



MSP STEEL & POWER LIMITED

January 2011

Presentation Overview



Sl. No	Contents	Page
1.	Executive Summary	3
2.	MSP Steel & Power Limited – An Overview	4
3.	Products offered	5
4.	MSP Steel & Power Limited – Positioning in Steel and Power Industry	6
5.	Recent Key Initiatives	7
6.	Promoters and Key Management Personnel	8
7.	Share Price Data & Shareholding Pattern	9
8.	Key Historical Financial Indicators	10
9.	Capital Expenditure Project – Costs and Timelines	11
10.	Investment Highlights	12
11.	Next Steps	13
12.	Abbreviations	14
13.	Disclaimer	15

Executive Summary



MSP Steel & Power Ltd	Flagship company of the MSP Group promoted by Mr. Puranmal Agrawal (Chairman) and Mr. Suresh Kumar Agrawal (MD).
Incorporation / HQ:	1968 - Corp Office – 16/S Block – A, New Alipore, 2 nd Floor, Kolkata, West Bengal, India.
Industry	Steel & Power.
Business	An established steel manufacturer in eastern India with in-house power generation capacity having manufacturing facilities located in the state of Chhattisgarh with pan India distribution network.
Present Offering	Issue of new equity as a QIP offering amounting USD 25 mn to part finance capital expenditure of USD 181 mn for strengthening backward integration by increasing the production capacity for sponge iron, pellet and power.
Investment Rationale	▪ Track Record: Successful timely implementation of expansion projects in past which contributed significantly to the growth in revenues and profitability. ▪ Cost Efficient Manufacturing: Achieved by a combined use of pelletisation, coal beneficiation and captive power generation. The operating cost of integrated players like MSP is lower by INR 2,000-3,000/MT compared to the non integrated players due to the captive production of Raw material (pellet, sponge iron & power). Power, the main input in manufacturing process is derived from the waste of Coal Washery facility and Sponge Iron Plant, resulting in low per unit cost. Own Railway Siding brings additional cost advantages. ▪ Commitment to Vertical Integration: Consistent initiatives to achieve integration of operations. Presence across value chain supports EBITDA margins. The current expansion program shall bring significant degree of backward integration leading to attractive cost savings. ▪ Focus on Merchant Power: Sale of surplus power shall contribute significantly to the bottom line.

	FY06-07	FY07-08	FY08-09	FY09-10	Q.E. 12/ 2010 (9 M)
Key Financials (USD Mn)					
Total Income	50	84	92	88	70
EBITDA	11	18	17	16	18
EBITDA %	23 %	23 %	19 %	18 %	25 %
PAT	4	10	9	7	9
PAT %	10 %	13 %	10 %	8 %	12 %

MSP Steel & Power Limited | An Overview



About MSP Steel & Power Limited

- ❑ MSP Steel & Power Limited (MSPSPL), is an existing profit-making and professionally managed Kolkata, India based company. MSPSPL has set up an integrated steel complex spread over Jamgaon, Raigarh, Chhattishgarh in India.
- ❑ Company made a maiden issue of equity shares of 16,000,000 shares at Rs. 10 per share. It was oversubscribed 22 times. Shares are listed on BSE and NSE.
- ❑ The company is implementing an expansion project incurring capex of US\$ 181 mn / INR 8,140 mn that will triple beneficiation cum pellet plant capacity to 900,000 MTPA, double Sponge Iron Plant capacity to 422,000 MTPA, double Coal Washery capacity to 690,000 MTPA, triple Power Plant capacity to 76 MW, triple Railway Siding facility to 6.4 km. All these expansion plans are scheduled to be operational phase wise before October 2011.

