeal	233.19	347.05
Income Tax Matters under dispute/ appeal	55.95	0.55
CDR Related Liability (Right to Recompense)	27,801.00	27,801.00
Corporate Guarantees given*	73.30	73.30

* Corporate Guarantees given to group companies are to the extent of shares pledged.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

There is no possibility of any reimbursement on any of the cases listed above.

The holding Company is not paying electricity duty on power generation. According to the management, application for extension of exemption from 10 years to 15 years is under process.

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

31. Employees Benefit (Ind As-19)

The Company offers its employees defined-benefit plans in the form of a gratuity scheme which are funded with Life Insurance corporation of India in the form of qualifying insurance policy. Leave encashment benefits is an unfunded plan of the Company.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

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 illiquid 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 participants in future. Deviation in the rate of increase of salary in future for plan participants 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 assumptions 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 requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 10,00,000).

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.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows: ₹ in lacs

Particulars	Gratuity		Leave	
	2016-17	2015-16	2016-17	2015-16
Current service cost	52.48	70.52	8.06	6.57
Net Interest Expense	1.17	6.17	7.12	7.55
Components of defined benefit costs recognised in profit or loss	53.65	76.69	15.18	14.12

Remeasurement on the net defined benefit liability:

Return on plan assets (excluding amounts included in net interest expense)	0.58	(3.13)	-	-
Actuarial (Gain)/Loss arising from changes in financial assumptions	25.69	2.20	5.14	-
Actuarial (Gain)/Losses arising from experience adjustments	13.27	(51.97)	(38.88)	-
Components of defined benefit costs recognised in OCI	39.54	(52.90)	(33.74)	-
Total	93.19	23.79	(18.56)	14.12

The current service cost and the net interest expenses for the year are included in the employee benefits expense line item in the Statement of Profit and Loss. The re-measurement of the net defined benefit liability/asset is included in Other Comprehensive Income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plan is as follows: ₹ in lacs

Particulars	Gratuity		Leave	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Present value of funded defined benefit obligations	401.03	319.86	78.30	90.46
Fair value of plan assets	348.85	304.98	-	-
Net liability arising from defined benefit obligation	52.18	14.88	78.30	90.46

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Changes in the present value of the defined benefit obligation are as follows: -

₹ in lacs

Particulars	Gratuity		Leave	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Opening defined benefit obligation	319.86	307.80	90.46	101.74
Interest cost	25.15	23.09	7.12	7.55
Current service cost	52.48	70.52	8.06	6.57
Benefits paid	(35.42)	(31.78)	(7.17)	(12.47)
Actuarial (Gain)/Loss arising from changes in financial assumptions	25.69	2.20	5.14	(12.93)
Actuarial (Gain)/Losses arising from experience adjustments	13.27	(51.97)	(38.88)	-
Closing defined benefit obligation	401.03	319.86	64.73	90.46

The details of fair value of plan assets as on the Balance Sheet date are as follows:

₹ in lacs

Particulars	Gratuity	
	As at 31st March, 2017	As at 31st March, 2016
Opening fair value of plan assets	304.98	213.40
Interest Income	23.99	16.92
Contribution by the Company	55.89	103.30
Benefits paid	(35.42)	(31.78)
Actuarial gains / (loss)	(0.58)	3.14
Closing fair value of plan assets	348.85	304.98

The details of plan assets as on the Balance Sheet date are as follows:

₹ in lacs

Particulars	Gratuity	
	As at 31st March, 2017	As at 31st March, 2016
Debt Funds	348.86	304.98
Total	348.86	304.98

The financial and demographic assumptions used in determining gratuity and leave liability are as shown below:

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate (%) (per annum)	7.45	7.87
Salary Growth Rate (%) (per annum)	7.50	7.50
Return on Plan Assets (Gratuity Scheme) (%)	7.45	7.87
Withdrawal rates, based on age (%): (per annum)		
Upto 40 years	0.42	0.42
Above 40 years	-	-
Mortality Rate (% of Indian Assured Lives Mortality 06-08)	100.00	100.00

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

Amount of expenses incurred for the current and previous years are as follows:

₹ in lacs

Particulars	Gratuity				
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Defined benefit obligation	401.03	319.86	298.36	304.89	257.57
Fair value of plan assets	348.86	304.98	213.40	160.22	149.24
Deficit	52.18	14.88	84.96	144.67	108.33
Experience adjustments on plan liabilities – (gains)/ losses	(13.27)	(51.97)	(29.03)	0.43	(29.82)
Experience adjustments on plan assets	(0.58)	3.14	1.13	0.57	1.03

