

## NOTICE

Notice is hereby given that the Thirty-Eighth Annual General Meeting of the Members of MSP STEEL & POWER LTD. will be held on Wednesday 19<sup>th</sup> Day of September , 2007, at 10.30 A.M at the AIKATAN, Eastern Zonal Cultural Centre, IA-290, Sector-III, Saltlake City,Kolkata-700097,to transact the following as:

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Accounts of the Company for the financial year ended March 31, 2007, along with the Reports of the Directors and Auditors thereon.
2. To re-appoint Mr. Manish Agrawal, who retires by rotation and being eligible, offers himself for re-election for re-appointment.
3. To re-appoint Mr. Saket Agrawal, who retires by rotation and being eligible, offers himself for re-election for re-appointment.
4. To re-appoint M/s.Dwarka Ashok & Associates, Chartered Accountant, who retires by rotation and being eligible, offers himself for re-election for re-appointment as auditors of the Company and to fix their remuneration.

### **SPECIAL BUSINESS**

5. To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution:

**a)"RESOLVED THAT** pursuant to the provisions of Sections 198,269,309,310 and 311 and other applicable provisions, if any, of the Companies Act 1956(the act) read with Schedule XIII thereto, approval of the Company be and is hereby accorded to the re-appointment of Mr. Puranmal Agrawal as Chairman cum whole time Director of the Company for a period of 5 years with effect from 09.07.2007 upon the terms and conditions as to the remuneration and otherwise as set out in the agreement(a draft of which was laid on the table) to be issued to Mr. Puranmal Agrawal"

**"FURTHER RESOLVED THAT** in the event of absence or inadequacy of profits in any financial year during the aforesaid period of 5 years, the Company will pay to Mr. Puranmal Agrawal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Schedule XIII of the Companies Act 1956, or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."

**b)"RESOLVED THAT** pursuant to the provisions of Sections 198,269,309,310 and 311 and other applicable provisions, if any, of the Companies Act 1956(the act) read with Schedule XIII thereto, approval of the Company be and is hereby accorded to the re-appointment of Mr. Suresh Kumar Agrawal as Managing Director of the Company for a period of 5 years with effect from 09.07.2007 upon the terms and conditions as to the remuneration and otherwise as set out in the agreement(a draft n was laid on the table) o be issued to Mr. Suresh Kumar Agrawal"

**"FURTHER RESOLVED THAT** in the event of absence or inadequacy of profits in any financial year during the aforesaid period of 5 years, the Company will pay to Mr. Suresh Kumar Agrawal remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Schedule XIII of the Companies Act 1956, or any modification or re-enactment thereof as minimum remuneration, subject to such approvals as may be required."

**Registered Office:**  
**1,Crooked Lane**  
**Kolkata-700 069**

**By Order of the Board**  
**MSP STEEL & POWER LTD**

**Dated: 07.06.2007**

**(Pinky Gupta)**  
**Company Secretary**

**NOTES:**

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member of the company.

Proxies, in order to be effective, must be received at the registered office of the company, not less than forty-eight hours before the commencement of the meeting. A proxy form is appended with the admission slip.

2. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
3. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote at the Annual General Meeting. The Resolution/power of attorney should reach the registered office not later than 48 hours from the date of the meeting
4. Members holding shares in physical form are requested to avail the facility of dematerialization of their shares and also to notify/send the following to Karvy Computer Share Pvt. Ltd. to facilitate better servicing:-
  - i) Any change in their address/mandate/bank details,
  - ii) Income Tax Permanent Account Number (PAN)
5. Members who wish to obtain any information on the Company or view the Financial Results/Accounts may visit the Company's website [www.mspsteel.com](http://www.mspsteel.com)

6. Note on Directors seeking appointment/re-appointment at the ensuing General Meeting:

(a) Mr. Puranmal Agrawal, aged 57 years, is holding the position of Whole time Director of the Company from 10-07-2004. Mr Puranmal Agrawal is a commerce graduate having long experience of 27 years in the business of Steel and Industrial Oxygen Gases and looks after administration and finance. Mr. Agrawal also hold Directorship of the Board of Directors of the following public companies:

**Other Directorship:-** 1. MSP Steels Limited, 2. MSP Mettalics Limited, 3. Howrah Gases Limited, 4. Ashirwad Steels And Industries Limited, 5. Adhunik Gases Limited, 6. Chandil Industries Limited, 7. Danta Vyapar Kendra Limited, 8. Doyang Wood Products Limited:

Mr. Puranmal Agrawal does not hold membership of the Committee of the Board of Directors of any other Company

(b) Mr. Suresh Kumar Agarwal aged 54 years, is holding the position of Managing Director of the Company from 10-07-2004. Mr Suresh Kumar Agrawal is a B. E. (Mechanical) He is a technically qualified Mechanical Engineer having long experience in Business and Industry for the last 22 years and looks after production and technical matters

Mr. Agrawal also hold Directorship of the Board of Directors of the following companies:

**Other Directorship:-** 1. MSP Steels Limited, 2. MSP Mettalics Limited, 3. Howrah Gases Limited, 4. Ashirwad Steels And Industries Limited,

Mr. Suresh Kumar Agrawal does not hold membership of the Committee of the Board of Directors of any other Company

**An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed.**

**ANNEXURE TO NOTICE**

#### **EXPLANATORY STATEMENT RELATING TO THE SPECIAL BUSINESS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

##### **ITEM No. 5(a)**

The present term of office of Mr. Puranmal Agrawal, Whole time Director of the Company was to get expired on 9.07.2007.

The Board of Directors of the Company, at their meeting held on 07.06.2007, have reappointed Mr. Puranmal Agrawal as a Whole time Director cum Chairman of the Company for a period of 5 years commencing from 09.07.2007 on the following terms and conditions as mentioned in the agreement subject to the approval of shareholders in General Meeting.

The principal terms and conditions including the remuneration governing the re-appointment of Mr. Puranmal Agrawal are set out below:-

Salary – Rs.3,00,000/- p.m including dearness allowance, in the scale of Rs. 2,50,000/- to Rs. 10,00,000/- per month.

Besides the above salary, Mr. Puranmal Agrawal shall also be entitled to perquisites, which may include accommodation/HRA, reimbursement of medical expenses, etc.

**Perquisites:** The Whole time Director shall also be entitled to the perquisites listed below, subject to the condition that the perquisites listed under part- "A" shall be limited to the annual salary.

**PART - "A"****i) MEDICAL REIMBURSEMENT:**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.

**ii) LEAVE TRAVEL CONCESSION:**

Up to Rs. 3,00,000/- (Rupees Three Lakh) only per annum.

**iii) CLUB FEES:**

Fees of Clubs, subject to a maximum of two clubs may be provided but no Life Membership Fee or Admission Fee is to be paid by the Company.

**iv) PERSONAL ACCIDENT INSURANCE:**

Of an amount, the Annual Premium of which shall not exceed Rs. 75,000/-.

**v) PERFORMANCE LINKED BONUS:**

Up to Maximum of 24 months salary per annum.

**PART - "B"**

i) Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary.

ii) Company's contribution towards Pension/ Superannuating Fund, such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary, whenever applicable.

iii) Gratuity: Not exceeding one- half month's salary for each completed year of service, subject to a maximum limit as prescribed under schedule XIII to the Companies Act, 1956.

**PART - "C"**

i) Provision of Company's Car with driver for use on Company's business. The Company for use of car will bill him for private purposes, if any.

ii) Free Telephone facility at Residence. Personal long distance calls, if any, will be billed by the Company to him.

The use of Company's Car and telephone for office purpose shall not be treated as perquisites. Mr. Agrawal shall not be paid any sitting fess for attending the meeting of the Board or any Committee thereof.

**Minimum Remuneration:**

During the currency of the tenure of the Whole time Director, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay remuneration by way of Salary and perquisites not exceeding the limits specified in Section II of Part II of the Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

The Board recommends that the proposed ordinary resolution be accepted by the Company.

Except Mr. Puranmal Agrawal, no other director of the Company is interested or concerned in the resolution

### **Item No. 5(b)**

The present term of office of Mr. Suresh Kumar Agrawal, Managing Director of the Company was to get expired on 9.07.2007.

The Board of Directors of the Company, at their meeting held on 07.06.2007, have reappointed Mr. Suresh Kumar Agrawal as a Managing Director of the Company for a period of 5 years commencing from 09.07.2007 on the following terms and conditions as mentioned in the agreement subject to the approval of shareholders in General Meeting.

The principal terms and conditions including the remuneration governing the re-appointment of Mr. Suresh Kumar Agrawal are set out below:-

Salary – Rs. 2,50,000/- p.m including dearness allowance, in the scale of Rs. 2,00,000/- to Rs. 8,00,000/- per month.

Besides the above salary, Mr. Suresh Kumar Agrawal shall also be entitled to perquisites, which may include accommodation/HRA, reimbursement of medical expenses.

**Perquisites:** The Managing Director shall also be entitled to the perquisites listed below, subject to the condition that the perquisites listed under part- "A" shall be limited to the annual salary.

#### **PART - "A"**

##### **i) MEDICAL REIMBURSMENT:**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.

##### **ii) LEAVE TRAVEL CONCESSION:**

Up to Rs. 3,00,000/-(Rupees Three Lakh) only per annum.

##### **iii) CLUB FEES:**

Fees of Clubs, subject to a maximum of two clubs may be provided but no Life Membership Fee or Admission Fee is to be paid by the Company.

##### **iv) PERSONAL ACCIDENT INSURANCE:**

Of an amount, the Annual Premium of which shall not exceed Rs. 75,000/-.

##### **v) PERFORMANCE LINKED BONUS:**

Up to Maximum of 24 months salary per annum.

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i) Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary.

ii) Company's contribution towards Pension/ Superannuating Fund, such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary, whenever applicable.

iii) Gratuity: Not exceeding one- half month's salary for each completed year of service, subject to a maximum limit as prescribed under schedule XIII to the Companies Act, 1956.

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**1,Crooked Lane  
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**By Order of the Board  
MSP STEEL & POWER LTD**

**Dated: 07.06.2007**

**(Pinky Gupta)  
Company Secretary**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Business Review**

This year under report has witnessed a strong growth in overall economy of the country. Manufacturing, Service, Trading and allied sectors of economy are reporting excellent performance. Foreign capital and enterprise are increasing their participation. Despite strong resistance from Left political parties, the Central Government is pushing forward economic reforms whether it be Insurance, Aviation, Retail Trade, Banking, Pension Funds or Infrastructure. Financial Institutions and Banks are extending credit facilities on competitive terms. Indian entrepreneurs are either acquiring or setting up business interests abroad. Foreign exchange resources are at its peak and Foreign Direct Investment is increasing day by day.

Demand and production of Iron & Steel has increased in 2006-07 but prices remained by and large subdued putting pressure on profit margins. Steel Industry has slowly come out of this temporary reduction in price realizations and prices are now showing marked improvement. Demand for iron and steel products is bound to increase in coming years due to strong emphasis of the Government on development of infrastructure in the country.

Foreign steel behemoths like Mittal Steel and POSCO of South Korea & all large domestic players have announced plans to set up steel making facilities in India which shows that there is a great potential for steel industry in this country.