Existing Manufacturing Capacity

DRI/Sponge Iron Plant.	3,07,500 MTPA
Billet plant	1,41,209 MTPA
Captive Power Plant	42 MW
Structural Rolling Mill	128000 MTPA S
Pellet Plant	300000 MTPA
TMT Rolling Plant	80000 MTPA

Financial Overview

KEY FINANCIAL RATIOS		Stock Data		(INR)
EPS FY 10	5.52	Recent Price		60.75
EPS (ttm)	7.29	52 Week Range	High: 74	Low: 33.35
BV FY10	34.74	Free Float (%)		28.20
Price / Earnings (ttm)	8.29	Dividend		0.50
12M EPS	5.52	Market. Cap. (INR mn)		3,510
		Beta		1.46
Price / BV (FY10)	1.74	Debt-Equity (FY 10)		2.06
ROA (%)	7.70	Shares Outstanding (mn)		58.1
		Bloomberg Code		MSPS.IN

Key Clients

Constructions Bars (TMT) & Structurals	Power
Parsvanath Developers Limited	Lanco Power Trading Limited
Sundew Properties Pvt. Ltd.	NTPC Vidyut Vyapar Nigam Limited
Bhushan Power & Steel Limited	Shree Cement Limited
Tata Motors Limited	Chhattisgarh State Electricity Board
Satguru Enterprise	
Chhattisgarh Steel Traders	

Products Offered

Key Features of MSP's Product Range

- ❑ Superior quality: MSP manufactures 'fully killed' steel from virgin raw materials. The process is technologically advanced using automatic rolling, leading to superior quality.
- ❑ Bendability, weldability and bonding: The incidence of low carbon and an advanced Thermex process results in superior TMT bar attributes – high strength at weld joints, better elongation and excellent bar-concrete bonding.
- ❑ Corrosion, earthquake and fire resistant: Cold twisting leads to stress in the bars owing to special thermo-mechanical treatment, MSP Gold TMT bars are corrosion-resistant and ideal for use in coastal areas. The product's high ductility and elongation make these bars earthquake-resistant and suitable for use in seismic zones 4 & 5. Pertaining to the surface layer, they are adept in resisting high load factor and can withstand high temperatures of up to 600 degrees centigrade.
- ❑ Cost Saving: MSP Gold TMT bars represent a superior value-for-money proposition; their strength helps reduce steel consumption over the usual cold twisted varieties.

Accreditations – International Standards

- ❑ MSP Gold TMT Bars are manufactured in conformity with international standard IS: 1786 Grade Fe415/Fe500/ of BIS.
- ❑ UNFCCC Registered for CERs generated from Waste Heat recovery plant.

Key Raw materials

- ❑ Geographical proximity to abundant, high quality coal reserves and iron ore reserves is an advantage. Railway siding of 2.4 km reduces the transportation cost by more than INR 500 per MT.
- ❑ Coal linkages of 257,000 MTPA with Coal India for existing plant facility.
- ❑ Coalmine with reserves of 26mn MT has been allocated in Chhattisgarh for an expansion project which would significantly reduce costs once it starts its operations (expected end 2012).
- ❑ High Quality of iron ore mines with reserves of 35mn MT has been allotted in Chhattisgarh which is likely to be operational by 2015.

Products Manufactured by MSP Steel & Power Limited

Pellets	Construction (TMT)
Sponge Iron	Structurals
Billet/Bloom	Power



MSP Steel & Power Limited – Positioning in Steel and Power Industry



Industry Opportunities – Domestic Perspective

Improvement in the domestic steel demand

- ❑ India's steel demand is expected to increase by 10-12% for the next couple of years to 66mn tones in FY12.
- ❑ Increase in demand from the automobiles, infrastructure and construction sectors, which account for 85% of the total domestic demand for steel has triggered a turnaround.
- ❑ The earlier fiscal stimulus and monetary easing initiatives taken by the Indian government also support the turnaround.
- ❑ The Twelfth Five Year Plan (2012-17) by the Government of India has identified an infrastructure investment estimated in excess of USD 1 trillion. New Infrastructure projects would account for 60 percent consumption of steel produced in India.

Steel Prices

Demand driven Improvement in the global and domestic steel prices

- ❑ Escalation in steel prices due to revival of the global economy.
- ❑ Steel prices are expected to increase from \$455 per tonne in FY09 to \$675-725 per tonne in FY11.
- ❑ Domestic TMT prices increased to Rs 32,000 per tonne from Rs 25,000 per tonne during the last nine months.