The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

The amount provided for defined contribution plan are as follows:

₹ in lacs

Particulars	2016-17	2015-16
Provident Fund	165.48	189.36

32. Income Taxes (Ind AS 12):

(i) Reconciliation of effective tax rate

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Enacted Income Tax Rate in India applicable to the company	30.90%	30.90%
Profit/ (Loss) before Tax	(10,420.23)	(19,115.41)
Current Tax Expenses on Profit before tax expenses at the enacted income tax rate in India	(3,219.85)	(5,906.66)
Tax effects of the amounts which are not deductible/ (taxable) in calculating taxable income		
Effect of expenses taxable in future	2,256.07	5,906.98
Tax in respect to earlier years	154.05	33.29
Other items	(235.45)	(906.29)
Total Tax expenses/(Credit)	(1,045.18)	(872.68)
Consequent to the above reconciliation the effective tax rate is as follows		
	10.03	4.57

(ii) At March 31, 2017 a deferred tax liability of 'Nil' (March 31, 2016 ₹142.92 Lakhs) in respect of temporary differences related to undistributed profit in subsidiaries has not been recognized because the Group controls the dividend policy of its subsidiaries and management is satisfied that they are not expecting to distribute profit in the foreseeable future.

33. Segment Information

The Company is engaged in manufacturing of "Iron and Steel". Consequently it has one reportable business segment e.g. "Iron and Steel" (Ind As-108). The analysis of geographical segments is based on the area in which the customers of the Company are located.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

Particulars	2016-17	2015-16
Domestic Revenues (Net of Excise Duty and Trade Discount)	76,558.19	86,196.67
Export Revenues (Including Export Benefits)	7,725.39	4,254.84
Total	84,283.58	90,451.51

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

a. Revenue from operations have been allocated on the basis of location of customers.
 b. The Company has common fixed assets for producing goods for domestic and overseas markets which are located at only one place i.e. Raigarh. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. Export debtors at the year end amounts to ₹ 846.82 lakhs (₹ 176.49 lakhs).

34. Operating Lease Company as Lessee

The Company has lease agreement for various premises which are in the nature of Operating Lease. There are no restrictions placed upon the company by entering into these leases.

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

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Within one year	65.30	50.40

35. Capital and other commitment:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) ₹ Nil (March 31, 2016) ₹ Nil.

36(A). Classification of Financial Assets and Liabilities (Ind AS 107):

₹ in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015
Financial Assets at amortised cost:			
Trade receivables	13,561.29	10,987.25	10,206.32
Loans	1,358.84	1,335.18	3,328.14
Investments (non-current)	5,282.30	5,154.23	7,099.86
Cash and bank balances	1,498.81	387.61	2,062.71
Other financial assets	1,972.94	1,699.93	1,804.05
Financial Assets at fair value through OCI:			
Investments	74.55	49.45	25.86
Fair Value Hedging Instruments:			
Derivative assets	-	416.26	970.71
Total	23,748.74	20,029.01	25,497.65
Financial Liabilities at amortised cost:			
Term Loan from Banks	81,105.59	79,048.64	75,385.63
Finance Lease Obligations	1.73	5.75	17.57
Unsecured Loans	498.24	506.15	13,329.15
Financial Liability Component of Equity Components	3,398.08	2,954.86	1,878.54
Cash Credits/ Working Capital Borrowing	26,096.51	25,422.31	23,314.64
Trade payables	11,917.41	6,851.31	11,500.85
Other financial liabilities	8,154.81	5,047.28	5,245.47
Foreign Currency Borrowings	1,376.57	1,522.60	2,700.34
Total	1,32,548.94	1,21,358.90	1,33,372.19

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

36(B). Fair Value measurements (Ind AS 113) :

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	₹ in lacs		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Financial Assets at fair value through profit or loss:			
Investments – Level 1	98.12	72.95	25.86
Investments – Level 2	132.12	4.80	7,099.87
Total	230.24	77.75	7,125.73

The management assessed that cash and bank balances, trade receivables, trade payables, cash credits, commercial papers and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- (a) The fair values of the quoted investments/ units of mutual fund schemes are based on market price/ net asset value at the reporting date.
- (b) The fair value of unquoted investments is calculated as the present value of the estimated future cash flows based on DCF method.