### **Performance Review of the Company**

The overall operational performance of the Company has been satisfactory. The plants have operated optimally and there were no major breakdowns or shutdowns. Product wise performance, in brief, is given below:

#### **i). Sponge Iron**

The production of Sponge Iron was 1, 25,640 MT as compared to 75,777 MT in the last year. The Company sold 75,983.75 MT in the open market and 49,645.230 MT of Sponge Iron was captively consumed for steel making.

#### **ii). Ingot/Billets**

The production of Ingot/Billets has increased to 48958.93 MT as against last year's production of 10,638.040 MT.

#### **iii). TMT Bars**

The production of TMT Bar was 33,600.230 MT during the year. Rolling Mill was commissioned during the year.

### **Opportunities and Threats**

Opportunities abound in growing economies and opening of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets. Presently, the Company is not contemplating diversification, but consolidating its gains out of creating additional production capabilities.

The Company has already commissioned Steel Melting Shop of 1,41,209 MTPA, 24 MW Power Plant, Sponge Iron Plant of 1,92,000 MTPA, Rolling Mill of 80,000 MTPA, Coal Washery of 3,45,600 MTPA, Railway Siding of 2.40 kms and Rolling Mill of 80,000 MTPA and Pellet Plant of 3,00,000 MTPA are at an advanced stage of implementation.

Capacity to produce various steel products will ultimately make the Company resilient to adverse market forces. The Company has set an ambitious target of becoming an important player in steel industry in the country by 2010 and for reaching that coveted position, the

Company has signed a Memorandum of Understanding (MOU) of Rs. 850 crores with the Government of Chhattisgarh for undertaking further expansion programme and to expand its production capacities.

Competition in steel industry is escalating and technological changes will spur or drag the forward march of individual units in steel industry. Supply side could also be an issue in next few years because of increase in production capacity by steel industry in India and expression of interest by foreign companies to set up new steel making units. However, coming years are also going to witness substantial additions particularly in the Asian regions. The Company's thrust on improving productivity and reducing cost of production will, in such a scenario, help in forging ahead in a globally competitive environment.

### **Outlook**

The present production capacity of the Company is as under:

Sponge Iron	: 1,92,000 MTPA
Steel Melting Shop	: 1,41,209 MTPA
Rolling Mill	: 80,000 MTPA
Coal Washery	: 3,45,600 MTPA
Power	: 24 MW

Besides, setting up of following projects will create/enhance production capacities as mentioned below:

Pig Iron	: 4,00,000 MTPA
DRI- (Captive Use)	: 3,00,000 MTPA
Pellet Plant	: 6,00,000 MTPA
Billets	: 3,00,000 MTPA
Re- Rolled Projects	: 3,00,000 MTPA
Power Plant	: 60 MW

The basic aim of the Company is to be able to product Sponge Iron and Steel Products as per market requirements and be able to manage market trends to it's advantage.

Power is vital input to producing Steel products. The Company has sufficient power generation capacity, which will not only meet captive requirement, but will meet our agreed supply commitment to the Government of Chhattisgarh. As the power generated is from the flue gases of rotary kilns and washery middlings, the cost of generation is low.

### **Internal Controls and Systems**

The Company believes in systematic working and placing of proper checks. Proper systems are in place and regular reviews are held at higher levels to check efficacy and relevance of these systems. These reviews also prescribe changes wherever required. The internal auditors of the company conducts audit of various department and areas. Their reports are placed before the Audit Committee, which reviews these reports and comments/suggestions of the Internal Auditors. The Audit Committee also oversees financial systems/procedures and internal controls and is competent to call for any information/document from any department.

### **Financial Management**

The requirement of funds for projects under implementation is reviewed by senior management periodically and after assessing the financial market, decisions are taken to identify the lenders. A part of fund requirement is arranged by way of borrowing from Banks on competitive terms and balance is met from internal accruals.

Accounts and Finance department is working at Kolkata & Factory establishment and is manned by qualified and experienced personnel. All financial transactions are properly recorded by the department and proper financial reports are periodically sent to the senior management. Proper controls are in place and audit is conducted regularly.

### **Financial Performance**

The Company has improved its performance in the year 2006-07 compared to the year 2005-06. The total income has gone up from 98.43 crores to Rs. 252.73 crores and the net profit after tax from Rs. 1.10 crores to Rs. 20.17 crores. Earning per share has also increased from Rs. 0.18 in the year 2005-06 to Rs. 3.47 in the year 2006-07. The reserves are also steadily growing and after making provision, deferred tax liability stand at Rs. 25.09 crores as on 31st March 2007.

### **Statutory Compliance**

The Company Secretary, as Compliance Officer, ensures compliance of the SEBI regulations and provisions of the Listing Agreement. Compliance certificates are obtained from various units of the Company and the Board is informed of the same at every Board meeting.

### **Industrial Relations and Human Management**

Human Resources Department (HRD) works continuously for maintaining healthy working relationship with the workers and other staff members. The underlying principle is that workers and staff at all levels are equally instrumental in attaining the Company's goals. Training programmes are regularly conducted to update their skills and apprise them of latest techniques. 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. Social awareness and cultural/sports programmes are arranged regularly to create interest in living a meaningful life and release tensions.

### **Cautionary Statement**

This report contains projections, estimates, and expectations etc. which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, Changes in the Government regulations/policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

**For and on behalf of the Board**

**Place:Kolkata**

**Puranmal Agrawal**

**Date: 7th June 2007**

**Chairman**

## **MSP STEEL & POWER LIMITED**

### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Thirty Eight Annual Report together with the Audited Accounts for the year ended March 31, 2007.

### **Financial Results**

	<b>(Rs. In Lacs)</b>	
	<b>2006-07</b>	<b>2005-06</b>
Sales(Net of excise ) & other income	22384.68	8543.91
Profit Before Depreciation	<b>3739.31</b>	<b>694.31</b>
Less: Depreciation	1416.26	433.76
Profit Before Tax	2323.05	260.55
Less: Fringe Benefit Tax	4.06	4.62
: Provision for Income Tax	273.06	20.43
: Provision for Deferred Tax	26.81	125.11
: Income Tax for Earlier Years	1.26	3.40
Net Profit	<b>2017.86</b>	<b>106.99</b>
Add: Balance Brought Forward	384.66	277.67
Surplus carried to Balance Sheet	2402.51	384.66

### **DIVIDEND**

The Company had implemented its all schemes and has undertaken new expansion programmes which are under implementation. All the financial arrangements for the expansion programme have been done, including tie-up with banks. Your Board believes that it will be prudent for the Company to conserve resources until the completion of the new project, which will enhance the profitability to a great extent. Hence, your directors are not recommending any dividend for the year under review.

### **OPERATIONAL REVIEW**

The year under review was very good for the company as all the divisions of has come under operation and thereby turnover and profitability of the company has increased manifolds in comparison to the last year. The company has started commercial production of its Rolling Mill Division, Coal Washery, M.S Billets and additional 8 MW Power Plant and started operation of its Private Railway Siding.

The gross sales of the company have increased to Rs 23940.91 Lacs as against Rs 9734.28 lacs for the previous year. The Net Profit after taxes is Rs.2017.86 lacs i.e. 1727.93 % more in comparison to previous year of Rs 110.39 lacs. Cash profit before tax of the company is Rs 3739.31 lacs in comparison to previous year of Rs 694.31 lacs. Provisions for Depreciation are Rs 1416.26 lac which has increased due to capitalization of Captive power plant, Rolling Mill and Railway Siding etc.

The Ministry of Coal, Government of India, have granted allocation of Coal Block of Madanpur (South) jointly with four other companies which will work through a Joint Venture Company named Madanpur South Coal Company Ltd.

The company has further initiated expansion plan at Raigarh which comprises of 3 lacs MTPA of Pellet Plant, 46100 MTPA of MS Billet Plant and 64000 MTPA of Heavy Structural Re- Rolling Mill.

The Company's WHRB based CPP has been registered with UNFCCC on 24.03.07. The Company is expected to save 59000 Tons of Co2 p.a. approximately. Revenue inflow on A/c of CER sale is expected to flow from financial year 2008-09.

The Company has signed an MOU of Rs. 850 Cr with the Government of Chattisgarh to enhance its production capacity which will make your company one of the major steel manufacturers in India.

With firm commitment and sustained efforts, your company expects to maintain sustained growth in years to come.

### **CORPORATE GOVERNANCE**

A Management Discussion and Analysis Report, Corporate Governance Report , Auditors Certificate regarding compliance of conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, forms part of the Annual Report.

### **SOCIAL OBLIGATION**

Your Company is fully aware of responsibility towards its own employees, their dependents and the local community within which the works are situated and to the people of Chattisgarh and India Bengal in general. Our driving objective has been to improve living and working condition of our large workforce and their dependents.

There has been a constant endeavor to interact with the workers on a day to day basis and promptly resolve issues that surface.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956) your directors hereby confirm that:

- i) In the preparation of the annual accounts for the year ended March 31, 2007, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) The Directors have 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 the affairs of the Company at the end of the financial year ended March 31, 2007 and the Profit of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

### **PARTICULARS OF EMPLOYEES**

The Company has no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the year under review.

## **AUDITORS**

M/s Dwarka Ashok & Associates, Chartered Accountants, Statutory Auditors of the Company, retires at the ensuing Annual General meeting and being eligible, offers themselves for reappointment.

## **DIRECTORS**

During the year Mr. Akshaya Kumar Singh non executive cum independent Director of the Company have resigned from the Board & in the same Board Meeting held on 07.06.2007 his resignation was accepted and Mr. Amit Mehta was appointed non executive cum independent Director in the same Board Meeting.

### **Brief Profile of Mr. Amit Mehta**

Mr. Amit is a Member of Institute of Internal Auditors (USA), Association of Certified Treasury Managers (USA), The Institute of Chartered Accountants of India. He has undergone several significant programmes in the areas of Leadership, Quality, Finance, Decision Modeling & Analysis from IIM, Bangalore, etc. He has at his age been invited by the Confederation of Indian Industry (CII) to make presentations on finance related topics. He is also a member of the 'Committee for Members in Industry' of the Institute of Chartered Accountants of India.

He was earlier associated with the distinguished house of Tata's in their international business arm Tata International. He has received the MD's awards for Exceptional Performance in the area of Foreign Exchange Risk Management & MDs award for Best Quality Improvement Project when he was handling the finance portfolio at Steel Global Business Unit. He was also nominated as the FIBRES Champion. Mr. Amit had been actively involved in the Business Excellence journey of the Tata group. He is a certified External Assessor of TBEM, an adaptation of the Malcolm Baldrige National Quality Award, USA. He was also involved with the Tata Council for Community Initiatives & the TIL CSR team.

Currently he is with the Andhra Pradesh Paper Mills, one of the largest integrated pulp & paper manufacturers in the country as Principal Executive.

In accordance with the provisions of the Companies Act,1956 and the Company's Articles of Association, Mr. Manish Agrawal, Director of the Company will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Mr. Saket Agrawal, Director of the Company will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Mr. Puranmal Agrawal, Chairman cum whole time director of the Company, whose term of contract expires on 09.07.2007 is reappointed by the Board on 07-06-2007 as Chairman cum whole time director for a period of 5 years subject to the approval of the Shareholders in the General Meeting.

Mr. Suresh Kumar Agrawal, Managing Director of the Company, whose term of contract expires on 09.07.2007 is reappointed by the Board on 07-06-2007 as Managing Director for a period of 5 years subject to the approval of the Shareholders in the General Meeting.

