

# FOR A STRONGER FUTURE

MSP Steel & Power Limited  
Annual Report  
2014-15



## FORWARD LOOKING STATEMENTS

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

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# Corporate Information

## BOARD OF DIRECTORS

Chairman	:	Mr. Puran Mal Agrawal
Managing Director	:	Mr. Saket Agrawal
Non Executive Directors	:	Mr. Manish Agrawal
Independent Directors	:	Mr. Kapil Deo Pandey Mr. Navneet Jagatramka Mr. Ashok Kumar Soin Mrs. Priyanka Tiwari
Company Secretary	:	Ms. Ruchi Garg
Chief Financial Officer	:	Mr. Kamal Kumar Jain
Auditors	:	M/s. Sunil Kumar Agrawal & Associates <i>Chartered Accountants</i>

## BANKERS

State Bank of India
ING Vyasa Bank
Syndicate Bank
UCO Bank
Indian Overseas Bank
State Bank of Mysore
Allahabad Bank
State Bank of Bikaner & Jaipur
Corporation Bank
DBS Bank Limited
ICICI Bank Limited
Union Bank of India
Dena Bank
Oriental Bank of Commerce

## CIN

L27109WB1968PLC027399

## REGISTERED OFFICE

1, Crooked Lane, Kolkata-700 069  
Ph.No. (033)22483795; Fax No. (033) 22484138

## CORPORATE OFFICE

16/S, Block – A, New Alipore,  
Kolkata – 700 053  
Ph No.: (033) 40057777/23990038/3940  
Fax No. (033) 40057788/23982239  
E-mail:- [investor.contact@mspsteel.com](mailto:investor.contact@mspsteel.com)

## SHARE REGISTRARS

Karvy Computershare Pvt. Ltd.  
46, Avenue 4, Street No. 1  
Banjara Hills,  
Hyderabad- 500 034

## A Glimpse of MSP Steel & Power Ltd.

At MSP Steel & Power Limited (MSPL), we are amongst the forerunner of steel manufacturers in India. We have a diverse product mix that consists of pellets, sponge iron, billet, power, TMT Bars and structurals such as joists, angles, channels and beams. We have fully integrated and consolidated across the value chain and have manufacturing facilities at Jamgaon, Raigarh in Chhattisgarh.

## Our mission

to rise from a regional player to a leading national player.

## Our vision

to unleash the power of our products, to help enhance the Country's economic growth and the well being of its citizens.

# A diversified product portfolio

PELLETS	FY 14-15	FY 13-14
Sales (₹ in Cr)	132.92	120.85

MS INGOTS/ BILLETS	FY 14-15	FY 13-14
Sales (₹ in Cr)	183.22	250.28

STRUCTURAL PRODUCTS	FY 14-15	FY 13-14
Sales (₹ in Cr)	224.07	194.39

SPONGE IRON	FY 14-15	FY 13-14
Sales (₹ in Cr)	171.25	156.51

TMT BARS	FY 14-15	FY 13-14
Sales (₹ in Cr)	295.46	281.45

POWER	FY 14-15	FY 13-14
Sales (₹ in Cr)	32.68	32.97

## CAPACITY UTILIZATION RATE (%)

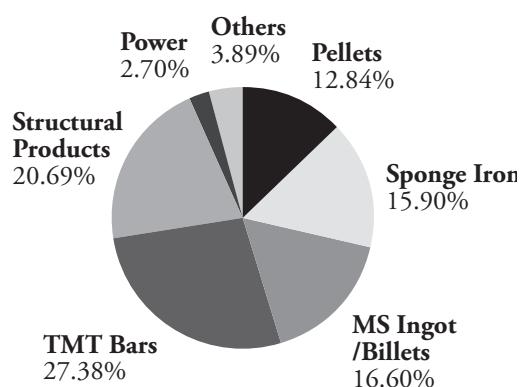
PRODUCT	FY 14-15
Pellets	77.00
Sponge Iron	91.20
MS Ingots/Billets*	71.11
TMT Bars**	93.93
Structural Products***	54.72
Power	71.27

\*Commissioned additional new capacities of 54,000 Mt made in the month of Sept'2014

\*\*Commissioned additional new capacities of 25,000 Mt made in the month of Sept'2014

\*\*\* Commissioned additional new capacities of 40,000 Mt made in the month of Mar'2015

## SALES DISTRIBUTION OF PRODUCTS



## OUR PERFORMANCE OVER THE LAST FEW YEARS

PARAMETERS	UNIT	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Gross Turnover	(₹ in Cr)	395.85	519.75	751.77	1015.35	1308.56	1,210.65
Cash Profit	(₹ in Cr)	44.62	86.42	62.77	66.4	75.79	(49.63)
Profit after tax	(₹ in Cr)	32.05	50.21	26.03	20.12	21.00	(102.57)
Gross Block	(₹ in Cr)	292.22	555.27	580.66	1016.81	1184.97	1,375.57
EPS	₹	5.52	8.62	4.39	2.96	2.38	(11.64)
Gearing Ratio	%	2.06	2.12	2.33	1.58	1.48	1.92
Book Value per share	₹	34.65	42.1	67.88	62.75	77.39	65.73

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

**J**

## Message from the **Chairman**



**Dear Shareholders,**

The global steel industry is going through a challenging phase, which has been aggravated by excess capacity, weak demand growth and the adverse impact of the rising steel exports from China (due to large surplus capacities and a slowdown domestic demand), which during 2014 marked the first time when annualized Chinese steel export hits the 100 million tonne mark. The world crude steel production reached 1665 million tonnes (mt) and showed a growth of 1% over 2013. China remained the world's largest crude steel producer in 2014 (823 mt) followed by Japan (110.7 mt), the USA (88.2 mt) and India (86.5 mt) at the 4th position in producing steel in the world. The domestic steel demand grew by 3.1% in F.Y 2015, imports of finished steel into India surged by 71% to 9.3 million tonnes. In the financial year 2014-15,

production for sale of total finished steel (alloy + non alloy) was 91.46 mt, a growth of 4.3% over 2013-14. Production for sale of Pig Iron in 2014-15 was 9.7 mt, a growth of 22% over 2013-14. India is the largest producer of sponge iron in the world with the coal based route accounting for 90% of total sponge iron production in the country. Rapid rise in production has resulted in India becoming the 3rd largest producer of crude steel in 2015 and the country continues to be the largest producer of sponge iron in the world.