Competitive Advantage

- ❑ MSP produces Steel through DRI (Direct Reduced Iron) route rather than the blast furnace process, eliminating dependence on imported coking coal thus insulating its margins from fluctuations in international coal prices (recent floods in Australia have pushed up prices of imported coal).
- ❑ Integration across the product chain gives MSP the option to sell its products at different stages.
- ❑ MSP 's core clientele is from the Tier 1 and Tier 2 cities of India where the rate of economic growth and potential for development is expected to be higher than that of the metro centres.
- ❑ Out of the total revenue, less than 10% comes from exports thus protecting its top line from fluctuation in global demand and price of steel.
- ❑ Expansion in capacity increased requirement of Coal which the company has effectively met from the in-house output of Coal washery facilities with Washed Coal feeding Sponge Iron manufacturing and the 'reject/middling' forming feedstock for the Power Plant.
- ❑ Manufacturing chain designed to ensure an in-built mechanism for maintaining integrity of quality which is evident by the success of 'the MSP Gold Thermex TMT Bars' as an acknowledged brand in the market.

RECENT KEY INITIATIVES

Pelletisation: Capacity expansion to achieve lower cost of production

- ❑ The pelletisation along with beneficiation process converts low grade iron ore fines (58 Fe content) into the form of a pellet with characteristics that are appropriate for use in DRI Kiln for the production of sponge iron.
- ❑ Company benefits from easy availability of low grade fines cheaply priced as there is no export demand for this grade and is also not used by domestic steel manufacturers.
- ❑ Capacity expansion of Pellet plant with beneficiation to 900,000tpa from current 300,000 tpa. The expanded capacity is expected to be operational by FY12.

Rs./MT	Fine	Iron Ore Sized	Total Saving (Rs. Per tonne)
Landed Cost	1500	6500	3000
Processing Cost	2000	-	
Total	3500	6500	

Focus on merchant power

- ❑ Existing power generation capacity of 42 MW slated to increase to 76 MW by FY12 after current investments.
- ❑ Cost of generation is lower on account of 42% output yield derived from waste heat recovery.
- ❑ 34-36 MW of total output would support the in-house requirements post completion of expansion project. The balance available power output would be merchant power with attractive potential to support overall EBITDA margin.
- ❑ Revenue contribution of power to increase up to 10% from existing 2% of total revenues in FY 12.

Power	Existing	Additions		Total
(MW.)	FY 09-10	FY 10-11	FY 11-12	
AFBC	8	10	26	44
WHRB	16	8	8	32
Total	24	18	34	76
Captive Consumption	24	3	9	36
Merchant Power	0	15	25	40

Promoters and Key Management Personnel



Promoters

- ⑩ **Mr. PURAN MAL AGARWAL:** Chairman, envisioned the various projects, planned and implemented them successfully. Has 27 years of experience in the Steel Industry and looks after the overall operations of the company.
- ⑩ **Mr. SURESH KUMAR AGARWAL:** Managing Director, B.E.(Mech.) from Jabalpur University, M.P. Has 22 years of experience in the Steel industry and looks after the production, quality control matters.
- ⑩ **Mr. MANISH AGARWAL:** Director, is a Commerce Graduate from St. Xavier's College, Kolkata and MBA from IMI, Delhi. Engaged in steel business for the last 7 years. He looks after Marketing and Purchases.
- ⑩ **Mr. SAKET AGARWAL:** Director, is a Commerce Graduate from St. Xavier's College, Kolkata and MBA from IMI, Delhi. Has experience of 7 years in the Steel Industry. He looks after Finance and Accounts.