## **ACKNOWLEDGEMENTS**

Your Directors would like to take this opportunity to convey their sincere appreciation to the Management, Employees, Bankers, Government of India and the Government of Chattisgarh, Investors for their continued support and cooperation. Your company has always looked upon them as partners in its progress. It will be your company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

Place:Kolkata

For and on behalf of the Board

Date:07.06.2007

Puranmal Agrawal  
Chairman

#### ANNEXURE TO THE DIRECTORS' REPORT

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

#### A. CONSERVATION OF ENERGY

##### a) Energy conservation measures

The Company has always been conscious about the need for conservation of energy. Continuous monitoring / optimization of energy conservation are undertaken at plant level. Main areas of work during the year included installation of electrical energy efficient motors for prevention of wastage of energy, energy savers for lighting and capacitors

##### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

No additional investment has been made for reduction of consumption of energy. However, the company has set up 16 MW Captive Power Plant to generate the electricity from the waste heat generated through sponge iron process and another 8MW of power plant (Fluidized based boiler) by using coal rejects which have been commissioned already

##### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

As the process is ongoing and has just been initiated, the impact can only be felt in the coming years.

##### (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure annexed

#### TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B of the Annexure annexed.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans – NIL

Total Foreign Exchange used and earned:

	(Rs. in Lacs)	
	2006-07	2005-06
(i) CIF value of Imports	32.06	69.71
(ii) Earned	NIL	NIL

**ANNEXURE TO THE DIRECTORS' REPORT**

**FORM A**

**DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

		<b>2006-07</b>	<b>2005-06</b>
<b>Power and Fuel Consumption:</b>			
Purchased			
Units in KWH		2302924	4995600
Total amount ( Rs in lacs)		149.88	276.33
Rate/Unit (Rs)		6.51	5.53
<b>Electricity-Own Generation</b>			
Through Diesel Generator:			
Units Generated	KWH	173223	679095
Total Cost	Rs (In Lacs)	22.74	51.15
Units/Ltrs of Diesel	Units	2.62	4.14
Cost /Unit	Rs. (In Lacs)	13.16	7.53

**Through Stem Turbine Generator:**

Units Generated	KWH	107798370	-
Cost/unit	Rs.	1.20	-

**Coal & Coke:**

Quantity-	MT	343950.39	-
Total Cost	Rs (In lacs)	3305.12	-
Cost /Unit	Rs	961	-

(Coal is used in the manufacturing process as reductant)

**Consumption per Unit (MT) of Production**

<b>Particulars</b>	<b>Unit</b>	<b>2006-07</b>	<b>2005-06</b>
a) Electricity			
For Sponge Iron	KWH	92	65
For Billets/ Ingots	KWH	1102	950
For TMT	KWH	131	-
b) Coal			
For Sponge Iron ( MT/KWH)		2.74	2.10

**FORM B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION:**

**RESEARCH AND DEVELOPMENT**

The Company has not so far carried out any major Research & Development work. The Company shall however undertake R & D 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 the quality of raw materials and also of the finished products.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Since no technology has been absorbed from outside, this item is not applicable to us. The Company, however, continues its efforts for upgradation of technology in order to improve the quality and reduce costs to the extent possible.

**Place:Kolkata**

**Date: 07.06.2007**

**For and on behalf of the Board**

**Puranmal Agrawal  
Chairman**

## REPORT ON CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges]

### Company's Philosophy on Corporate Governance

The company is fully committed to the adoption of best Corporate Governance practices in the organization. The company firmly believes in the values of Trusteeship, transparency, professionalism and accountability in all its dealings with customers, dealers, employees and shareholders. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increasing long term Shareholder value, keeping in view the interests of the Company stakeholders.

### Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board.

### Composition of Board of Directors

#### Composition

Your Board comprises of an optimal combination of Executive & Non Executive Directors having in-depth knowledge of the business of the industry. The size and composition of the Board confirms to the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchanges.

None of the Directors on the Board holds the office of director in more than 15 companies or memberships in committees of the Board in more than 10 committees or Chairmanship of more than 5 committees.

The following is the composition of the Board of Directors as on 31.03.2007

Name of Director	Category	Directorships in other Companies	Committee Positions in other Companies As	
			Chairman	Member
Mr Puranmal Agrawal	C(ED)	8	--	--
Mr Suresh Kumar Agrawal	MD(ED)	5	--	--
Mr Manish Agrawal	NED	3	--	--
Mr Saket Agrawal	NED	3	--	--
Mr Akshyaya Kumar Singh	NEID	-	--	--
Mr Niranjan Dash	NEID	-	--	--
Mr Navneet Jagatramka	NEID	-	--	--
Mr Arvind Saraf	NEID	-	-	--

#### Notes:

- I. Number of directorships / memberships held in other companies excludes directorships/ memberships in private limited companies, foreign companies, membership of managing committees of various committees of various chambers/bodies and alternate directorships.

II. Committee positions in other Companies relate to Chairmanships/ Memberships of Audit and Shareholders' Grievance Committees/Share Transfer Committee only.  
 C:Chairperson, NED: Non-Executive Director, NEID: Non- Executive Independent Director, ED: Executive Director, MD: Managing Director

Attendance of Each Director at board Meeting, Last AGM & No. of other Directorship/Chairmanship of Committee of each Directors of Various Companies.

**Meetings & Attendance**

11 Board Meetings were held During the Financial year 2006-2007 and the gap between two-board meetings did not exceed 4 months. The dates on which Board Meetings were held as follows:

28.04.2006,31.05.2006,21.06.2006,31.07.2006,02.09.2006,31.10.2006,30.11.2006,28.12.2006,27.01.2007,14.03.2007,30.03.2007

**Attendance of Directors at Board & General Meetings:**

Name of Director	Board Meeting held	Board Meeting Attended	Attendance in last AGM
Mr Puranmal Agrawal	11	11	Yes
Mr Suresh Kumar Agrawal	11	11	Yes
Mr Manish Agrawal	11	9	No
Mr Saket Agrawal	11	9	Yes
Mr Arvind Kumar Saraf	11	11	Yes
Mr Niranjan Dash	11	5	No
Mr Navneet Jagatramka	11	8	No
Mr Akshyaya Kumar Singh	11	4	No

**COMMITTEES OF DIRECTORS**

**1) Audit Committee**

- a) The Company had constituted the Audit Committee in the year 2003.
- b) The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with the provision of Section 292A of the Companies Act, 1956.
- c) The Audit Committee consisting of three Non-Executive Directors, of whom two are independent and are all persons of high standing in the Industry having considerable financial experience and expertise. The Chairman of the Committee also has professional accounting qualification and has attended the last Annual General Meeting.
- d) The brief terms of reference of the Audit Committee are broadly as follows:
  - i) To review compliance with internal control systems
  - ii) To review the findings of the Internal Auditor relating to various functions of the company.
  - iii) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company , internal control systems, scope of audit and observations of the Auditors /Internal Auditors
  - iv) To review the quarterly, half yearly and annual financial results of the Company before submission to the Board:

- v) To make recommendations to the Board any matter relating to the financial management of the Company, including the Statutory & Internal Audit Reports.
- e) Recommending the appointment of statutory auditors and the branch auditors as also fixation of their remuneration.
- f) The Audit Committee met four times during the year i.e on 26.05.2006, 30.07.2006, 30.10.2006 and 25.01.2007. The composition and attendance of the members at the Audit Committee Meeting are as follows:

Present composition of the Audit Committee and details of the meetings attended by the Directors are given below:

Name	Position Held	No. of Audit Committee Meetings Held Attended	
Mr. Arvind Kumar Saraf	Chairman	4	4
Mr. Navneet Jagatramka	Vice Chairman	4	4
Mr. Saket Agrawal	Member	4	4

- g) The Company Secretary acts as the Secretary to the Committee. Statutory Auditors are permanent invitees along-with the Executive Director who are also invited to join the meeting. The representative of Internal Auditors also attends the meeting.
- h) The Audit Committee had reviewed the unaudited quarterly results during the year under review and the Annual Accounts for the year-ended 31.3.07 before recommendation of the same to the Board for their approval and adoption.

## 2) Remuneration Committee

The Company has constituted a remuneration Committee in 2006.

The composition of the remuneration Committee is

Name	Position Held	Category	No. of Committee Meetings Held Attended	
Mr. Arvind Kumar Saraf	Chairman	Independent	2	2
Mr. Manish Agrawal	Member	Non Executive	2	2
Mr. Saket Agrawal	Member	Non Executive	2	2

The terms of reference of the Remuneration Committee are as follows:

- a) Any fixation/change in remuneration of Whole time Directors/Managing Directors.
- b) Any fixation/change in sitting fees payable to Board/Committee members for attending meeting
- c) To review the existing remuneration to the executives (GM level and above) and to approve any changes thereof.
- d) To approve, in the event of loss or inadequate profit in any year, the minimum remuneration payable to the Managing Director and Whole time Directors within the limits and subject to the parameters prescribed in schedule XIII of the Companies Act, 1956.

No. of Remuneration Committee Meetings held during the year- 3  
Dates on which held 6.06.2006, 15.09.2006 & 12.02.2007

## REMUNERATION POLICY

## REMUNERATION TO DIRECTORS.

The company has paid remuneration by way of salary to its Managing Director and Executive Director within the limit specified under Schedule XIII and approved by the Board and Shareholders of the Company. The remuneration paid to executive Directors during the year-ended 31.03.2007

Name	Salary(Rs.)	Period of Contract	
		From	To
Mr. Puranmal Agrawal (Chairman)	25000/-per month	10.07.2004	09.07.2007
Mr. Suresh Kumar Agrawal (Managing Director)	25000/- per month	10.07.2004	09.07.2007

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.

### 3) Shareholder & Investors Grievance Committee cum Share Transfer Committee

a) The shareholders'/Investors Grievance Committee consists of one Non executive independent director and two Non executive director. Mr. Arvind Kumar Saraf is the chairman of the committee and Mr Manish Agrawal and Mr Saket Agrawal are other members.

The Committee was constituted in 2003 and was reconstituted in 2006 as Shareholders'/Investor Grievance Committee cum Share Transfer Committee consisting of:

The Committee has been constituted to approve transfer of shares, non-receipt of Balance sheet, non-receipt of declared dividends etc.

There were 4 meetings of the said Committee held during the year under review.

Miss Pinky Gupta, Company Secretary, is the Compliance Officer of the Company.

b) The details of complaints received and attended to during the year are given below:

a. No. of complaints received from shareholders	:	30
b. No. of complaints not resolved / no actions taken	:	Nil
c. No. of pending Share Transfers as on 31 <sup>st</sup> March,07	:	00

No investor grievance remained unattended/ pending for more than 30 days and no request for share transfers and dematerialization received during the financial year was pending for more than two weeks.

No. of Share Transfer Committee Meetings held during the year - 3

Dates on which held 25.09.2006, 31.10.2006 & 04.12.2006

### **GENERAL BODY MEETINGS**

<b>Sl.No</b>	<b>Annual General Meeting</b>	<b>Date</b>	<b>Venue</b>	<b>No. of Special Resolutions</b>
1.	35 <sup>th</sup> Annual General Meeting	10.08.2004	1,Crooked Lane Kolkata-69	1
2.	36 <sup>th</sup> Annual General Meeting	02.07.2005	1,Crooked Lane Kolkata-69	-
2.	37 <sup>th</sup> Annual General Meeting	31.08.2006	AIKATAN, Eastern Zonal Cultural Centre, IA- 290, Sector-III, Salt Lake City Kolkata-97	-

### **DISCLOSURE**

#### **(a) RELATED PARTY TRANSACTIONS**

The Company has not entered into any materially significant transactions with its promoters, Directors or their relatives that may have conflict with the interests of company at large. The register of Contracts containing the transactions in which the directors are interested is placed before the Board regularly for its approval. The list of related party transactions as required to be disclosed, is done under AS-18 and disclosed in Note 30 of Schedule 20 to the Accounts. The Audit Committee reviews the related party transactions.