GDP growth in India stood at 7.3% for the FY 2015. My belief is that we are at the cusp of sustained stronger growth in the light of planned infrastructural spending by the government. Though the FY 2015 growth and the steel sector was particularly impacted by the lack of demand, this is expected to pick up over the next few years. Decline in crude prices is likely to lead to lower fuel costs which shall be a major boost to Indians as continue to be one of the highest importers of crude. India's steel production rose by 7.9 per cent to 88.12 million tonnes last fiscal compared with the previous year. Despite increase in steel output, imports have surged by 71 per cent to record 9.32 million tonnes in 2014-15 fiscal.

As a facilitator, the Government monitors the steel market conditions and adopts fiscal and other policy measures based on its assessment. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel

industry. Currently, basic excise duty for steel is set at 12.5% and there is no export duty on steel items.

The steel industry is often considered an indicator of economic progress, because of the critical role played by steel in infrastructural and overall economic development. Your Company is confident about the future plans of the company and the given integrated nature of our operations. The Company is focus on continuous improvement leading to greater efficiency. The future plans of the Company is to reduce cost, operate at high levels of capacity utilization to ensure a higher sales turnover & optimize its margin.

The dynamic performance of the Company will lead to meet the Challenges. The dedication of our team will lead to a steady movement toward the targeted goal of the Company. Our company which is likely to improve the efficiency and quality of products being manufactured in coming years with the support of all concerned. In addition, we will fulfill our obligations to all our stakeholders, customers and employees as well as the nation and the larger society, providing all of them with industry-leading values through advanced and responsible management.

With best wishes,

**Puran Mal Agrawal**

*Chairman*

**G** The Management understands the tough conditions the Company is going through and hopes that with the inflow of funds as approved by the CDR EG it will improve the present conditions of the Company in near future. We shall be focusing in stabilising our operations and improve our efficiency at all the levels.

**J**

Message from the

# Managing Director



**Dear Shareholders,**

The last twelve months were challenging to say the least especially for the steel industry. Being a core sector, the industry tracks the overall economic growth in the long term. As you may be aware, steel demand is a derivative of growth in sectors like automobiles, consumer durables and infrastructure and its fortune dependent on the growth of these user industries.

The global steel industry is facing challenges amidst weak global growth, large volumes of exports of finished steel by China and volatile currency movements. Indian players are subject to three challenges - scarcity of key raw material, moderate domestic demand and proliferation of unrestrained "dumping" of steel. Your Company too is not insulated from these macro-factors and hence

impacted by such market conditions resulting in an earnings decline over the last few quarters.

Adverse market demand coupled with scarcity and unavailability of raw materials has put tremendous strain on operations and liquidity. The cancellation of coal blocks by the Supreme Court and the closure of iron ore mines in Odisha has led to a massive shortage of raw materials and increased procurement cost as well resulting in reduced profitability.

This has impacted the Company's business consequent to which the Company's turnover tumbled to a level of ₹ 1210.65 Crs which represents a decline of 7.48% as compared to last year resulting to a net loss of ₹ 102.57 Crs. in the F.Y 2014-15.

Given the constraints and stressed industry scenario, your company decided to approach the lenders for Corporate Debt Restructuring. This was essential to ensure sustainable operations of the company and correct cash-flow mismatch that the company is currently facing. The restructuring of debt will enable your company to tide over strenuous liquidity conditions and ensure smooth running of its operations. The scheme of restructuring was approved by the CDR cell of the RBI on 23rd March, 2015 wherein the debt facilities of your company have been restructured to align repayment obligations with the sustainable cash-flows.

I would like to highlight that despite the tough working environment, your company has been able to achieve significantly higher level of capacity utilization compared to peers in the industry due to sustained efficiencies. Besides, we have also been able to maintain a lean cost structure due to our past efforts in increasing efficiencies and setting up cost-reduction mechanisms and technologies.

The current economic environment in combination with growth ambitions carries with it an evolving set of

risks. Your company, recognises that these risk need to be managed to protect its customers, employees, shareholders and other stakeholders & to achieve its business objective and enable sustainable growth. An integrated system of risk management and internal controls framework has been deployed taking into account various factors such as size and nature of the inherent risk and the regulatory environment.

Your company, realizes its responsibility towards the society in which it operates and contributes towards the society and environment. The Company has been involved in various social works such as providing clean drinking water in the areas in and around the plant location, renovation of schools, building of concrete roads, providing medical help to the poor, etc. I must acknowledge the immense contribution of the employees, shareholders, all stakeholders for their continuous trust and support to the Company.

Today, we are confident of achieving our planned objective on time, with our vibrant and dynamic Human Resources. The Management is looking forward towards a great year ahead for your company. We believe that the current government is making the right choice and taking the right steps towards creating an enabling environment for sustainable growth. With increased focus of the government of structural growth in times to come, we believe that demand conditions will improve. As infrastructure spend starts to grow, slowly but surely, the company will benefit as our systems and processes start yielding desired results.

With best wishes,

**Saket Agrawal**

*Managing Director*

# Corporate Social Responsibility

## **Community Welfare**

Providing safe drinking water by installing Tube Wells, Pumps in Beleria and HP Pump in the village, Bhuiyapali. We also undertook the charge for the renovation and setup of GYM and Badminton Court, made contributions in different cultural/social welfare, sports activities, motivational programmes in the rural area.

## **Infrastructural Development**

We have constructed cement concrete/tarmac road in the rural areas, constructed toilets at villages such as Jamgaon, Behrapali, Sapnai, Saraipali, Kolaibahal, Bhuiyanpali, etc.

## **Education**

Running an English medium school in Jamgaon, distribution of free school uniforms and school books, renovation of old school building and providing teaching faculty at various local schools in and around the plant site.

## **Health And Safety**

Provides free medicines for the poor, 24 hours ambulance services, free medical check-ups and promoting health care including preventive health care by running a hospital to provide adequate and quick medical service.

## **Environment**

Our focus is on the all-round development of the communities around our plants located mostly in distant rural areas and conservation of natural resource by making and renovating ponds, providing safe drinking water in and around its plant.

## **CHANGE THE WAY – THE WAY YOU WANT TO SEE THE WORLD**

## **Activities Around Us**

“Human development is the development of the future of our country”; for the youth different cultural programmes was initiated, social welfare programmes, different sports activities and motivational programmes were organised for the development in the rural area.

A Concrete / Tarmac road was constructed in Mahapali village for better transportation and communication.

## **Step Ahead Towards Public Welfare**

MSP Group took the initiatives to step ahead for renovation and setup of GYM and Badminton court in Chakradhar Club, strives to provide efficient teaching faculty not only in its school but also to the nearby local schools.