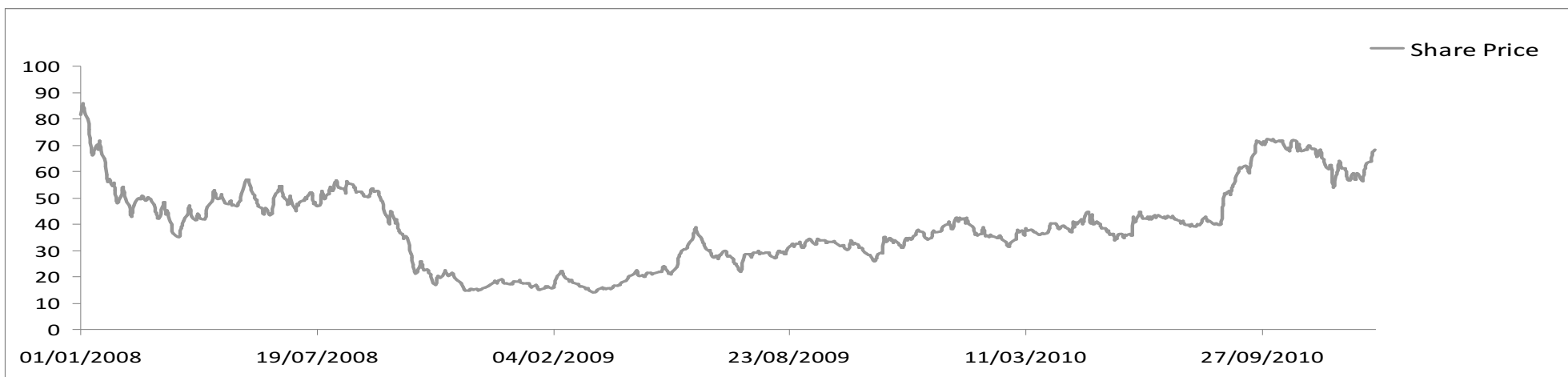
Key Management Personnel

- ⑩ **Mr. D. Singh:** Director (Works), is a Bachelor of Science and has 47 years of experience in the Steel Industry. He looks after overall plant operations at the site.
- ⑩ **Mr. Kamal Kumar Jain:** ACA, ACS, B.Com (Hons) and has 12 years of experience in the field of finance and legal compliance. He heads the finance, taxation and accounts team.
- ⑩ **Mr. B.K. Singh:** V.P (Works & Power Projects) is a mechanical engineer with over 20 years of experience in the field of plant operations, maintenance, erection and commissioning.
- ⑩ **Mr. Manish Seth:** V.P. (Commercial & Pellet) has over 18 years of experience in the field of production and accounts management. He looks after production and labour management.

Share Price Data & Shareholding Pattern



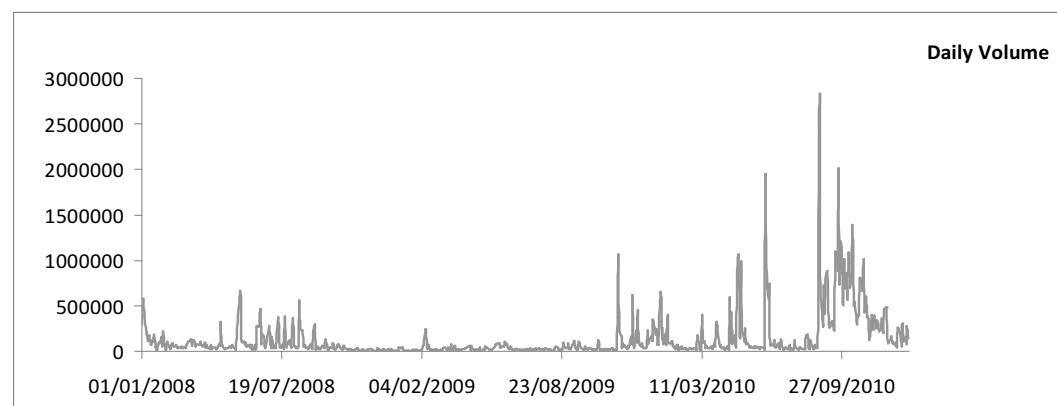
Three Year Price Movement



Shareholding Pattern

Category	Pre Issue total holding	
	No. of shares held	% of Holding
Indian Promoters	41,713,500	71.80%
QIBs	0	0
Bodies Corporate	9,640,577	16.59%
Indian Public	6,652,079	11.45%
NRIs/ OCBs	64,083	0.11%
Clearing Members	29,761	0.05%
Sub Total	16,386,500	28.20%
Total	58,100,000	100.00%