#### **(b) COMPLIANCES BY THE COMPANY**

After the Listing of the shares in NSE & BSE on 18<sup>th</sup> July 2005, the Company has complied with all the requirements of the listing agreement with the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or any statutory authority on matter related to capital markets, during the last three years.

#### **(c) SUBSIDIARY COMPANIES**

The Company does not have any subsidiary.

#### **(d) WHISTLE BLOWER POLICY**

Transparency forms an integral part of the Company's Corporate Philosophy and employees are encouraged to be guardians of the Code of Conduct and Ethics and to report any variance.

### **MEANS OF COMMUNICATION WITH SHAREHOLDERS**

#### **MEANS OF COMMUNICATION**

- a. In compliance with the requirement of Listing Agreement the Company has published in the newspapers, quarterly results to the stock exchanges immediately after they are taken on record by the Board and are not sent to individual shareholders.
- b. The quarterly unaudited results are generally published in 'The Business Standard and/or Economic Times' in English and 'Kalantar' in Bengali.
- c. The results are also placed on the Company's website [www.mspsteel.com](http://www.mspsteel.com)
- d. The Management Discussion & Analysis Report is a part of Annual Report.

## **GENERAL SHAREHOLDER INFORMATION**

### **1. 38th Annual General Meeting (AGM)**

Day, Date & Time	:	Wednesday, 19 <sup>th</sup> September, 2007 at 10.30 AM
Venue	:	Aikatan,EZCC, IA – 290,Sector – III, Salt Lake, Kolkata – 700 097
2. Date of Book Closure	:	12th September,2007 to 19th September, 2007(both days inclusive)
3. Financial Calendar	:	Unaudited Financial Results for :
First Quarter	:	July, 2007
Second Quarter	:	October, 2007
Third Quarter	:	January, 2007
Annual Results :		June , 2008

### **PROFILE OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT**

Details of Director seeking re-appointment at the ensuing General Meeting as required under Clause -49 of the Listing Agreement is given in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

A Management Discussion and Analysis Report is given separately and forms part of Annual Report.

### **CODE OF CONDUCT**

A Code of Conduct for the Board of Directors and Senior Management Personnel was adopted by your Board of Directors in their meeting held on 28.04.2006. A copy of the same is available on the Company's website [www.mspsteel.com](http://www.mspsteel.com). All the members of the Board and Senior Management Personnel have affirmed compliances of the Code of Conduct.

### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has a code of conduct for prevention of Insider trading in the shares of the Company. The Code inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to Company.

### **Listing on Equity Shares**

The Annual Listing Fee for the year 2007-2008 has been paid to those Stock Exchanges where the Company's shares are listed.

### **Share Transfer System**

The Share Transfer Committee approves the transfer and transmission of shares, issue of duplicate share certificates and allied matters. The Company's Share Registrar and Transfer Agent are Karvy Computer share Pvt. Ltd. The share transfers received are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. 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.

**Distribution of Shareholding as on 31.03.2007**

<u>Category</u>	<u>No. of Shareholder</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1-5000	7209	71.59	21644200.00	3.7253%
5001-10000	1518	15.07	13838300.00	2.3818%
10001-20000	661	6.56	11193680.00	1.9266%
20001-30000	200	1.99	5425780.00	0.9338%
30001-40000	88	0.87	3242650.00	0.5581%
40001-50000	115	1.14	5581900.00	0.9607%
500001-100000	129	1.28	10008100.00	1.7225%
100001- Above	150	1.49	510065390.00	87.7909%
<b>TOTAL</b>	<b>10070</b>	<b>100.00</b>	<b>581000000.00</b>	<b>100.00 %</b>

**Share holding Pattern for the year ended 31.03.2007**

<b>DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2007</b>				
<b>CATEGORY</b>		<b>CATEGORY WISE TOTAL HOLDING</b>		
		<b>NO.OF SHARES HELD</b>	<b>% OF HOLDING</b>	
<b>A PROMOTERS HOLDING</b>				
1 PROMOTERS				
-Indian Promoters		41765500	71.89%	
		Sub Total:	41765500	71.89%
<b>B NON-PROMOTERS HOLDING</b>				
3 INSTITUTIONAL INVESTORS				
a. -Mutual Funds and UTI		0	0.00%	
b. -Banks, Financial Institutions, Insurance Companies (Central/State Govt.Institutions/ Non-Govt. Institutions)		0	0.00%	
c. FIIs		0	0.00%	
		Sub Total:	0	0.00%
<b>4 OTHERS</b>				
a. Private Corporate Bodies		7204081	12.40%	
b. Indian Public		9036017	15.55%	
c. NRI's / OCBs		52469	0.09%	
d. Any other				
- CLEARING MEMBERS		41933	0.07%	
		Sub Total:	16385000	28.11%
		<b>Grand Total:</b>	<b>58100000</b>	<b>100.00%</b>

**MONTHLY CLOSING SHARE PRICE****MARKET PRICE DATA:**

<b>PERIOD 2006-2007</b>		<b>Bombay Stock Exchange</b>		<b>National Stock Exchange</b>	
<b>Month</b>		<b>High Price</b>	<b>Low Price</b>	<b>High Price</b>	<b>Low Price</b>
		<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Apr-2006		14.80	11.50	14.50	11.05
May-2006		15.90	9.25	14.00	09.55
Jun-2006		11.80	8.05	11.05	09.80
Jul-2006		11.64	9.21	11.20	10.10
Aug-2006		13.20	9.80	13.30	09.50
Sep-2006		13.25	10.25	12.80	10.50
Oct-2006		13.10	11.36	12.90	10.50
Nov-2006		12.75	11.42	12.85	11.55
Dec-2006		13.80	11.25	14.90	11.50
Jan-2007		16.90	12.00	16.90	12.20
Feb-2007		18.95	14.35	18.70	14.55
Mar-2007		15.75	13.30	15.75	14.00

**Performance in comparison to BSE Sensex.****Share Price Movement compared to BSE Sensex**

Company Share Price	BSE
As on 1.4.2006	12.05
As on 31.03.2007	14.90
<b>Change</b>	<b>23.65%</b>
BSE Sensex	
As on 1.4.2006	11342.96
As on 31.03.2007	13072.10
<b>Change</b>	<b>15.24%</b>

**Depository Registrar and Share Transfer Agent:**

M/s, Karvy Computershare Pvt. Ltd.  
 46, Avenue 4, Street No. 1,  
 Banjara Hills,  
 Hyderabad- 500 034  
 Ph. No.(040) -23312454,23320251-53  
 Fax No.(040)-23311968  
 E-mail; mspipo@karvy.com

**Dematerialization of Shares & Liquidity****Shares held in dematerialized and physical form as on 31st March 2007.**

<b>STATUS OF DEMATERIALIZATION</b>	<b>NO. OF SHARES</b>	<b>% OF TOTAL SHARES</b>
Shares held in dematerialized form- NSDL	29057461	50.01
Shares held in dematerialized form- CSDL	2148466	3.70
Shares held in physical form	26894073	46.29

**Outstanding GDRs / ADRs / Warrants or any convertible instruments, etc.**

As on date, the Company has not issued these types of securities.

**Plant Location(Address)**

**Plant Location :** Village & PO: Jamgaon  
Dist: Raigarh  
Pin: 496001  
Chattisgarh ,

**Address for Correspondence:**

**Corporate Office :** 16/S Block- A  
New Alipore  
Kolkata- 700053  
Ph No. 24570038/3940  
Fax No. 24582239

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

**E-mail id for Investor Grievances**

investor.contact@mspsteel.com

**NON MANDATORY REQUIREMENTS**

**Chairman of the Board:**

During the year under review, no expenses were incurred in connection with the office of the chairman.

**Remuneration Committee**

The Company has formed a Remuneration Committee comprising of 3 Independent Non – Executive Directors as stated in Item No. 2 of Committees of Directors in this Report.

**Audit Qualification**

The Auditors observation on the financial statement is suitably explained in the report of the Board of Directors.

**Other Items**

The rest of the non mandatory requirements such as Shareholder's Rights, Training of Board Members, Mechanism for evaluation of Non – Executive Board Members and Whistler Blower Policy will be implemented by the Company as and when required.

**For and on behalf of the Board**

**Place:Kolkata**

**Date:-07.06.2007**

**Chairman**

## **AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

### **TO THE MEMBERS OF MSP STEEL & POWER LIMITED**

We have examined the compliance of condition of the corporate governance by MSP Steel & Power limited, for the year ended 31<sup>st</sup> March, 2007 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges in India.

The compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance of the condition of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state such compliance is neither an assurance to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

**For DWARKA ASHOK & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**PLACE: KOLKATA  
DATED: 07.06.2007**

**(Lakshman Gupta)  
(Partner)**

**Membership No. 061806**

## **CEO & CFO CERTIFICATION**

We, Puranmal Agrawal, Chairman, and Suresh Kumar Agrawal, Managing Director, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> march 2007 and to do 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 & fair view of the company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into the company during the year ended 31<sup>st</sup> March 2007 are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for the establishing and the effectiveness of internal control systems of the pertaining to financial maintaining internal controls for financial reporting and we have evaluated the effectiveness of the of the internal controls systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any of which we are aware have been taken to rectify these deficiencies.
- d) i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with the involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

**KOLKATA**  
07-06-2007

**S.K.AGRAWAL**  
MANAGING DIRECTOR

**P.M.AGRAWAL**  
CHAIRMAN

# **Dwarka Ashok & Associates**

## **Chartered Accountants**

### **AUDITORS' REPORT**

#### **TO THE MEMBERS OF M/S MSP STEEL & POWER LIMITED**

We have audited the attached Balance Sheet of **M/S MSP STEEL & POWER LIMITED** as at 31st March 2007 and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, ('CARO'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
3. The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account as submitted to us;

cont...P/2

# **Dwarka Ashok & Associates**

## **Chartered Accountants**

:: 2 ::

4. In our opinion, the said Balance Sheet, Profit and Loss Account and cash flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as director in terms of clause (g) of sub section(1) of section 274 of Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said statement of account read with Notes on accounts appearing on schedule 20, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
  - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007 and
  - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DWARKA ASHOK & ASSOCIATES  
Chartered Accountants

(LAKSHMAN GUPTA)  
Partner  
Membership No-061806

Place: Kolkata

Dated: 07.06.2007

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Kolkata Office: 37, Shakespeare Sarani, Suite No. 3, 1<sup>st</sup> Floor, Kolkata - 700 017.

Phone : 033-2289-6000-3, Fax : 033-2289-6004, E-mail : [mpaf@vsnl.net](mailto:mpaf@vsnl.net)

Chennai Office : Mount Chambers, 190(Old No. 758), Anna Salai, Chennai – 600002.