Review & Perspectives of  
Financial  
Statements

# Directors' Report

Dear Shareholders,

Your Directors have the pleasure of placing before you the 46th Annual Report with Audited Statement of Accounts for the year ended 31st March, 2015

## FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Revenue from Operations (Gross)	1,21,064.55	1,30,856.20
Profit before Depreciation and Tax	(9,815.48)	8,653.05
Less: Depreciation	5,293.82	5,479.61
<b>Profit Before Tax</b>	<b>(15,109.30)</b>	<b>3,173.44</b>
Less : Provision for Income Tax (Including earlier years)	-	25.87
Provision for Deferred Tax	(4,852.18)	1,047.23
<b>Net Profit</b>	<b>(10,257.12)</b>	<b>2,100.34</b>
Add: Balance brought forward	25,602.30	23,501.96
Less: Appropriations	16.98	-
<b>Surplus carried to Balance Sheet</b>	<b>15,328.20</b>	<b>25,602.30</b>

## STATE OF THE COMPANY'S AFFAIRS

During the year 2014-15, your Company achieved a total revenue of ₹1,09,754.16 lacs as compared to ₹1,22,905.89 lacs in the previous year which reflects a decline of around 10.7%. Your company incurred loss during the year under review which was mainly due to hike in the price of raw materials, rising borrowing costs and other global factors. The net loss for the year under review was ₹10,257.12 lacs against profit of ₹2100.34 lacs in the previous year.

Further, the following events occurred during the financial year of the Company to which the financial statements relate.

a. The Company has applied for restructuring of its debts to the Corporate Debt Restructuring Empowered Group (CDR Cell) and has received the provisional letter of approval via Letter No. BY.CDR (JKG) No. 954/2014-15 dated 23rd March, 2015 pursuant to the CDR package approved by the CDR empowered group.

During the year under the review no transfer was made to any reserve.

## EXPANSION PROJECTS

During the year under review major part of the Infra project of Rupees Seventy Eight Crores Seventy Six Lacs has been completed and out of it thirty four crores and seventy lacs has already been capitalized. The Company has also proposed to set up a railway siding of 2.5 Km and track of 3.6 Km at its plant location, work on which will start after receipt of approval from Railway Authorities.

## DIVIDEND

The Board of Directors have not recommended any dividend for the Financial Year 2014-15 on Equity as well as 6% Non-cumulative, Non-convertible Redeemable Preference Shares.

## LISTING OF SHARES

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited, having nation wide terminal to facilitate easy and convenient trading nation wide. The Company has paid the annual Listing Fees to both the Stock Exchanges for the Financial Year 2015-16.

## BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Puran Mal Agrawal

retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

The Board consists of seven Directors at present consisting of one Executive and six Non- Executive Directors.

During the year Mr. Suresh Kumar Agrawal, former Managing Director and Mr. Amit Mehta, former Non-executive Independent Director resigned w.e.f from 14th November, 2014 and 17th October, 2014 respectively. Consequently the Board appointed Mr. Saket Agrawal as the Managing Director of the Company w.e.f 14th November, 2014 subject to the approval of the members. Ms. Ruchi Garg, Company Secretary of the Company and Mr. Kamal Kumar Jain, Chief Financial Officer (Appointed on 18th February, 2015) of the Company were designated as Key Managerial Personnel in conformity of the provisions of the Companies Act, 2013 and the Rules framed there under.

The Board of Directors met nine times during the year, the details of which are given in the Report of Corporate Governance attached with this Annual Report.

Further Mr. Arvind Kumar Saraf, Non-executive Independent Director resigned from his office and Mr. Kapil Deo Pandey was appointed as an Additional Non-executive Independent Director w.e.f 17th June, 2015.

The Company has received a declaration from all the Independent Directors of the Company that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013 read with relevant Rules made thereunder and Listing Agreements with the Stock Exchanges.

#### ➤ **Performance Evaluation**

In order to align with the provisions of Section 178, Schedule IV and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder, the provisions of the Listing Agreement entered by the Company with the Stock Exchanges and acting on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of MSP Steel & Power Ltd. has formulated criteria and policy to evaluate the performance of the Independent Directors and Non Independent Directors of the Company.

The evaluation of all Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution. The Board approved the evaluation report as collated by the Nomination & Remuneration Committee of the Company.

#### ➤ **Policy on appointment & remuneration**

In terms with the provisions of the Section 178 and all other sections, if applicable, of the Companies Act, 2013 read with relevant Rules framed thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchanges MSP Steel & Power Ltd. ('The Company') on the recommendation of the Nomination & Remuneration Committee of the Board laid down a policy for:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- The criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Lay down criteria for evaluation of Directors (including both Executive and Non-executive Directors) and the Board.
- Devise a policy on Board diversity.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is attached as **ANNEXURE-1** which forms part of this report

#### ➤ **Audit Committee**

The Board has reconstituted the Audit Committee as per the provisions of the Companies Act, 2013 and the Rules framed thereunder and the Listing Agreement entered with the Stock Exchanges. Due to the resignation of Mr. Arvind

Kumar Saraf, Chairman of the Committee the Board has appointed Mrs. Priyanka Tiwari as the new Chairman w.e.f

17th June, 2015. The committee consists of:

Name	Position held	Category
Mr. Arvind Kumar Saraf*	Chairman	Non-Executive Independent Director
Mrs. Priyanka Tiwari**	Chairman	Non-Executive Independent Director
Mr. Navneet Jagatramka	Member	Non-Executive Independent Director
Mr. Saket Agrawal	Member	Executive Director

\* Resigned from the Directorship w.e.f 17th June, 2015

\*\* Designated as the Chairman w.e.f 17th June, 2015

#### ➤ Corporate Social Responsibility

Pursuant to Section 135 read with Schedule VII of the Companies Act, 2013 and the Rules made there under, the

Board of Directors in a meeting held on 30th May, 2014 constituted a Corporate Social Responsibility Committee with:

Name	Position Held	Category
Mr. Manish Agrawal	Chairman	Non- Executive Director
Mr. Saket Agrawal	Member	Executive Director
Mr. Arvind Kumar Saraf*	Member	Non-Executive Independent Director
Mr. Kapil Deo Pandey**	Member	Non-Executive Independent Director

\* Resigned from the Directorship w.e.f 17th June, 2015

\*\* Appointed as a member w.e.f 17th June, 2015

The Company is well aware of its responsibility towards the Society & hence the Company has taken efforts to improve the living condition in the vicinity of its plant & surrounding areas. The Company continues its efforts towards the society & complies with Section 135 of the Act read with relevant Rules framed thereunder. The Board on the recommendation of CSR committee has formulated a policy on CSR to regulate the Company's activities, amount to be spent on CSR, etc.