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2017, March 31, 2016 and April 01, 2015 are as shown below:

Particulars	Valuation Technique	Significant unobservable inputs	Discounting Rate	Sensitivity of the input to fair value
Investments in Unquoted instruments accounted for as Fair value through Profit and Loss	DCF Method	Average cost of Borrowings	March 31, 2017- 10.00%, March 31, 2016- 10.00% and April 1, 2015-10.00%	-

37. Corporate Social Responsibility :

Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is ₹ 54.15 Lakhs (March 31, 2016 ₹ 129.97 lakhs) and on account of capital expenditure is ₹ Nil (March 31, 2016 ₹ Nil).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended March 31, 2017 is ₹ NIL (March 31, 2016 ₹ NIL) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

38. Capital Measurement (Ind AS-01) :

The Company's objectives when managing capital are to: -

- (a) maximise shareholder value and provide benefits to other stakeholders and
- (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.				₹ in lacs
Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	
Total Debt (Bank and other borrowings)	1,20,180.66	1,14,201.46	1,21,401.05	
Equity	42,300.53	51,537.32	61,204.45	
Liquid Investments including bank deposits	753.65	196.72	198.25	
Debt to Equity (Net)	2.82	2.21	1.98	

In addition, the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA etc., which is maintained by the Company.

39. Disclosure with respect to Specified Bank Notes (SBNs) :

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	₹ in lacs
Closing Cash in Hand as on 08.11.2016	-	22.48	22.48
Add : Permitted receipts	-	17.30	17.30
Less : Permitted Payments	-	25.08	25.08
Amount deposited in bank	-	-	-
Closing Cash in Hand as on 30.12.2016	-	14.70	14.70

Explanation : For the Purpose of this clause, the term "Specified Bank Notes"(SBN) shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance ,Department of Economic Affairs number S.O.3407(E), the dated 08 November,2016.

40. Financial Risk Management Objectives:

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities exposes it to market risk, liquidity risk and credit risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts, principal only swaps that are entered to hedge foreign currency risk exposure, interest rate swaps to hedge variable interest rate exposure and commodity fixed price swaps to hedge commodity price risks. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The sources of risks which the company is exposed to and their management is given below:

Risk	Exposure Arising From	Measurement	Management
Credit Risk	Trade receivables, Investments, Derivative Financial Instruments, Loans	Ageing Analysis, Credit Rating	Follow up of the Debtors & timely intervention
Liquidity Risks	Borrowings and other Liabilities	Cash Flow Analysis & Sensitivity Analysis	Adequate unused credit lines and borrowings facilities, Portfolio Diversification
Interest Rate	Long term Borrowings at variables rate investment and other Debt Securities	Sensitivity Analysis, Interest rate movements	Interest rate swaps, Portfolio Diversification

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

41. Impairment of Assets

On the basis of physical verification of assets and cash generation capacity of those assets, in the management perception, there is no impairment of assets as on 31st March 2016.

42. Disclosures for Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets' issued by ICAI: ₹ in lacs

Particulars	Provision for Doubtful Debts		Provision for Advances	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Carrying amount- beginning of the year	240.40	302.61	19.40	19.40
Additional provision during the year	-	-	-	-
	240.40	302.61	19.40	19.40
Less: written back during the year	-	62.21	-	-
Carrying amount- end of the year	240.40	240.40	19.40	19.40

43. Derivative instruments and unhedged foreign currency exposure

Derivative contracts outstanding as at the Balance sheet date: -

Particulars	Purpose
Forward contract to buy US \$ US\$ 23,07,692.31 (31st March 2016 : US\$ 24,03,846.15) (₹ 1,496.28 lacs (31st March 2016 : ₹ 1586.30 lacs))	Unhedged portion of foreign currency loan
Forward contract to buy Singapore Dollar (SGD) SGD 11,50,000 (31st March 2016: SGD 26,25,000) (₹ 527.33 lacs (31st March 2016: ₹ 1,283.38 lacs))	Unhedged portion of foreign currency loan
Interest rate swaps on SGD loan of SGD 11,50,000 (31st March 2016: SGD 26,25,000) (₹ 527.33 lacs (31st March 2016: ₹ 1,283.38 lacs))	Unhedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m SOR plus spread of 2.05% on the notional amount