Phone: 044-2852-3800, Telefax : 044-2852-3852, Email : [mpaf\\_chn@vsnl.net](mailto:mpaf_chn@vsnl.net)

# **Dwarka Ashok & Associates**

## **Chartered Accountants**

### **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 thereof)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. As explained to us, some of the fixed assets have been physically verified by the management based on a phased programme of verification adopted by the company. In our opinion, the frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on such verification. The Company has not disposed of any fixed asset during the year.
2. As informed to us, physical verification has been conducted at reasonable intervals in respect of stocks. The discrepancies noticed on such physical verification between physical stock and book records were not significant and the same has been properly dealt with in the books of account.
3. a) As informed to us, the Company has granted unsecured loan (non-interest bearing) to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 44,02,000/- and the year end balance of unsecured loan given to such company was Rs. 44,02,000/-. In our opinion the terms and conditions on which loans have been granted are not, *prima facie*, prejudicial to the interest of the company.  
b) As informed to us the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956. Therefore, the provisions of clauses (iii) (e) to (g) of the order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventories and fixed assets and for the sale of goods.
5. Based on the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. In our opinion and according to the explanation given to us, the company has not accepted any deposits from the public.
7. In our opinion the Company has internal audit system commensurate with the size of the company and the nature of its business.

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Kolkata Office: 37, Shakespeare Sarani, Suite No. 3, 1<sup>st</sup> Floor, Kolkata - 700 017.

Phone : 033-2289-6000-3, Fax : 033-2289-6004, E-mail : [mpaf@vsnl.net](mailto:mpaf@vsnl.net)

Chennai Office : Mount Chambers, 190(Old No. 758), Anna Salai, Chennai – 600002.

Phone: 044-2852-3800, Telefax : 044-2852-3852, Email : [mpaf\\_chn@vsnl.net](mailto:mpaf_chn@vsnl.net)

# **Dwarka Ashok & Associates**

## **Chartered Accountants**

:: 2 ::

8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the central government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
9. The company is regular in depositing undisputed statutory dues including Provident Fund, ESI, Income Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues as applicable with the appropriate authorities during the year.

According to the records of the company, the dues outstanding of excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amounts (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Disputed Cenvat Credit	22,08,283	2005-06	Additional Commissioner, Appeal, Raipur
The Central Excise Act, 1944	Disputed Cenvat Credit	2,47,700	2006-07	Additional Commissioner, Bilaspur
The Central Excise Act, 1944	Disputed Cenvat Credit	29,346	2006-07	Additional Commissioner, Bilaspur

10. The company has no accumulated losses as at 31<sup>st</sup> March 2007 and it has not incurred any cash losses in the financial year ended on that date or in the preceding financial year.
11. Based on our audit and according to information and explanation given to us we are of the opinion the company has not defaulted in repayment of dues to banks as at the balance sheet date.

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# **Dwarka Ashok & Associates**

## **Chartered Accountants**

**:: 3 ::**

12. As informed and explained to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares during the year, so the requirement of maintenance of adequate documents and records is not applicable.
13. In our opinion and to the best of our information and according to the explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / societies. Hence in our opinion, the provisions of any special statute as specified under paragraph 4(xiii) of the order is not applicable to the company.
14. As per records of the company and information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments during the year. So in our opinion paragraph 4(Xiv) of the order is not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by its associates from bank or financial institutions.
16. The term loans obtained by the company have been applied for the purpose for which they were raised.
17. In our opinion, and on the basis of our examination and according to the information and explanations given to us, the company has not used the funds borrowed on short-term basis during the year for long-term investment.
18. The company has not made any preferential allotment of share to parties/companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year.
20. The company has not raised any money through public issue during the year.
21. Based upon the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the company noticed or reported during the course of our audit.

**For DWARKA ASHOK & ASSOCIATES**  
**Chartered Accountants**

**(Lakshman Gupta)**

**Partner**

Membership No. 061806

Place : Kolkata

Dated : 07.06.2007

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## MSP STEEL &amp; POWER LIMITED

## BALANCE SHEET AS AT 31st MARCH ,2007

Amount in Rupees

PARTICULARS	SCHEDULE	As on 31st March, 2007 Rs.	As on 31st March, 2006 Rs.
<b>SOURCE OF FUNDS:</b>			
<b>Shareholders Fund:</b>			
Share Capital	1	581,000,000.00	581,000,000.00
Reserve & Surplus	2	250,980,367.05	49,195,299.73
		<b>831,980,367.05</b>	<b>630,195,299.73</b>
<b>Loans Fund:</b>			
Secured Loans	3	940,473,771.09	925,021,285.29
Unsecured Loans	4	214,700,000.00	21,064,145.00
		<b>1,155,173,771.09</b>	<b>946,085,430.29</b>
Deferred Tax Liability		28,056,198.36	25,375,394.60
		<b>2,015,210,336.50</b>	<b>1,601,656,124.62</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>	5		
Gross Block		1,306,799,131.03	887,290,650.17
Less : Depreciation		206,556,928.53	64,930,717.82
Net Block		<b>1,100,242,202.50</b>	<b>822,359,932.35</b>
Capital work in Progress		182,593,280.63	386,240,159.11
Total Fixed Assets		<b>1,282,835,483.13</b>	<b>1,208,600,091.47</b>
<b>Investements</b>	6	<b>54,090,837.75</b>	<b>7,194,837.75</b>
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	7	337,525,114.54	140,843,005.58
Sundry Debtors	8	207,718,799.36	88,305,938.90
Cash & Bank Balances	9	76,242,405.08	66,385,155.71
Loans, Advances	10	199,402,600.35	186,687,499.62
		<b>820,888,919.33</b>	<b>482,221,599.81</b>
Less:			
<b>Current Liabilities &amp; Provisions</b>	11		
Current Liabilities		110,618,457.89	100,410,939.33
Provision		39,606,630.08	5,867,042.74
		<b>150,225,087.97</b>	<b>106,277,982.07</b>
<b>Net Current Assets</b>		<b>670,663,831.36</b>	<b>375,943,617.73</b>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Preliminary Expenses		0.00	30,000.00
Share Issue Expenses		7,620,184.27	9,887,577.67
		<b>2,015,210,336.50</b>	<b>1,601,656,124.62</b>
<b>Significant Accounting Policies and</b>	20	-	-
<b>Notes on Accounts</b>			

Schedules 1 to 20 referred to above form an integral part of the Balance sheet .

In terms of attached Report of even date

For and on behalf of the Board

Puranmal Agrawal  
ChairmanSuresh Kumar Agrawal  
Managing DirectorFor Dwarka Ashok & Associates  
Chartered AccountantsLakshman Gupta  
Partner  
Membership No. 061806  
Place : Kolkata  
Dated : 07 .06.2007Pinky Gupta  
Company Secretary



**MSP STEEL & POWER LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

**Amount in Rupees**

PARTICULARS	SCHEDULE	2006-07 Rs.	2005-06 Rs.
<b>INCOME :</b>			
Sales	12	2,105,202,962.23	843,398,467.61
Other Incomes	13	133,264,938.58	10,992,365.42
Increase/(Decrease) in Stock	14	62,277,223.65	6,051,698.79
		<b>2,300,745,124.46</b>	<b>860,442,531.82</b>
<b>EXPENDITURE :</b>			
Raw Material Consumed	15	1,611,405,047.78	659,307,868.75
Manufacturing Expenses	16	121,242,332.08	46,819,369.84
Personnel Expenses	17	33,492,065.00	18,824,664.00
Selling & Administrative Expenses	18	52,465,619.32	31,334,642.52
Interest & Finance Charges	19	108,209,239.49	34,724,866.05
Depreciation	5	141,626,210.71	43,375,852.12
		<b>2,068,440,514.38</b>	<b>834,387,263.28</b>
<b>Profit before Tax</b>		<b>232,304,610.08</b>	<b>26,055,268.54</b>
Provision For Taxation:			
-Current Tax		27,305,837.00	2,043,058.74
-Deferred Tax		2,680,803.76	12,511,094.60
-Fringe Benefit Tax		406,570.00	462,069.00
<b>Profit After Tax</b>		<b>201,911,399.32</b>	<b>11,039,046.20</b>
Taxes for Earlier Years		126,332.00	339,995.00
Surplus from the Last Year		38,466,299.73	27,767,248.53
<b>Balance carried to Balance Sheet</b>		<b>240,251,367.05</b>	<b>38,466,299.73</b>
<b>Earning Per Share - Basic</b>		<b>3.47</b>	<b>0.18</b>
- Diluted		3.47	0.20
<b>Significant Accounting Policies and</b>			
<b>Notes on Accounts</b>	20		

Schedules 1 to 20 referred to above form an integral part of the Profit and Loss Account.  
In terms of attached Report of even date

For and on behalf of the Board

**For Dwarka Ashok & Associates**  
*Chartered Accountants*

Lakshman Gupta  
*Partner*  
Membership No. 061806  
Place: Kolkata  
Dated : 07.06.2007

Puranmal Agrawal  
*Chairman*

Suresh Kumar Agrawal  
*Managing Director*

Pinky Gupta  
*Company Secretary*



## MSP STEEL &amp; POWER LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Amount in Rupees

SL.No.	Particulars	2006-07	2005-06
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit before tax as per Profit and Loss Account</b>	232,304,610.08	26,055,268.54
	Adjustment for :		
	Depreciation and amortisation	141,626,210.71	43,375,852.12
	Financial expenses	108,209,239.49	34,724,866.05
	Interest and dividend income	(12,741.00)	(2,900.00)
	Preliminary expenses	2,297,393.40	30,000.00
	<b>Operating Profit Before Working Capital Changes</b>	484,424,712.68	104,183,086.71
	Adjustment for :		
	(Increase)/Decrease in Inventories	(196,682,108.96)	(20,887,287.24)
	(Increase)/Decrease in sundry Debtors	(119,412,860.46)	(55,026,484.26)
	(Increase)/Decrease in loans and advances	2,886,777.27	11,131,578.91
	Increase/(Decrease) in Current Liabilities	17,183,678.90	33,684,223.81
	<b>Cash Generated from Operation</b>	188,400,199.43	73,085,117.93
	Taxes Paid	(16,677,190.00)	(339,995.00)
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>171,723,009.43</b>	<b>72,745,122.93</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed assets and change in capital WIP	(215,861,602.38)	(547,491,651.91)
	Purchase of Investments	(46,896,000.00)	-
	Sale of Investment	-	(19,519.75)
	Share Issue Expenses	-	(9,261,527.67)
	Interest and dividend income	12,741.00	5,712,235.13
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(262,744,861.38)</b>	<b>(551,060,464.20)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of share capital	-	162,854,000.00
	Proceeds from Loans Fund	209,088,340.80	259,357,326.33
	Financial Expenses Paid	(108,209,239.49)	(34,724,866.05)
	<b>NET CASH PROVIDED BY/(USED) IN FINANCING ACTIVITIES</b>	<b>100,879,101.31</b>	<b>387,486,460.28</b>
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>9,857,249.37</b>	<b>(90,828,880.99)</b>
	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>66,385,155.71</b>	<b>162,923,371.83</b>
	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>76,242,405.08</b>	<b>66,385,155.71</b>
<b>Notes:</b>			
	Cash In Hand	1,528,332.10	742,664.60
	Balance with Scheduled Bank:		
	In Current Account	27,481,761.38	12,682,427.51
	In Fixed Deposit	47,232,311.60	52,960,063.60
		<b>76,242,405.08</b>	<b>66,385,155.71</b>

This is the Cash Flow Statement referred to in our report of even date.