In terms with the Companies Act, 2013 read with the relevant Rules framed under it the Company has spent 2% of its average net profits of the preceding three financial years. The Annual Report on Corporate Social Responsibility is attached as **ANNEXURE-2** which forms part of this report.

#### AUDITORS

##### Statutory Auditors

The present Statutory Auditors of the Company M/s. Sunil Kumar Agrawal & Associates, Chartered Accountants shall hold office upto the conclusion of the ensuing Annual General Meeting of the Company and being eligible has expressed their willingness to be re-appointed. The said auditors have further furnished a certificate to the Company of their eligibility & consent under Section 141 of the Companies Act, 2013 and Rules made thereunder.

##### Cost Auditor

Pursuant to Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Cost

Records and Audit Rules), 2014 the Board of Directors had appointed Mr. Sambhu Banerjee as Cost Auditor of the Company to conduct Cost Audit for the financial year ending 31st March, 2016.

#### **Secretarial Auditor**

Pursuant to Section 204 of the Companies Act, 2013 read relevant Rules made thereunder, the company has appointed M/s. PS & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company to conduct Secretarial audit for the year ending 31st March, 2016.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2015 and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **SUBSIDIARIES & ASSOCIATES**

As on date the Company has one wholly owned subsidiary named MSP Cement Ltd., one subsidiary named M/s. AA ESS Tradelinks Pvt. Ltd. and one joint venture named M/s. Madanpur South Coal Company Ltd. The Consolidated financial statements prepared by the Company include financial information of its subsidiaries and joint venture prepared in compliance with applicable Accounting Standards. MSP Group International Singapore (PTE) Limited which was the only foreign wholly owned subsidiary of the company was struck off during the year under review.

Further a statement containing the salient feature of the financial statement of a company's subsidiaries and joint venture under the first proviso to sub-section (3) of Section 129 in the prescribed format in AOC-1 is attached as **ANNEXURE-3** which forms part of this report. And the copies of financial statement including consolidated financial statement, audited accounts of each subsidiary and joint venture companies are open for inspection during the business hours at our corporate office.

#### **DISCLOSURES**

- The Company has received from all its Independent Directors a declaration that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act.
- During the year under review the Board met nine times on 24th April, 2014, 30th May, 2014; 14th August, 2014; 14th November, 2014; 10th December, 2014; 24th January, 2015; 11th February, 2015, 18th February, 2015 and 27th March, 2015. Further the attendance of the Directors are given in the Report of Corporate Governance section of this report.
- Subject to the provisions of Section 197 of the Companies Act, 2013, any director who is in receipt of any commission from the Company and who is a Managing or Whole-time Director of the company shall not be disqualified from receiving any remuneration or commission from subsidiary company of the Company.

➤ **Whistle Blower/Vigil Mechanism Policy**

The Company has put up a Vigil Mechanism (Whistle Blower) Policy for directors and employees to report genuine concerns about the ethical behaviour or suspected/actual fraud or violation of Code of Conduct of the Company. The Contact details of the Chairman of Audit Committee is as follows:

**The Chairman (Audit Committee)**

**MSP Steel & Power Limited**

16/S, Block- A, New Alipore,  
Kolkata- 700 053

➤ **Familiarisation Programme for Independent Directors**

The Board of Directors through various programmes familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc. Brief details of such programmes are provided in Corporate Governance report attached to this Annual Report.

➤ **Nomination & Remuneration Policy**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is attached as **ANNEXURE- 1** which forms part of this report.

➤ **Risk Management Policy**

The Board has formulated and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. Brief details about the policy are provided

in Management Discussion & Analysis Report attached to this Annual Report.

➤ **Particulars of Employees**

As on 31st March, 2015 there are no employee who is in receipt of remuneration in excess of ₹60 lacs, if employed throughout the year or ₹5 lacs per month, if employed for part of the financial year or received remuneration in excess of that drawn by the MD/WTD/Manager and holding 2% or more of Equity Share Capital of the Company as prescribed under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **ANNEXURE-4** which forms part of this report.

➤ **Secretarial Audit**

In terms of Section 204 of the Companies Act, 2013 along with the relevant Rules made thereunder the Company undergo a secretarial audit by M/s. PS & Associates, Practicing Company Secretaries. The secretarial audit report in form MR-3 is attached as **ANNEXURE-5** which forms part of this report.

➤ **Particulars of Loans, guarantees or investments under Section 186 of the Companies Act, 2013**

Loans, guarantees or investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the financial statements provided in this Annual Report

➤ **Management Discussion & Analysis Report**

As per Listing Agreement a report on Management Discussion & Analysis is attached with this report.

➤ **Particulars of Contracts or arrangement with related parties**

The particulars of every contracts or arrangements entered into with the related parties as mentioned in Section 188 of the Companies Act, 2013 and its allied Rules are disclosed in Form No. AOC- 2 is attached as **ANNEXURE- 6** which forms part of this report.

➤ **Extracts of the Annual Return**

Details relating to the extracts of the Annual return in Form MGT-9 is attached as **ANNEXURE-7** which forms part of this report

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is attached as **ANNEXURE- 8** which forms part of this report.

**DEPOSITS**

During the year under review, your company had not accepted any deposits within the meaning of provisions of Chapter V Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

**ACKNOWLEDGEMENTS**

Your directors wish to place on record their gratitude for the valuable guidance and support given by the Government of India, various State Government Departments, Financial Institutions, Banks and various Stake Holders such as Shareholders, Customers, Dealers, Suppliers and Investors during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff of the Company, resulting in the successful performance of the Company during the year.

**For and on behalf of the Board**

Date: August 14, 2015  
Place: Kolkata

**Puran Mal Agrawal**  
*Chairman*

# Annexure -1

## Nomination & Remuneration Policy of the Company

### PREAMBLE

In terms with the provisions of the Section 178 and all other sections, if applicable, of the Companies Act, 2013 read with relevant Rules framed thereunder and Clause 49 of the Listing Agreement entered with the Stock Exchanges MSP Steel & Power Ltd. ('The Company') on the recommendation of the Nomination & Remuneration Committee of the Board lay down a policy for:

- identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- lay down criteria for evaluation of Directors (including both Executive and Non-executive Directors) and the Board.
- devise a policy on Board diversity.

The Company thus has adopted this Nomination & Remuneration policy incorporating all above mentioned points for the Directors, Key Managerial Personnel and Senior Management.