Volume Data



Key Historical Financial Indicators



Income Statement (INR Mn)	Y2007	Y2008	Y2009	Y2010
Sales	2,105.20	3,607.25	4,149.04	3,958.54
Gross Profit	213.91	598.82	788.11	612.80
Operating Income	201.88	594.94	607.12	508.14
EBITDA	480.65	817.93	760.08	712.09
EBIT	336.73	742.26	686.15	586.33
Pre-Tax Income	231.90	603.70	490.39	382.29
Net Income	201.79	466.62	398.90	320.54
EPS	3.47	8.03	6.87	5.52

Profitability Ratios	Y2007	Y2008	Y2009	Y2010
Return On Equity	27.60	43.80	26.67	16.32
Reinvestment Rate	27.60	43.80	26.67	16.32
Return On Assets	15.13	18.22	12.41	7.70
Return On Invested capital	16.45	21.49	14.20	8.59
Cash Earn Return On Equity	49.18	48.61	25.04	15.05
Cash Flow To Sales	17.08	14.35	9.26	7.63
COGS To Sales	83.00	81.30	83.10	83.18
Gross Profit Margin	10.16	16.60	15.06	13.57
Operating Profit Margin	9.59	16.49	15.01	13.11
Net Margin	9.59	12.94	9.86	8.27
Interest Coverage	3.21	5.36	3.61	2.96

Capital Expenditure Project – Costs and Timelines



Division	Existing Capacity	Proposed Expansion	Post Expansion	CAPEX (INR MN)	CAPEX (USD MN)	COMPLETION DATE
Phase I						
Sponge Iron (MT)	192,000	115,500	307,500			Commissioned Oct 2010
Coal Washery	345,600	383,525	729,125			APR-2011
CPP/ Thermal Power Plant (MW)	24	18	42	2,333.25	51.85	Commissioned Oct 2010
Phase II						
Sponge Iron (MT)	307,500	115,500	423,000			OCT-2011
Railway siding (KM)	2.4	2	4.4	1,800.00	40.00	MAR-2012
Phase III						
CPP/ Thermal Power Plant (MW)	42	34	76	1,751.85	38.93	SEP-2011
Phase IV						
Pellet (MT)	300,000	600,000	900,000	2260.00	50.22	OCT-2011
Total CAPEX				8,145.10	181.01	

Investment Highlights



Issuer	MSP Steel & Power Limited
Book Running Lead Manager	Almondz Global Securities Limited
Global Coordinator & Advisor	Taom Capital (UK) Limited
Indian Legal Counsel	Khaitan & Co
International Legal Counsel	Morgan Walker Solicitors
Sector	Steel and Power
Issue Date	March 2011
Regulatory framework	Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
Use of Proceeds	14 % of USD 181 mn capital expansion
Offering	USD 25 mn through a QIP Issue
Exchange	National Stock Exchange and Bombay Stock Exchange
Market Cap of Company	USD 85 mn @ local stock price of INR 65.85
Floor Issue Price	2 week VWAP (BSE and NSE) as per SEBI guidelines
Recent PAT	03/2009 USD 8.86 mn; 03/ 2010 USD 7.12 mn ; 9M : 12/2010 : USD 8.59 mn
PAT Margin	2009-2010 at 8.10 percent
EBITDA Margin	2009-2010 at 17.99 percent
Current P/E	9.5x (sector approx 15x – 20x)
Debt to Equity ratio	1.99 x post money
104 week stock hi/lo	High INR 72.35, Low INR 14.10

Next Steps



For next steps in the process and for any other information about the proposed Q.I.P. offering of M/S MSP Steel and Power Limited please contact :-