In terms of attached Report of even date

For and on behalf of the Board

**For Dwarka Ashok & Associates**  
*Chartered Accountants*

Puranmal Agrawal  
*Chairman*

Lakshman Gupta  
*Partner*  
 Membership No. 061806

Suresh Kumar Agrawal  
*Managing Director*

Place: Kolkata  
 Dated : 07.06.2007

Pinky Gupta  
*Company Secretary*



### MSP STEEL & POWER LIMITED

#### Schedules forming part of the Balance sheet

	<u>As on</u> 31st March, 2007 Rs.	<u>As on</u> 31st March, 2006 Rs.
<b><u>SCHEDULE : 1</u></b>		
<b><u>SHARE CAPITAL:</u></b>		
Authorised 6,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 6,00,00,000 equity shares of Rs 10/- each)	600,000,000.00	600,000,000.00
<b><u>Issued, Subscribed &amp; Paid-Up</u></b>		
5,81,00,000 Equity Shares of RS. 10/- each fully paid up ( Previous year 5,81,00,000 Equity Shares of RS. 10/- each fully paid up )	581,000,000.00	581,000,000.00
	<b>581,000,000.00</b>	<b>581,000,000.00</b>
<b><u>Of the Above</u></b>		
a) 71,800 Equity shares of Rs 10/- each were allotted as fully paid up against		
b) 47,54,300 Equity share of Rs 10/- each were allotted as fully paid bonus shares by capitalization of Securities Premium Account.		
<b><u>SCHEDULE : 2</u></b>		
<b><u>RESERVES &amp; SURPLUS:</u></b>		
Securities Premium Account Profit & Loss Account	10,729,000.00 240,251,367.05	10,729,000.00 38,466,299.73
	<b>250,980,367.05</b>	<b>49,195,299.73</b>
<b><u>SCHEDULE : 3</u></b>		
<b><u>SECURED LOANS:</u></b>		
( Refer Note 18 of Schedule 20)		
Rupee Term Loan from Banks Working Capital Finance from Banks Finance Against Vehicles Others loans from Banks	569,941,871.95 338,666,544.15 5,899,284.99 25,966,070.00	703,864,935.23 177,726,301.79 8,580,048.27 34,850,000.00
	<b>940,473,771.09</b>	<b>925,021,285.29</b>
<b><u>SCHEDULE : 4</u></b>		
<b><u>UNSECURED LOANS:</u></b>		
Loans From Bodies Corporate	214,700,000.00	21,064,145.00
	<b>214,700,000.00</b>	<b>21,064,145.00</b>



MSP STEEL & POWER LIMITED

**SCHEDULE '5' OF FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2007**

### Amount in Rupees

Description	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2006	Addition During the year	Sales During the year	Total as on 31.03.2007	Upto 31.03.2006	Provided during the year	Adjustment due to Sale	Total as on 31.03.2007	As at 31.03.2007	As at 31.03.2006
LAND	11,892,476.00	32,073,768.00	-	43,966,244.00	-	-	-	-	43,966,244.00	11,892,476.00
FACTOI	138,133,042.81	44,709,557.11	-	182,842,599.92	3,836,621.18	16,342,329.27	-	20,178,950.45	162,663,649.47	134,296,421.63
OTHER	5,329,227.21	8,220,323.00	-	13,549,550.21	391,916.69	446,166.14	-	838,082.83	12,711,467.38	4,937,310.52
PLANT	711,650,727.97	330,239,792.72	-	1,041,890,520.69	54,274,257.98	121,329,648.16	-	175,603,906.14	866,286,614.55	657,376,469.99
VEHICL	18,077,111.47	3,721,948.00	-	21,799,059.47	6,146,701.97	3,145,644.41	-	9,292,346.38	12,506,713.09	11,930,409.59
FURNIT	2,208,063.80	543,092.00	-	2,751,155.80	281,219.98	362,422.72	-	643,642.70	2,107,513.10	1,926,843.82
<b>TOTAL</b>	<b>887,290,650.17</b>	<b>419,508,480.83</b>		<b>1,306,799,131.03</b>	<b>64,930,717.82</b>	<b>141,626,210.71</b>	<b>-</b>	<b>206,556,928.53</b>	<b>1,100,242,202.50</b>	<b>822,359,932.35</b>
Previous	287,373,501.39	599,917,147.96	-	887,290,650.18	21,554,865.69	43,375,852.10	-	64,930,717.82	822,359,932.35	-



**MSP STEEL & POWER LIMITED**

**Schedules forming part of the Balance sheet**

**SCHEDULE -6**

**INVESTMENTS:**

**In Shares of Joint Stock Companies :**

Long Term, Other than Trade

Face Value	<b>No. of Shares</b>		<b>Amount (in Rs.)</b>	
	<b>As on</b>	<b>As on</b>	<b>As on</b>	<b>As on</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>	<b>31.03.2007</b>	<b>31.03.2006</b>

**QUOTED Shares, FULLY PAID-UP :(A)**

Howrah Gases Ltd.	10.00	93,700	93,700	1,591,250.00	1,591,250.00
Ashirwad Steel & Ind. Ltd.	10.00	2,500	2,500	25,000.00	25,000.00
Nageshwar Investment Ltd.	10.00	11,000	11,000	60,953.75	60,953.75
Rudoday Security Ltd.	10.00	10,000	10,000	46,200.00	46,200.00
Indian Overseas Bank	10.00	2,900	2,900	69,600.00	69,600.00
IDFC Ltd	10.00	5,201	5,201	176,834.00	176,834.00
Total :		125,301	125,301	1,969,837.75	1,969,837.75

**UNQUOTED Shares, FULLY PAID-UP :(B)**

MSP Metallics . Ltd.	10.00	4,020,000	20,000	40200000.00	200000.00
MSP Properties (I) Pvt. Ltd.	10.00	7,500	7,500	75000.00	75000.00
MSP Sponge Iron Ltd.	10.00	188,000	188,000	2450000.00	2450000.00
MSP Steels Ltd.	10.00	250,000	250,000	2500000.00	2500000.00
Madanpur south Coal Co. Ltd.	10.00	68,960	--	6896000.00	--
Total :		4,534,460	465,500	52121000.00	5225000.00

Long Term , Trade	(C)	0.00	0.00	0.00	0.00
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<b>TOTAL (A+B+C)</b>		<b>4,659,761</b>	<b>590,801</b>	<b>54,090,837.75</b>	<b>7,194,837.75</b>
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<b>Market Value of Quoted Shares</b>		<b>3,883,848.70</b>	<b>3,668,497.00</b>
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MSP STEEL & POWER LIMITED

**Schedules forming part of the Balance sheet**

	<u>As on</u> 31st March, 2007 Rs	<u>As on</u> 31st March, 2006 Rs
<b>SCHEDULE : 7</b>		
<b>INVENTORIES :</b> (As taken, valued & certified by the management)		
Finished Goods	49,307,230.36	16,510,333.09
By Products	45,122,296.88	15,641,970.50
Trading Goods	835,789.00	835,789.00
Raw Material	232,459,648.30	100,144,902.99
Stores and spares	9,800,150.00	7,710,010.00
	<b>337,525,114.54</b>	<b>140,843,005.58</b>
<b>SCHEDULE : 8</b>		
<b>SUNDRY DEBTORS:</b> (Unsecured and considered good)		
Debts Outstanding for a period of more than six months	7,476,708.35	5,415,400.44
Others Debts	200,242,091.01	82,890,538.46
	<b>207,718,799.36</b>	<b>88,305,938.90</b>
<b>SCHEDULE : 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	1,528,332.10	742,664.60
In Current Account	27,481,761.38	12,682,427.51
In Fixed Deposits*	47,232,311.60	52,960,063.60
*Out of which Rs.300000 lodged with Forest Department, Rs 40000 with Sales Tax Authorities and Rs32186205 pledged with banks for loans.		
	<b>76,242,405.08</b>	<b>66,385,155.71</b>

**Schedules forming part of the Balance sheet**

	<u>As on</u> 31st March, 2007 Rs	<u>As on</u> 31st March, 2006 Rs
<b><u>SCHEDULE :10</u></b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good except otherwise stated)		
Advance recoverable in cash or in kind for value to be received	2,045,000.00	516,737.00
<b>Unsecured Loan</b>		
- Considered Good	4,402,178.00	-
To Joint Venture entity	0.00	232,360.00
To others	0.00	30,811.67
- Considered Doubtful ( See Note :26 of Schedule- 20 )		
<b>Advances</b>		
Against Raw Material	109,511,494.93	82,309,095.21
Against Capital Goods	20,136,697.54	38,634,178.96
Taxes including TDS	20,214,098.96	4,612,220.96
Others	12,988,140.70	19,720,181.53
Security Deposit	6,484,273.00	5,394,709.00
CENVAT & Service Tax Receivable(Net)	23,620,717.22	35,237,205.29
	199,402,600.35	186,687,499.62
<b><u>SCHEDULE :11</u></b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors(See Note: 23 of Schedule-20)		
For Goods*	80,813,748.74	71,777,015.81
For Expenses	16,525,468.00	20,931,170.80
Advances against Sales / orders	5,558,047.64	-
Others Liabilities	7,721,193.51	7,702,752.72
* Includes sundry creditors for capital goods Rs.2,82,59,024.47 (P.Y. Rs. 4,12,41,992.00)		
	110,618,457.89	100,410,939.33
<b>B. PROVISIONS</b>		
For Current Taxes	31,635,498.74	5,404,973.74
For Tax on Fringe Benefits	994,971.00	462,069.00
For Others	6,976,160.34	0.00
	39,606,630.08	5,867,042.74

**MSP STEEL & POWER LIMITED****Schedules forming Part Of Profit & Loss Account**

	2006-07 Rs.	2005-06 Rs.
<b><u>SCHEDULE :12</u></b>		
<b><u>SALES:</u></b>		
(a) Gross Sales	2,394,092,480.59	973,429,521.61
Less : Excise Duty	288,889,518.36	130,031,054.00
Net Sales	2,105,202,962.23	843,398,467.61
<b><u>SCHEDULE :13</u></b>		
<b><u>OTHER INCOME:</u></b>		
Discount Received	0.00	90,932.56
Dividend Income	12,741.00	2,900.00
Interest :*		
On Security Deposit	572,748.00	2,382.60
On Fixed Deposit	2,866,976.00	5,637,517.53
Others	0.00	69,435.00
Profit on Sale of Investment(Long Term)	0.00	2,165,395.73
Miscellaneous Income	129,812,473.58	3,023,802.00
* TDS Rs.6,01,878.00 (P.Y. Rs. 12,46,412.00)	133,264,938.58	10,992,365.42
<b><u>SCHEDULE :14</u></b>		
<b><u>INCREASE/(DECREASE) IN STOCK:</u></b>		
<b><u>FINISHED GOODS:</u></b>		
(Closing Stock)		
Trading Goods	835,789.00	835,789.00
Finished Goods	49,307,230.36	16,510,333.09
By Products	45,122,296.88	15,641,970.50
<b><u>Less:</u></b>		
(Opening Stock)		
Trading Goods	835,789.00	835,789.00
Finished Goods	16,510,333.09	26,100,604.80
By Products	15,641,970.50	0.00
Increase / (Decrease) in Stock	32,988,092.59	26,936,393.80
	62,277,223.65	6,051,698.79
<b><u>SCHEDULE:15</u></b>		
<b><u>RAW MATERIAL CONSUMED</u></b>		
Opening Stock	100,144,902.99	93,019,324.65
Less : VAT on opening stock	1,589,199.00	-
Add: Purchases	98,555,703.99	93,019,324.65
	1,745,308,992.09	666,433,447.09
	1,843,864,696.08	759,452,771.74
	232,459,648.30	100,144,902.99
Less : Closing Stock	1,611,405,047.78	659,307,868.75