Particulars of unhedged foreign currency exposure as at the Balance sheet date

Particulars	Amount
Trade payables (including acceptances)	US \$ Nil (31st March 2016: US \$ Nil) ₹ Nil (31st March 2016: ₹ Nil)
Foreign Currency Loans From Banks	US\$ 23,07,692.31 (31st March 2016 : US\$ 24,03,846.16) (₹ 1496.28 Lacs (31st March 2016 : ₹ 1586.30 Lacs))
Interest accrued but not due on borrowings	US \$ Nil (31st March 2016: US\$ NIL) ₹ Nil (31st March 2016: ₹ NIL)

44. Value of Imports (calculated on CIF basis) ₹ in lakhs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Capital Goods	-	-
Stores, Spares and Consumables	57.94	120.92
Raw Materials	13,170.80	5,827.06

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

45. Expenditure in Foreign Currency (on accrual basis)

Particulars	₹ in lacs	
	As at 31st March, 2017	As at 31st March, 2016
Interest	132.12	263.97
Travelling	31.44	0.48

46. Earning in Foreign Currency (on accrual basis)

Particulars	₹ in lakhs	
	As at 31st March, 2017	As at 31st March, 2016
FOB Value of Exports (excluding sales made in Indian Rupees ₹ 7,725.39 lacs (₹ 3,990.33 lacs)	-	205.32

47. Break-up of Consumption of Raw Materials, Stores and Spares Consumed including Amount Debited to Pre-Operative and Trial Run Expenses (Pending Allocation)

Particulars	Raw Materials		Stores and Spares	
	₹ in lacs	%	₹ in lacs	%
Indigenous	47,099.74	79.25	5,144.39	99.46
	(56,642.71)	77.91	(4,708.22)	99.38
Imported	12,329.30	20.75	27.95	0.54
	(16,062.77)	22.09	(29.14)	0.62
Total	59,429.04	100.00	5,172.34	100.00
	(72,705.48)	100.00	(4,737.36)	100.00

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

48. Related Party Disclosures (Ind AS-24)

Related parties where control exists: -

Directors and their Relatives and their relatives	:	Puranmal Agrawal - (Father of Manish Agrawal)
		Suresh Kumar Agrawal - Chairman
		Manish Agrawal - Director
		Saket Agrawal - Managing Director
		Dhananjay Uchit Singh - Director
		Kiran Agrawal (Mother of Manish Agrawal)
		Nisha Agrawal (wife of Suresh Agrawal)
		Ekta Agrawal (wife of Saket Agrawal)
		Richa Agrawal (wife of Manish Agrawal)
Key Management Personnel and their relatives	:	Kamal Kumar Jain - Chief Financial Officer
		Shreya Kar - Company Secretary
Enterprises over which Key Management Personnel and or relatives have significant influence	:	Chaman Metallics Limited
		Howrah Gases Limited
		Ilex Private Limited
		MSP Energy Limited
		MSP Ferro & Power Limited
		MSP Metallics Limited
		MSP Mines and Minerals Limited
		MSP Power Limited
		MSP Sponge Iron Limited
		Raj Securities Limited

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

Nature of Transactions (Including taxes & duties where ever applicable)		Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sales	MSP Metallics Limited	-	-	6.27	589.67	6.27	589.67
	MSP Sponge Iron Limited	-	-	1,760.08	3,551.83	1,760.08	3,551.83
Purchase of Raw Material & Components Consumed	MSP Metallics Limited	-	-	1,397.07	4,497.41	1,397.07	4,497.41
	MSP Sponge Iron Limited	-	-	2,651.51	3,160.48	2,651.51	3,160.48
Director's Remuneration	Manish Agrawal	9.00	-	-	-	9.00	-
	Saket Agrawal	28.00	30.01	-	-	28.00	30.01
Key Managerial Remuneration	Kamal Kumar Jain	19.16	10.71	-	-	19.16	10.71
	Ruchi Garg	-	4.98	-	-	-	4.98
	Shreya Kar	3.30	-	-	-	3.30	-
Professional Charges Paid	MSP Mines and Minerals Limited	-	-	18.96	8.59	18.96	8.59
	MSP Sponge Iron Limited	-	-	-	2.86	-	2.86
Expenses Reimbursed	MSP Metallics Limited	-	-	418.28	-	418.28	-
	MSP Mines and Minerals Limited	-	-	0.50	-	-	0.50
Rent Paid	Ekta Agrawal	8.52	8.52	-	-	8.52	8.52
	Richa Agrawal	6.72	6.72	-	-	6.72	6.72
Allotment of Shares	Ilex Private Limited	-	-	105.00	-	105.00	-