MSP STEEL AND POWER LIMITED

Mr. Kamal Jain

T : + 91 33 4005 7777 ; e-mail : kamal.jain@mspsteel.com

ALMONDZ GLOBAL SECURITIES LIMITED

Mr. Sanjay Dewan

T : +91 11 2327 0427; e-mail : sanjay.dewan@almondz.com

TAOM CAPITAL (UK) LIMITED

Mr. Kamal Bhatnagar

T : +44 203 371 0241; e-mail: kamal@taomcapital.com

Abbreviations

AFBC	Atmospheric Fluidised Bed Combustion Boiler
AGSL	Almondz Global Securities Limited
BSE	Bombay Stock Exchange of India
CAPEX	Capital Expenditure
COGS	Cost of Goods Sold
DRI Kiln	Direct Reduced Iron Kiln
EBITDA	Earnings before Interest Tax Depreciation and Amortization
INR	Indian Rupees
MN	Million
MSPSPL	MSP Steel and Power Limited
MT	Metric Tonne
MTPA	Metric Tonne per annum
NRI	Non Resident Indian
NSE	National Stock Exchange of India
OCB	Overseas Corporate Body
PAT	Profit After Tax
PBT	Profit Before Tax
QIB	Qualified Institutional Buyer
QIP	Qualified Institutions Placement
ROCE	Return on Capital Employed
SEBI	Securities & Exchange Board of India
TCL	Taom Capital (UK) Limited
TMT	Thermo Mechanical Treatment
ttm	Total to month
USD	US Dollars
WHRB	Waste Heat Recovery Boiler

Disclaimer



This Information Document ("Document") is a Confidential Memorandum presented by the authorised officials of MSP Steel & Power Limited ("MSPSPL"). Almondz Global Securities Limited ("AGSL") and Taom Capital (UK) Ltd ("TCL") are presenting it on behalf of MSPSPL and have not independently verified the information contained in this Document. This Document is being delivered to a limited number of parties (collectively, the "Recipients" and each a "Recipient") who may be interested in investing in MSPSPL.

This Document is not a prospectus and does not constitute and shall not be interpreted as an offer for sale, invitation to purchase or subscribe the shares, other securities or assets in MSPSPL. The sole purpose of this Document is to assist the Recipient, in deciding whether to proceed with further investigation of MSPSPL. This Document is intended only as a preliminary description of the business of MSPSPL.

This Document has been prepared for information purposes only and upon the express understanding that it will be used for only the purposes set forth above. MSPSPL, AGSL and TCL nor any of their advisors, representatives, officers or agents makes, or is authorized to make, any express or implied representation, warranty or undertaking as to the accuracy or completeness of the information contained herein or made available in connection with any further investigation of MSPSPL.

MSPSPL, AGSL and TCL expressly disclaim any and all liability that may be based on such information, errors therein or omissions there from. The Recipient shall be entitled to rely solely on the representations and warranties made to it by MSPSPL in any final subscription / purchase agreement / issue process.

No contact may be made by any Recipient of this Document with any member of MSPSPL's staff, or those of other companies within the same group as MSPSPL, nor its customers nor suppliers in connection with this Document, nor visit MSPSPL's sites except as bona fide customers or with the express written permission of the Board of MSPSPL.

This Document is being issued to the Recipient on the basis that the Recipient is a person falling within Article 19(5) (investment professionals) or Article 49(2) (high net worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 ("the financial promotion order"). This communication is directed at investment professionals as defined in Article 19(5) of the financial promotion order and companies and unincorporated associations meeting the size requirements set out in Article 49(2) of the financial promotion order and should not be relied upon or responded to by persons not falling within one or other of these Articles.

By accepting this Document, the Recipient agrees to keep permanently confidential the information contained herein or made available in connection with any further investigation of MSPSPL. This Document may not be photocopied, reproduced or distributed to others at any time, without the express written permission of MSPSPL, AGSL or TCL (other than to directors, officers, employees and professional advisors of the Recipient, who need to have access to the Confidential Information contained in this Document, and then only to the extent necessary for the purpose of evaluating whether or not, and on what terms, the Recipient might proceed with next steps and provided such persons undertake the same responsibilities as are referred to herein). Upon request, the Recipient will promptly return all material received from MSPSPL, AGSL or TCL, (including this Document) without retaining copies thereof.

Recipients of the Document who are not UK residents should inform themselves about and observe any applicable legal requirements in their jurisdiction. In particular, the distribution and possession of this Document in certain jurisdictions may be further restricted by law and, accordingly, Recipients represent that they are able to receive this Document without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business.

All enquiries should be addressed to individuals whose contact details have been provided on page no.13.



Thank You