**MSP STEEL & POWER LIMITED**

**Schedules forming Part Of Profit & Loss Account**

	2006-07 Rs.	2005-06 Rs.
<b>SCHEDULE :16</b>		
<b>MANUFACTURING EXPENSES</b>		
Raw Material Handling Charges	18,531,643.00	9,718,944.00
Consumable Store & Spare Parts	68,852,798.74	11,572,302.84
Power & Fuel	18,397,173.00	21,523,499.00
Freight Inward	5,197,337.00	1,636,424.00
Repairs & Maintenance- Building	1,255,799.00	202,568.00
- Plant & Machinery	2,031,421.00	2,165,632.00
Excise duty	6,976,160.34	0.00
	<b>121,242,332.08</b>	<b>46,819,369.84</b>
<b>SCHEDULE :17</b>		
<b>PERSONNEL EXPENSES</b>		
Salary , Wages & Bonus	27,704,257.00	14,789,299.00
Contribution to Provident Fund	1,394,972.00	795,166.00
Staff Welfare	2,900,702.00	2,640,199.00
Directors Remuneration	600,000.00	600,000.00
Workmen compnesion	892,134.00	0.00
	<b>33,492,065.00</b>	<b>18,824,664.00</b>
<b>SCHEDULE :18</b>		
<b>SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Selling & Marketing Exp	3,077,985.19	1,196,805.00
Freight outwards expenes	23,649,268.15	0.00
Audit fees		
- Statutory Audit Fees	140,450.00	36,366.00
- Tax Audit Fees	22,472.00	18,734.00
- Others	25,300.00	0.00
- Out of pocket expenses	12,569.00	0.00
Filing Fees	11,900.00	12,400.00
Insurance	2,012,904.50	1,338,574.50
Office & Adm. Expenses	3,824,849.00	4,082,382.00
Printing, Postage & Telephone Expenses	1,800,851.50	1,139,529.64
Commision on sales	977,372.00	0.00
Legal & Professional fees	950,910.00	1,259,407.00
Rent	549,160.00	721,661.00
Repaires and Maintenance	930,100.00	397,666.00
Rates, Taxes & Duties	1,345,417.14	12,360,534.00
Travelling & Conveyance	1,266,261.50	1,055,961.00
Vehicle Maintenance	6,861,204.00	4,204,114.00
Miscellaneous Expenses	3,303,111.76	1,742,882.22
Preliminary and share issue expenses written off	2,297,393.40	1,684,860.00
Sundry Balances written off	(624,671.49)	82,766.16
Bad debts (See Note No. 26 of Schedule -20)	30,811.67	-
	<b>52,465,619.32</b>	<b>31,334,642.52</b>
<b>SCHEDULE :19</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Bank Interest on term loan	64,332,402.97	23,031,152.00
Bank Interest on working capital	28,642,141.16	9235497.48
Bank Charges	3,377,001.64	1,377,393.29
Others	11,857,693.72	1080823.28
	<b>108,209,239.49</b>	<b>34,724,866.05</b>



**SCHEDULE-20**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparations of financial statements**

The Financial statements have been prepared as going concern under historical cost convention and on accrual basis, except other wise stated, in accordance with the Generally Accepted Accounting Principles, mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 have been duly complied with.

**2. Fixed Assets & Capital work in progress**

All fixed assets are valued at cost inclusive of freight incurred, duties & taxes (net of Cenvat) and incidental expenses less accumulated depreciation. The cost of fixed assets comprises purchase price and all other attributable costs of bringing the assets to working condition for intended use and includes interest on borrowings and finance costs during the period of construction/installation of the assets.

Expenditure for addition, improvement and renewal are capitalized and expenditure for maintenance and repairs are charged to the Profit & Loss Account.

Fixed Assets not ready for their intended use as at the Balance Sheet date of the financial statements are shown as capital work in progress.

**3. Depreciation**

Depreciation on fixed assets has been provided for on the basis of written down value method at the rates and in the manner prescribed under Schedule XIV (as amended) of the Companies Act, 1956.

**4. Impairment of Assets**

The carrying amount of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the respective assets. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.



## MSP STEEL & POWER LIMITED

### 5. Revenue Recognition

(i) Revenue from Sale of goods and services rendered is recognized upon passage of title and rendering of services, to the customers. Sales are accounted for on the basis of ex-works delivery.

(ii) Insurance and other claims to the extent considered recoverable, are accounted for in the year of claims. However claims and refunds whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

### 6. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying asset are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use or complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### 7. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

### 8. Investments

Current quoted investments are stated at lower of cost or market rate on individual investment basis. Unquoted and long term investments are considered at cost, unless there is a permanent decline in value thereof, in which case, adequate provisions is made against such diminution in the value of investment. All the investments are long term investments.

### 9. Inventories

- (i) Finished products are valued at lower of cost on annual average basis and net realizable value.
- (ii) Raw materials, Stores and Spares and Trading Goods are valued at lower of cost computed on FIFO basis and net realizable value.
- (iii) The valuation is net of amounts written off for obsolescence.



**10. Excise Duty**

Excise Duty on Finished Goods lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Excise duties in respect of finished goods are shown separately as an item of manufacturing expenses.

**11. Contingencies**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of Notes to the Accounts.

**12. Earning Per Share**

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

**13. Employees' Benefits**

- (a) The provisions towards gratuity, accrued leave, post-retirement medical and settlement benefits to employees, are made based on the actuarial valuation as at the end of the year.
- (b) Retirement benefit in the form of contribution to Provident Fund is charged to the Profit and Loss Account in the year when they become due.

**14. Foreign Currency Transactions**

- i) Revenue items of foreign currency are accounted for at the rate prevailing on the date of transaction.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates.
- iii) The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions other than those related to fixed assets are recognized in the Profit and Loss Account and in case of fixed assets such exchange differences are capitalized.

**15. Preliminary & Public issue expenses**

Preliminary and public issue expenses are amortized over a period of five years.



**16. Taxation**

Provision for income tax comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Tax on fringe benefits is measured at a specified rate on the value of fringe benefits in accordance with the provisions of section 115WC of the Income Tax Act, 1961.

**B. NOTES ON ACCOUNTS**

**17. Contingent Liabilities Not Provided For (If Any)**

(Rs. In Lakhs)

<b>S.No.</b>	<b>Particulars</b>	<b>31<sup>st</sup> March 2007</b>	<b>31<sup>st</sup> March 2006</b>
01	Outstanding Bank Guarantee	283.00	3.00
02	Estimated amount of contracts remaining to be executed on capital account and not provided for ( Net of advances )	17.17	3476.62

**18. Secured Loans**

**Nature of Security**

**i) For Term Loan :**

**The Rupee Term loans from banks are secured by way of the following:**

- a) Equitable mortgage of factory land and building and all the immovable fixed assets and Hypothecation of all the plant and machinery and other movable assets on pari passu basis with all the term lenders of the company.
- b) Second charge over all the current assets of the company, present and future, on pari passu basis with all the term lenders of the company.
- c) Corporate guarantee of M/s. Rama Alloys Private Limited (Associate company) as a collateral security.
- d) Personal Guarantee of the all the promoters' directors of the company.
- e) Term loan aggregation to Rs. 13,50,50,000 (P.Y. - Rs. 6,00,25,000) are payable within one year.



**ii) Working capital limit:**

**The cash credit and other working capital facilities from banks are secured by way of the following:**

- a) First hypothecation charge on entire current assets i.e raw materials stock in process, finished goods, consumable stores and receivable on *Pari-passu* basis (both present and future).
- b) Second charge on factory land and building and all the immovable fixed assets and Hypothecation of all the plant and machinery and other movable assets on *pari passu* basis.
- c) Corporate Guarantee of the Rama Alloys Private Limited (Associate company) as a collateral security .
- d) Personal Guarantee of the all the promoters' directors of the company.

**iii) Others loans:**

- a) Others loans availed for acquiring vehicles are secured by hypothecation of the respective vehicles.
- b) Loan against fixed deposit are secured by pledge of fixed deposit.

**19. Managerial Remuneration**

The company has paid remuneration by way of salary to its Chairman and Managing Director within the limit specified under Schedule XIII and approved by the board and shareholders of the Company. The details of remuneration paid during the year are as follows.

<b>Name</b>	<b>Salary (Rs.)</b>	<b>Period of Contract</b>	
		<b>From</b>	<b>To</b>
Mr. Puranmal Agrawal (Chairman cum whole time Director)	25000/- per month	10.07.2004	09.07.2007
Mr. Suresh Kumar Agrawal (Managing Director)	25000/- per month	10.07.2004	09.07.2007



## MSP STEEL & POWER LIMITED

### 20. Earning Per Share (EPS)

In terms of Accounting Standard- 20, the calculation of EPS is given below

S.No.	Particulars	2006-2007	2005-2006
01	Net profit after tax for the year (Rs.)	201785067	10699051
02	Number of equity shares	58100000	58100000
03	Basic Earnings per share (Rs.)	3.47	0.18
04	Diluted Earnings per share (Rs.)	3.47	0.20

### 21. Deferred Tax Liability

In terms of Accounting Standard – 22, the calculation of Deferred Tax liability is as follows

(Amount In Rs.)			
S.No	Particulars	31.03.2007	31.03.2006
01	Written down value of the fixed assets as per Companies Act	1100242202.50	822,359,932.00
02	Written down value of the fixed assets as per Income Tax Act	1016890454.55	746,972,544.00
03	Timing Differences	83351747.95	75,387,388.00
04	Deferred Tax Liability	28056198.36	25,375,395.00
05	Opening Deferred Tax Liability	25375394.60	12,864,300.00
06	Deferred Tax Liability Provided During the Year	2680803.76	12,511,095.00

22. In terms of section 115JB of the Income Tax Act, 1961, Minimum Alternate tax amounting to Rs.27305837.00 for the year ended 31<sup>st</sup> March 2007 has been provided in the accounts, which may be available as tax credit for set off in the future years in terms of section 115JAA of the aforesaid Act.

23. Sundry creditors include Rs. Nil due to Small Scale and ancillary industrial undertaking (SSI) to the extent such parties have been identified from the available documents /information.

24. As there is no employees worked for a completed period of five years or more, the provisions of Gratuity Act, 1972 does not apply to the company and hence no provision for gratuity has been made during the year.

25. The balances in various accounts in sundry creditors, sundry debtors and loans and advances are subject to confirmation and reconciliation. Company has shown the figures as per values appearing in the books of accounts.

26. Bad Debts during the year includes doubtful loan of Rs. 30,812/- (Including interest of Rs. 5812.00).



## MSP STEEL & POWER LIMITED

### 27. Financial Reporting of Interest in Joint Ventures

Company has been allotted coal block of Madanpur (South) by the Ministry of Coal, Government of India, along with Chhattisgarh Electricity Co. Limited, Hindustan Zinc Limited, Akshay Investment Private Limited and Chhattisgarh Steel & Power Limited. As per the terms of allotment, all the allottees have formed a joint venture company namely Madanpur South Coal Co. Ltd.