### DEFINITIONS

- i. "Act" means the Companies Act, 2013 and the Rules made thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- ii. "Key Managerial Personnel" means personnel in line with the provisions of the Section 203 of the Companies Act, 2013 and the Rules framed there under.
- iii. "Company" means MSP Steel & Power Limited.
- iv. "Committee" or "Nomination & Remuneration Policy" means committee of the Board of Directors of the Company.

- v. "senior management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the Executive Directors, including all functional heads.
- vi. "Board of Directors" consists of the Chairman, Executive Directors, Non-Executive Directors including Independent Directors
- vii. "Independent Director" means a Director referred to in Section 149 (6) of the Companies Act, 2013.

### APPLICABILITY

This policy is applicable to:

- The Board Members including Independent Directors.
- Key Managerial Personnel.
- Senior Managerial Personnel of the Company.

### DIVERSITY OF THE BOARD

The Company recognises and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one Woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

## POLICY

### Appointment of Managerial Personnel, Director, KMP and Senior Management:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- c. Appointment of Independent Director is also subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and Rules thereunder and the Listing Agreement.

## TERM/TENURE

### a. Managing Director, Whole-Time Director or Manager

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

The Company shall not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who is below the age of twenty-one years or has attained the age of seventy years. However appointment of a person who has attained the age of seventy years may be made by passing a special resolution and complying with the provisions of the Companies Act, 2013 read with the relevant Rules made thereunder.

### b. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

Further no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director (including MSP Steel & Power Ltd.) and three listed companies (including MSP Steel & Power Ltd.) as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

However the appointment of Managing Director, Whole-Time Director, Manager or an Independent Director in addition to the above criteria shall also comply the provisions of the Companies Act, 2013 read with relevant Rules made thereunder, the Listing Agreement including any statutory modification or re-enactment made or to be made in the future.

## REMUNERATION

### Remuneration to the Managing Director, Whole-time Director and Manager

The terms and conditions of appointment and remuneration payable to a Managing Director and Whole-time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval by shareholders at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V to the Companies Act, 2013.

The Executive Directors may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

The remuneration and commission to be paid to the Whole-time Director/ Managing Director/ Manager/Executive Chairman shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Rules made thereunder.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief

Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Any Director who is in receipt of any commission from the Company and who is a Managing or Whole-time Director of the Company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the Company in the Board's Report.

Annual Increments to the Managing/ Whole-time Director(s) shall be within the slabs approved by the shareholders. Increments shall be decided by the Nomination and Remuneration Committee at times it desires to do so but preferably on an annual basis.

However any Director who is in receipt of any commission from the Company and who is a Managing or Whole-Time Director of the Company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the Company in the Board's Report.

If in any financial year a Company has no profits or inadequate profits, the Company shall not pay to its Directors including Managing Director or Whole-time Director or Manager, by way of remuneration any sum exclusive of any fees payable to Directors under sub-section 5 of Section 197 of the Act except in accordance with the provisions of Schedule V of the Act and the approval of the Central Government, wherever required, in such manner as may be provided therein.

#### **Remuneration of Non-Executive Directors**

A Non- executive Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. Provided that the amount of such fees shall not exceed rupees one lacs per meeting of the Board or Committee thereof.

An Independent Director shall not be entitled to any stock option and may receive remuneration by way of fee in conformity with the provisions of the Act, reimbursement of expenses for participation in the Board and other

meetings and profit related commission as may be approved by the shareholders as recommended by the Committee and the Board.

#### **EVALUATION AND REMOVAL**

##### **Evaluation Process**

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on annual basis.

The Committee will be responsible for the distribution of the evaluation forms on annual basis. The Committee will conduct or oversee the ministerial duties to prepare, send, collect and tabulate the evaluation form and schedule conference calls or necessary meetings to facilitate the evaluation. The Chairperson of the Committee may delegate this responsibility to the Company Secretary

Further the Committee shall formulate and recommend to the Board a policy for a performance evaluation policy to evaluate the performance of the Independent Directors and Non Independent Directors of the Company.

##### **Removal**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

#### **AMENDMENT**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as and when deemed fit.

## Annexure -2

# Corporate Social Responsibility for the F.Y 2014-15

**1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:** The Company is well aware of the impact of its operations on the society in which it operates. Hence while adopting business strategies which maximize its stakeholders return the Company tries to minimize its adverse impact on the environment and society by ensuring the social well being of all the stakeholders in alignment with the Company's CSR Policies.

The Company endeavors to make CSR a key business process for sustainable development. MSP STEEL & POWER LIMITED is responsible to continuously enhance stakeholder's wealth; and to conduct its business in an accountable manner that creates a sustained positive impact on society. Our company is committed towards aligning with nature; and has adopted eco-friendly practices. The web link for the CSR Policy is: [mspsteel.com/csr-policy/CSR POLICY.pdf](http://mspsteel.com/csr-policy/CSR%20POLICY.pdf)

**2. The Composition of the CSR Committee:** The composition of the CSR Committee as on 31st March, 2015 is as follows:

Name	Position
Mr. Manish Agrawal	Chairman
Mr. Saket Agrawal	Member
Mr. Arvind Kumar Saraf*	Member
Mr. Kapil Deo Pandey**	Member

\* Resigned w.e.f 17.06.2015

\*\* Appointed w.e.f 17.06.2015

**3. Average net profit of the Company in the last three financial years:** ₹ 3,177.08 lacs

**4. Prescribed CSR Expenditure (2% of the amount as in item no. 3 above):** ₹ 63.56 lacs

**5. Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: ₹ 140 lacs

(b) Amount unspent, if any; N.A

(c) Manner in which the amount spent during the financial year is detailed below:

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programmes 1. Local area 2. Specify the state and district where the project or programmes was undertaken	Amount outlay (budget) project or programmes wise (₹ in lacs)	Amount spent on projects or programmes Sub heads:		Cumulative expenditure upto the F.Y 2014-15 (₹ in lacs)	Amount spent: Direct or through implementing agency
					Direct expenditure (₹ in lacs)	Overheads		
1.	Eradication of illiteracy	Enhancing education in rural area by setting up a school, renovation of the old school buildings.	Raigarh, Chhattisgarh	43.50	42.81	Nil	76.81	Direct
2.	Health	Promoting preventive healthcare	Raigarh, Chhattisgarh	26.50	25.50	Nil	40.50	Direct
3.	Infrastructural development	Rural development projects	Raigarh, Chhattisgarh	16.50	15.86	Nil	78.20	Direct
4.	Social Activity	Improving Living Conditions	Raigarh, Chhattisgarh	53.50	51.19	Nil	85.19	Direct
			<b>Total</b>	<b>140.0</b>	<b>135.36</b>	<b>Nil</b>	<b>280.7</b>	

## RESPONSIBILITY STATEMENT

The responsibility statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with the CSR objectives and Policy of the Company.'