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Loans & Advances Given	MSP Energy Limited	-	-	0.22	-	0.22
	Dhananjay Uchit Singh	0.30	-	-	-	0.30
Repayment of Loans & Advances Given	Dhananjay Uchit Singh	0.02	-	-	-	0.02
	Kamal Kumar Jain	1.99	-	-	-	1.99
Loans & Advances Taken	Ilex Private Limited	-	-	-	80.00	-
	Howrah Gases Limited	-	-	40.06	-	40.06
Repayment of Loans & Advances Taken	Raj Securities Limited	-	-	-	470.00	-
Guarantee obtained	Puranmal Agrawal	247.02	215.15	-	-	247.02
	Suresh Kumar Agrawal	278.80	222.62	-	-	278.80
	Manish Agrawal	324.52	278.34	-	-	324.52
	Saket Agrawal	332.85	276.26	-	-	332.85
Loans & Advances (Closing balance)	Dhananjay Uchit Singh	0.28	-	-	-	0.28
	Richa Agrawal	-	0.01	-	-	-
	Kamal Kumar Jain	1.70	3.69	-	-	1.70
	MSP Energy Limited	-	-	0.22	-	0.22
	MSP Mines and Minerals	-	-	1.63	1.63	1.63
Trade Receivables (Closing balance)	MSP Sponge Iron Limited	-	-	2,567.94	991.79	2,567.94
Trade Payables (Closing balance)	MSP Metallics Limited	-	-	1,183.01	513.69	1,183.01
	Howrah Gases Limited	-	-	140.45	176.17	140.45
	Manish Agrawal	0.80	-	-	-	0.80
	Saket Agrawal	1.84	-	-	-	1.84
	Ekta Agrawal	0.64	-	-	-	0.64
	Richa Agrawal	0.50	-	-	-	0.50
	Kamal Kumar Jain	1.43	-	-	-	1.43
	Shreya Kar	0.27	-	-	-	0.27

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

₹ in lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence		Total	
		2016-17	2015-16	2016-17	2015-16
Loans & Advances Taken (Closing balance)	Howrah Gases Limited	-	-	40.06	-
	Ilex Private Limited	-	-	80.00	80.00
Investments	Howrah Gases Limited	-	-	15.91	15.91
	MSP Metallics Limited	-	-	402.00	402.00
	MSP Power Limited	-	-	0.80	0.80
	MSP Sponge Iron Limited	-	-	49.50	49.50

**Notes to the Consolidated Financial Statements
for the year ended 31st March, 2017 (Contd.)**

49. Valuation of Current Assets, Loans & Advances and Current Liabilities

In the opinion of the management, current assets (including trade receivables), loans and advances and current liabilities (including trade payables) have the value at which these are stated in the Balance Sheet, unless otherwise stated, and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

50. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required. No amount has been written back / written off during the year in respect of due to / from related parties.

51. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

52. During the year, the Company has defaulted in Payment of Principal and Interest to Banks. The Bank wise list is as follows:-

Name of the Bank	Default in payment of	
	Principal	Interest
Allahabad Bank	3.64	4.40
Corporation Bank	1.87	2.35
DBS Bank	5.34	-
Dena Bank	0.93	0.89
ICICI Bank	1.42	1.13
Indian Overseas Bank	1.23	1.44
Kotak Mahindra Bank	0.39	0.40
Oriental Bank of Commerce	4.14	4.43
State Bank of Bikaner and Jaipur	0.55	0.56
State Bank of India	9.21	9.15
State Bank of Mysore	0.81	0.84
Syndicate Bank	1.39	1.09
UCO Bank	1.47	1.61
Union Bank of India	3.15	3.06
Total	35.54	31.35

Note: The Company have approached bankers for restructuring of Loans under S4A Scheme of RBI. The Bankers have accepted the proposal of the Company under JLF meeting and 24th January, 2017 had been fixed as a reference date for restructuring of loan under S4A Scheme.

53. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year consolidated financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Bifurcation of assets and liabilities into Non-Current and Current for preparation of consolidated financial statements has been made by the management.

For **Sunil Kumar Agrawal & Associates**
Firm Registration No.: 323133E
Chartered Accountants

CA Sunil Kumar Agrawal
Partner
Membership No.: 057731

Kolkata, 27th day of May, 2017

For and on behalf of Board of Directors
MSP Steel & Power Limited

Suresh Kumar Agrawal
Chairman
(DIN: 00587623)

Kamal Kumar Jain
Chief Financial Officer

Saket Agrawal
Managing Director
(DIN: 00129209)

Shreya Kar
Company Secretary

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