**In compliance of AS-27 'Financial Reporting of Interest in Joint Ventures', the required information is as under:**

Name of Joint Venture	Description of interest	Proportion of ownership interest
Madanpur South Coal Co. Ltd.	Jointly Controlled Entity (To explore, prospect, develop the coal block for captive consumption)	17.99%

#### Financial interest in Jointly controlled entity:

(Amount In Rs.)

Name of Joint Venture	Company's investment in Equity shares	Company's Loans & Advances
Madanpur South Coal Co. Ltd.	6896000	4402000

Note: Share in Contingent Liabilities of Joint Venture itself for which the company is contingently liable as on 31.03.2007 Rs. 44,00,000/-

### 28. CIF Value of imports during the year:

(Amount In Rs.)

Particulars	2006-07	2005-06
Consumable stores and spare parts	1501000	6971000
Capital Goods	1705000	NIL

### 29. Segment Information:

The Company's business activity primarily falls within a single reportable segment i.e. Iron and Steel Products, which are subject to similar risk and returns. The company has also its own power plant having an installed capacity of 190080000K.WH. The major portion of power i.e. 83746965K.WH. generated from the captive power plant is consumed in house for production purpose and the balance portion i.e. 24051405K.WH. have been sold to group company having value of Rs. 716.40 lacs.

The company does not have any geographical segment. Hence, there is no separate segment reporting which is in conformity with the Accounting Standard-17 issued by The Institute of Chartered Accountants of India.



## MSP STEEL & POWER LIMITED

### 30.Related Party Disclosure:

- Name of the related parties with whom the transactions were carried out during the year.

Names of the Related Parties	Relationship
Howrah Gases Limited	Associates
MSP Sponge Iron Ltd.	Associates
MSP Metallics Ltd.	Associates
Larigo Investment Private Limited	Associates
Madanpur South Coal Co. Ltd.	Jointly Controlled Entity
Mr.Puranmal Agrawal.	Key Managerial Person (KMP)
Mr.Suresh Agrawal.	Key Managerial Person (KMP)
Mr.Manish Agrawal.	Key Managerial Person (KMP)
Mr.Saket Agrawal.	Key Managerial Person (KMP)
Mrs.Kisturi Devi Agrawal.	Relative of KMP
Mrs.Kiran Agrawal.	Relative of KMP
Mrs.Nisha Agrawal.	Relative of KMP

- Transaction during the year with related parties

(Amt. In Lacs)

Nature of Transaction	Associates	Jointly Controlled Entity	KMP	Relative of KMP	Total
Sales	1016.43 (3.18)	-	-	-	1016.43 (3.18)
Purchases	1198.46 (817.48)	-	-	-	1198.46 (817.48)
Subscription to Equity shares	400.00 (0.00)	68.96 (0.00)	-	-	468.96 (0.00)
Loans & Advances	-	44.02 (0.00)			44.02 (0.00)
Rent	-	-	0.96 (0.96)	1.08 (1.08)	2.04 (2.22)
Remuneration	-	-	6.00 (6.00)	-	6.00 (6.00)
Interest	-	-	-	-	-
					(0.13)

Notes: Figures in brackets relate to previous year.



## MSP STEEL & POWER LIMITED

### ▪ Closing Balance:

(Amt. In Lacs)

Relationship	Balance as on 31.03.07	Balance as on 31.03.06
Howrah Gases Limited	3.97 Dr.	4.74 Cr.
MSP Sponge Iron Ltd.	168.46 Dr.	33.84 Cr.
MSP Metallics Ltd.	25.78 Dr.	Nil
Madanpur South Coal Co. Ltd.	44.02 Dr.	Nil
MSP Steels Limited	7.83 Dr.	1.16 Dr.
Larigo Investment Private Limited	Nil	2.32 Dr.

31. Value of Raw Materials and Components, Stores and Spares consumed during the period(including trial run, items shown under other heads of expenses, Unserviceable and /or damaged items written down and/or written off): -

Particulars	Raw Material and Components				Stores and Spares			
	2006-07		2005-06		2006-07		2005-06	
	Amount (In Rs.)	%	Amount (In Rs.)	%	Amount (In Rs.)	%	Amount (In Rs.)	%
Indigenous	1,42,17,63,409	100	65,84,40,368	100	6,73,51,798	98	46,01,302	40
Imported	-	-	-	-	15,01,000	02	69,71,000	60
<b>Total</b>	<b>1,42,17,63,409</b>	<b>100</b>	<b>65,84,40,368</b>	<b>100</b>	<b>6,88,52,798</b>	<b>100</b>	<b>1,15,72,302</b>	<b>100</b>

**Note:** - The above figures are inclusive of transit losses and shortages.



## MSP STEEL & POWER LIMITED

### 32. Quantitative Information pursuant to Para 3 & 4 of part II of schedule VI to the Companies Act, 1956:

#### A. Detail of Capacity & Production:

S.No.	Items	Units	Installed Capacity	Production
01	Sponge	M.T.	192000.00	125640.00
02	MS Ingot/ Billet	M.T.	95109.00	48958.93
03	TMT Bar	M.T.	80000.00	33600.23
04	Captive Power plant	K.WH.	190080000.00	107798370.00
05	Coal washery	M.T.	345600.00	293748.00

#### B. Quantitative Information: production, stock, sales of goods produced /traded during the year:

##### (i) Raw Material

(Amt. In Lacs)

Particulars	Unit	Opening Balance		Purchases/ Production		Consumption / Sales		Closing Balance	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Coal	M.T.	43653.26	558.17	389665.65	3,543.87	355993.26	3410.09	77325.65	691.96
Previous Year	M.T.	25036.27	326.61	177961.8	2269.02	159344.85	2037.46	43653.26	558.17
Iron Ore	M.T.	7970.64	354.17	308411.2	8,332.61	262727	7,213.60	53654.85	1473.18
Previous Year	M.T.	21765	600.94	124024.5	4008.68	137819.28	4255.44	7970.24	354.18
Dolomite	M.T.	478.49	3.03	4257.77	27.14	4006.00	25.52	730.26	4.65
Previous Year	M.T.	488.46	2.65	2221.27	14.53	2231.24	14.15	478.49	3.03
Ferrous Material (RMD)	M.T.	0	0	35053.02	6349.66	35015.67	6342.89	37.342	6.76
Ferrous Material (SMS)	M.T.	779.84	86.06	61245.97	6547.32	60801	6484.96	1224.81	148.42

**Note:** - Purchase value of Raw Material includes cost of transportation, handling charges. Consumption includes shortages.



## MSP STEEL & POWER LIMITED

### (ii) Trading Goods

(Amt. In Lacs)

Particulars	Unit	Opening Balance		Purchases/ Production		Consumption/ Sales		Closing Balance	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Oxygen Gas	Cu M	257.00	0.30	0.00	0.00	0.00	0.00	257.00	0.30
Previous Year	Cu M	257.00	0.30	0.00	0.00	0.00	0.00	257.00	0.30
Tor Steel	M.T.	0.00	0.00	2427.37	491.50	2427.37	556.57	0.00	0.00
Previous Year	M.T.	0.00	0.00	37.80	8.67	37.80	8.67	0	0
TMT Bar	M.T.	0.00	0.00	6357.86	1398.79	6357.86	1,576.86	0.00	0.00
Previous Year	M.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### iii) By Products

(Amt. In Lacs)

Particulars	Unit	Opening Balance		Purchases/ Production		Consumption/ Sales		Closing Balance	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Iron ore Fines	M.T.	15202.82	106.42	40690.00	173.04	0.00	0.00	55892.82	279.46
Previous Year	M.T.	0.00	0.00	15202.82	106.42	0.00	0.00	15202.82	106.42
Coal Fines	M.T.	5092.44	50.00	108966.10	685.25	81342.56	563.50	32715.98	171.75
Previous Year	M.T.	0.00	0.00	8005.57	37.95	2913.13	26.22	5092.44	50.00



## MSP STEEL & POWER LIMITED

### (iv) Finished Goods

(Amt. In Lacs)

Particulars	Unit	Opening Balance		Purchases/ Production		Consumption / Sales		Closing Balance	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Katha	Kg.	7.19	7.47	0.00	0.00	0.00	0.00	7.19	7.47
Previous Year	Kg.			0.00	0.00	0.00	0.00	7.19	7.47
Cutch	Kg.	3.06	0.58	0.00	0.00	0.00	0.00	3.06	0.58
Previous Year	Kg.			0.00	0.00	0.00	0.00	3.06	0.58
Sponge Iron	M.T.	1083.3	103.21	125640.0	12432.84	125744.74	12608.33	978.56	112.79
Previous Year	M.T.	2777.35	261.00	75777.00	13320.43	77471.05	6486.48	1083.30	103.21
MS Ingot/ Billets	M.T.	458.3	61.89	48958.93	8952.40	48113.73	8535.08	1303.5	259.82
Previous Year	M.T.	0.00	0.00	10638.046	1361.41	10179.74	1480.99	458.30	61.89
TMT Bar	M.T.	0.00	0.00	33600.23	7073.74	32950.18	6139.14	650.05	120.46
Previous Year	M.T.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Note: - Consumption includes self consumption also.  
Stock of Katha & Cutch is shown under Trading Goods.**

**33.**Figures for the previous year have been regrouped / rearranged wherever necessary.

Signature to Schedule 1 to 20

In terms of our report of even date annexed

**For Dwarka Ashok & Associates**  
Chartered Accountants

For and on behalf of the Board

Lakshman Gupta  
*Partner*

Membership No. 061806

Puranmal Agrawal  
*Chairman*

Suresh Kumar Agrawal  
*Managing Director*

Place: Kolkata

Dated : 07.06.2007

Pinky Gupta  
*Company Secretary*



**MSP STEEL & POWER LIMITED**

**ANNEXURE TO THE NOTES ON ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH,2007**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	27399 of 1968	State Code	21
Balance Sheet Date	31	03	07

**II. Capital Raised During the year(Amount in Rs. Thousands)**

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

**III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
2,015,210	2,015,210

**Sources of Funds**

Paid-up Capital	Reserves & Surplus	Secured Loans	Un-Secured Loans
581000	250980	940474	214700
Deferred Tax			
28056			

**Application of Funds**

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
1100242	54091	670664	7620
Capital Work-in-progress	Accumulated Losses		
182593	NIL		

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure	Profit/Loss before Tax
2238468	2006163	232305
Profit/Loss After Tax	Earning per Share in Rs.	Dividend
201,911.00	3.47	NIL

**V. Generic Names of Three Principal Products/Services of the Company**

(As per monetary terms)

Item Code No. (ITC Code)	7214 90 00	Item Code No. (ITC Code)	7224 90 91
Product	TMT Bar	Product	Billet
Item Code No. (ITC Code)	7203 10 00	Item Code No. (ITC Code)	7206 10 09
Product	Sponge Iron	Product	Ingots

**For Dwarka Ashok & Associates**

*Chartered Accountants*

For and on behalf of the Board

Puranmal Agrawal  
*Chairman*

Lakshman Gupta  
*Partner*

Membership No. 061806

Suresh Kumar Agrawal  
*Managing Director*

Place: Kolkata

Dated : 07.06.2007

Pinky Gupta  
*Company Secretary*