Date: August 14, 2015

**Saket Agrawal**  
*Managing Director*

**Manish Agrawal**  
*Chairman of CSR Committee*

## Annexure -3

### FORM AOC-1

(Pursuant to first proviso to sub - section (3) of Section 129 read with Rule 5 of the Companies ( Accounts) Rules, 2014)

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

##### Part "A" : Subsidiaries

(₹ in lacs)

	Name of the Subsidiary	MSP CEMENT LIMITED	AA ESS TRADELINKS PVT LTD.
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	-	-
2	Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-
3	Share Capital	58.07	477.83
4	Reserves & Surplus	-	3721.63
5	Total Assets	62.54	15830.89
6	Total Liabilities	62.54	15830.89
7	Investment	-	7322.69
8	Turnover	-	12.94
9	Profit Before Taxation	-	(0.42)
10	Provision for Taxation	-	-
11	Profit After Taxation	-	(0.42)
12	Proposed Dividend	-	-
13	% of Shareholding	100%	52.32%

Note: MSP Group International (Singapore) Pte Ltd, a Wholly Owned Subsidiary of the Company has been struck off during the F.Y 2014-15.

### Part "B": Associates and Joint Ventures

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

(₹ in lacs)

Name of Associates/ Joint Ventures	MADANPUR SOUTH COAL COMPANY LTD
<b>REPORTING CURRENCY</b>	₹
<b>1. Latest audited Balance Sheet Date</b>	March 31, 2015
<b>2. Shares of Associate/ Joint Ventures held by the company on the year end</b>	
Number	1,66,220
Amount of Investment in Associates / Joint Ventures	232.28
Extend of Holding %	14.90
<b>3. Description of how there is significant influence</b>	Refer Note No. A
<b>4. Reason why the Associates/ Joint Venture is not consolidated</b>	N.A.
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	118.75
<b>6. Profit / Loss for the year</b>	
i. Considered in Consolidation	(113.21)
ii. Not Considered in Consolidation	(646.62)

Note No. A - Significant influence over operational & financial decision making.

## Annexure -4

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**i. Details Pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name of the Director/KMP & Designation	Remuneration of Director/KMP for financial year 2014-15 (₹ in Lacs)	% increase in remuneration in the F.Y 2014-15	Ratio of Remuneration of each Director /to median remuneration of employees**	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr. Saket Agrawal Managing Director	11.33 (From 14.11.2014 to 31.03.2015)	Nil	19.71:1	Profit before tax decreased by ₹18,282.74 lacs and Profit After Tax decreased by ₹12,357.46 lacs
2	Mr. Puran Mal Agrawal Chairman	22.4(From 01.04.2014 to 14.04.2014)	Nil	23.65:1	-
3	Mr. Manish Agrawal Non- Executive Promoter Director	Nil	-	-	-
4	Mr. Ashok Kumar Soin Non-Executive Independent Director	Nil	-	-	-
5	Mr. Navneet Jagatramka Non-Executive Independent Director	Nil	-	-	-
6	Mrs. Priyanka Tiwari Non-Executive Independent Director	Nil	-	-	-
7	Mr. Arvind Kumar Saraf Non-Executive Independent Director	Nil	-	-	-
8	Ms. Ruchi Garg Company Secretary	4.02	Nil	Not Applicable	Profit before tax decreased by ₹18,282.74 lacs and Profit After Tax decreased by ₹12,357.46 lacs
9	Mr. Kamal Kumar Jain Chief Financial Officer	10.71	Nil	Not Applicable	Profit before tax decreased by ₹18,282.74 lacs and Profit After Tax decreased by ₹12,357.46 lacs

\*\*Based on Annualised Salary

Note : Details of remuneration of Mr. Suresh Kumar Agrawal, Ex- MD is not given as he was director for a part of the financial year i.e- upto 14.11.2014.

Details of remuneration of Mr. Amit Mehta, Ex- Director is not given as he was director for a part of the financial year i.e- upto 17.10.2014.

- ii. The median remuneration of employees of the Company during the financial year was ₹1.52 lacs.
- iii. In the financial year, there was an increase of 13.38% in the median remuneration of employees.
- iv. There were 1,264 permanent employees on the rolls of Company as on March 31, 2015.
- v. Relationship between average increase in remuneration and Company performance:-

The average remuneration of employees excluding Whole-time Director grew by 7.88% over the previous fiscal. The average decline in remuneration for Whole-time Director's and other Key Managerial Personnel was 4.18% in fiscal 2015 over fiscal 2014.

#### KEY PERFORMANCE INDICATORS (₹ in lacs)

Particulars	2013-14	2014-15	Growth(%)
Revenue from operations	1,30,856.2	1,21,064.55	(7.48)
PBT	3,173.44	(15,109.30)	(576.10)
PAT	2,100.34	(10,257.12)	(588.36)

Your company is committed in ensuing fair pay and a healthy work environment for all its employees.

- vi. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
  - a) There was decline in the average remuneration of the Key Managerial Personnel(s) during the year. The aggregate remuneration of the Key Managerial Personnel(s) is based on the recommendation of the Nomination and Remuneration Committee which is again based on the industry benchmark. There was loss of ₹15,109.30 lacs for fiscal year 2014-15, compared to the profit of ₹3,173.44 lacs for the fiscal year 2013-14.

- b) Details of Share Price and Market Capitalisation:

Particulars	As on 31.03.2015	As on 31.03.2014	Increase/ (Decrease)%
Price Earnings Ratio	(1.12)	6.30	(118)
Market Capitalisation (₹ in lacs)	11,497.05	13,215	(13)

- c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 2005. An amount of ₹1,000 invested in the said IPO would be worth ₹1305 as on March 31, 2015 indicating a Compounded Annual Growth Rate of 3.05%. This is excluding the dividend accrued thereon and benefit on account of shares received at the time of demerger.
- vii. Average percentage increase made in the salaries of employees other than the Key Managerial Personnel in the last financial year i.e. 2014-15 was 7.88 % whereas the decrease in the managerial remuneration for the same financial year was 4.18%.
- viii. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- ix. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- x. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## Annexure -5

### Secretarial Audit Report

For the financial year ended 31st March, 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the

extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report :
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
3. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India: The Secretarial Standards had not been notified for the financial year under scrutiny.

(ii) The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above.

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

6. We further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members views, if any, are captured and recorded as part of the minutes.

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

8. We further report that during the year:

- a. Passed resolutions pursuant to Section 180(1)(a) and 180(1)(c).
- b. Increased the Authorised Share Capital of the Company ₹ 117,00,00,000/- to ₹ 132,00,00,000/-

and accordingly clause V of the Memorandum of Association of the Company was altered by passing a Special Resolution (conducted through a postal ballot).

c. Appointment of Statutory Auditor of the Company to fill the casual vacancy caused due to the resignation of erstwhile Auditors of the Company, by passing an Ordinary Resolution (conducted through a postal ballot).

d. MSP Group International (Singapore) Pte Ltd, a Wholly Owned Subsidiary of the Company, had applied for striking off its name from the Directory of Registered Entities, Singapore and the same was granted to it during the year 2014-15.

e. The company has approached the Corporate Debt Restructuring Empowered Cell Cell (CDR EG) for restructuring its credit facilities and received Provisional Letter of Approval by the CDR EG upon the approval of the Corporate Debt Restructuring Package Vide letter dated 23.03.2015 which was further confirmed by CDR Cell that it is the final LOA vide letter no. BY. CDR (PMJ) No. 75/2015-16 dated 08.05.2015. The Company has restructured its Credit facilities granted / Continued by the Consortium Lenders amounting for ₹ 1,32,765 lacs.

For PS & Associates

Place : Kolkata  
Date : August 5, 2015

**Swati Bajaj**  
*Partner*

C.P No: 3502; ACS:13216

## Annexure -6

### FORM AOC-2

(Pursuant to clause (h) of sub-Section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

a. Name(s) of the related party and nature of relationship	:	
b. Nature of contracts/arrangements/transactions	:	
c. Duration of the contracts / arrangements/transactions	:	
d. Salient terms of the contracts or arrangements or transactions including the value, if any	:	
e. Justification for entering into such contracts or arrangements or transactions	:	Nil
f. Date(s) of approval by the Board	:	
g. Amount paid as advances, if any:	:	
h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188	:	

#### 2. Details of material contracts or arrangements or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	:	
(b) Nature of contracts/arrangements/transactions	:	
(c) Duration of the contracts / arrangements/transactions	:	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	:	Nil
(e) Date(s) of approval by the Board, if any:	:	
(f) Amount paid as advances, if any:	:	

#### 3. Details of the transaction/transactions entered into individually or taken together with previous transactions during a financial year 2014-15, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company: Nil

Date: August 14, 2015

Place: Kolkata

**Puran Mal Agrawal**  
*Chairman*

## Annexure -7

### Form No. MGT-9

27

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2015

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

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	L27109WB1968PLC027399
ii) Registration Date	18/11/1968
iii) Name of the Company	MSP STEEL & POWER LIMITED
iv) Category / Sub-Category of the Company	Company limited by shares
	Indian Non-Government Company
v) Address of the Registered office and contact details	1, Crooked Lane, Kolkata -700 069 Ph. : 33-4005 7777 Fax : +91-33-4005 7799,23982239 Email: investor.contact@mspsteel.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills Hyderabad - 500 034 Ph. : +91 40 23312454/44677312/44677392 Fax : +91 40 23440674

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Steel and Steel products	2410	92.33

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	MSP Group International Singapore(PTE) Limited* 20 Cecil Street, #14-0 Equity Plaza Singapore 049705	200818375D	Subsidiary Company	100.00%	<b>Section 2(87)</b>
2	MSP Cement Limited 16/S, Block -A, New Alipore Kolkata-700 053	U26940WB2008PLC126324	Subsidiary Company	100.00%	<b>Section 2(87)</b>
3	AA ESS Tradelinks Private Limited 13A, Dacres Lane, Kolkata - 700 069	U51109WB1995PTC072185	Subsidiary Company	52.32%	<b>Section 2(87)</b>
4	Madanpur South Coal Company Limited Industrial Growth Centre Siltara, Raipur -493111	U10300CT2006PLC020006	Jointly Controlled Entity	14.90%	<b>Section 2(6)</b>

\* The Company was struck off during the year under review.

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

**A. Promoters**
**1. Indian**

a)Individual/ HUF	2,303,240	-	2,303,240	2.61	2,303,240	-	2,303,240	2.61	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	61,040,260	-	61,040,260	69.29	61,040,260	-	61,040,260	69.29	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):</b>	<b>63,343,500</b>	-	<b>63,343,500</b>	<b>71.90</b>	<b>63,343,500</b>	-	<b>63,343,500</b>	<b>71.90</b>	-

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

## i) Category-wise Share Holding (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter(A) = (A)(1)+(A)(2)</b>	<b>63,343,500</b>	-	<b>63,343,500</b>	<b>71.90</b>	<b>63,343,500</b>	-	<b>63,343,500</b>	<b>71.90</b>	-

**B. Public Shareholding**
**1. Institutions**

a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	254,990	-	254,990	0.29	254,990	-	254,990	0.29	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs Capital	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>254,990</b>	-	<b>254,990</b>	<b>0.29</b>	<b>254,990</b>	-	<b>254,990</b>	<b>0.29</b>	-

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

## i) Category-wise Share Holding (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	17,511,384	-	17,511,384	19.88	17,047,806	-	17,047,806	19.35	0.53
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>				-					
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,763,084	11,905	4,774,989	5.42	4,846,348	11,805	4,858,153	5.51	(0.09)
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1,969,331	51,400	2,020,731	2.29	2,320,139	51,400	2,371,539	2.69	(0.40)
<b>c) Others</b>	194,406	-	194,406	0.22	224,012	-	224,012	0.25	(0.03)
<b>Sub-total (B)(2):-</b>	24,438,205	63,305	24,501,510	27.81	24,438,305	63,205	24,501,510	27.81	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	24,693,195	63,305	24,756,500	28.10	24,693,295	63,205	24,756,500	28.10	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>88,036,695</b>	<b>63,305</b>	<b>88,100,000</b>	<b>100</b>	<b>88,036,795</b>	<b>63,205</b>	<b>88,100,000</b>	<b>100</b>	<b>-</b>

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

## (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MSP Sponge Iron Ltd.	24,736,500	28.08	-	24,736,500	28.08	-	-
2	Adhunik Gases Ltd.	5,554,000	6.30	-	5,554,000	6.30	-	-
3	MSP Infotech Pvt Ltd	4,430,000	5.03	-	4,430,000	5.03	-	-
4	Ilex Private Limited	4,115,000	4.67	-	4,115,000	4.67	-	-
5	B S Confin Pvt. Ltd.	3,530,000	4.01	-	3,530,000	4.01	-	-
6	High Time Holdings Pvt. Ltd.	3,025,000	3.43	-	3,025,000	3.43	-	-
7	MSP Infotech Pvt. Ltd.	2,799,760	3.18	-	2,799,760	3.18	-	-
8	Emerald Tradelink Pvt. Ltd.	2,500,000	2.84	-	2,500,000	2.84	-	-
9	Rajnath Vyapaar Pvt. Ltd.	2,500,000	2.84	-	2,500,000	2.84	-	-
10	AA ESS Tradelinks Pvt. Ltd.	1,900,000	2.16	-	1,900,000	2.16	-	-
11	Dexo Trading Pvt. Ltd.	1,575,000	1.79	-	1,575,000	1.79	-	-
12	K. C. Texofine Pvt. Ltd.	1,215,000	1.38	-	1,215,000	1.38	-	-
13	Sikhar Commodity Pvt.Ltd.	1,160,000	1.32	-	1,160,000	1.32	-	-
14	Raj Securities Ltd.	1,000,000	1.14	-	1,000,000	1.14	-	-
15	Larigo Investment Pvt. Ltd.	1,000,000	1.14	-	1,000,000	1.14	-	-
16	Kiran Agrawal	486,000	0.55	-	486,000	0.55	-	-
17	Nisha Agrawal	336,500	0.38	-	336,500	0.38	-	-
18	Manish Agrawal	309,000	0.35	-	309,000	0.35	-	-
19	Pranay Agrawal	306,000	0.35	-	306,000	0.35	-	-
20	Saket Agrawal	204,000	0.23	-	204,000	0.23	-	-
21	Puran Mal Agrawal	186,620	0.21	-	186,620	0.21	-	-
22	Anya Agrawal	170,000	0.19	-	170,000	0.19	-	-
23	Suresh Kumar Agrawal	119,000	0.14	-	119,000	0.14	-	-
24	Arav Agrawal	110,000	0.12	-	110,000	0.12	-	-
25	Puran Mal Agrawal (HUF)	29,000	0.03	-	29,000	0.03	-	-
26	Suresh Kumar Agrawal (HUF)	25,120	0.03	-	25,120	0.03	-	-
27	Kisturi Devi Agarwal*	22,000	0.02	-	22,000	0.02	-	-
<b>TOTAL :</b>		<b>63,343,500</b>	<b>71.90</b>	-	<b>63,343,500</b>	<b>71.90</b>	-	-

\* Transferred the entire shareholding to Mr. Suresh Kumar Agrawal on 7.04.2015

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd...)**
**(iii) Change in Promoters' Shareholding**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
	At the beginning of the year	63,343,500	71.90	01-04-14	-	Nil movement during the year		
	At the End of the year						63,343,500	71.90

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

Sl. No.	Name (top ten Shareholders as on 1.04.2014 & 31.03.2015)	Shareholding at the beginning of the year (1.04.2014)/ End of the Year (31.03.2015)		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	<b>Anubhav Vincom Pvt. Ltd.</b>							
		At the beginning of the year	3,500,000	3.97	01-04-14	0	Nil movement during the year	3,500,000
		At the End of the year			31-03-15			3.97
2	<b>Panchwati Agencies Pvt. Ltd.</b>							
		At the beginning of the year	3,500,000	3.97	01-04-14	0	Nil movement during the year	3,500,000
		At the End of the year			31-03-15			3.97
3	<b>S. K. Fintex Private Limited</b>							
		At the beginning of the year	1,618,343	1.84	01-04-14	0		1,618,343
				04-04-14	1,000	Purchase	1,619,343	
				11-04-14	800	Purchase	1,620,143	
				18-04-14	600	Purchase	1,620,743	
				25-04-14	700	Purchase	1,621,443	
				02-05-14	800	Purchase	1,622,243	
				09-05-14	1,000	Purchase	1,623,243	
				16-05-14	990	Purchase	1,624,233	
				23-05-14	1,000	Purchase	1,625,233	
				30-05-14	300	Purchase	1,625,533	
				18-07-14	6,638	Purchase	1,632,171	
		At the End of the year		31-03-15	0		1,632,171	1.85

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

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

Sl. No.	Name (top ten Shareholders as on 1.04.2014 & 31.03.2015 is to be provided)	Shareholding at the beginning of the year (1.04.2014) / End of the Year (31.03.2015)		Date	Increase/ decrease in share- holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
4	<b>Sambhav Mercantiles Pvt. Ltd.</b>							
	At the beginning of the year	1,544,000	1.75	01-04-14	0	Nil movement during the year	1,544,000	1.75
	At the End of the year							
5	<b>Mohit Vyapaar Pvt. Ltd.</b>							
	At the beginning of the year	1,528,940	1.74	01-04-14	0		1,528,940	
				14-11-14	-40,000	Sale	1,488,940	
	At the End of the year			31-03-15			1,488,940	1.69
6	<b>Ravi Business Services Pvt. Ltd.</b>							
	At the beginning of the year	1,020,449	1.16	01-04-14	0	Nil movement during the year	1,020,449	
	At the End of the year			31-03-15			1,020,449	1.16
7	<b>Metalite Fuel Industries Ltd.</b>							
	At the beginning of the year	726,287	0.82	01-04-14	0	Nil movement during the year	726,287	
	At the End of the year			31-03-15			726,287	0.82
8	<b>Swagat Trexim Pvt. Ltd.</b>							
	At the beginning of the year	723,478	0.82	01-04-14	0	Nil movement during the year	723,478	
	At the End of the year			31-03-15			723,478	0.82
9	<b>Gilbart Merchants Pvt. Ltd.</b>							
	At the beginning of the year	504,426	0.57	01-04-14	0	Nil movement during the year	504,426	
	At the End of the year			31-03-15			504,426	0.57
10	<b>Pradeep Kumar Saraf</b>							
	At the beginning of the year	486,924	0.55	01-04-14	0		486,924	
				04-04-14	6,372	Purchase	493,296	
				11-04-14	-400	Sale	492,896	
				23-05-14	-5,000	Sale	487,896	
				30-05-14	-972	Sale	486,924	
				06-06-14	-15,000	Sale	471,924	
				13-06-14	-43,000	Sale	428,924	
				05-09-14	1,999	Purchase	430,923	
				07-11-14	20,000	Purchase	450,923	
				21-11-14	42,101	Purchase	493,024	
				31-12-14	3,000	Purchase	496,024	
				09-01-15	-1,881	Sale	494,143	
				13-02-15	3,580	Purchase	497,723	
				20-02-15	6,000	Purchase	503,723	
				27-02-15	1,230	Purchase	504,953	
				06-03-15	692	Purchase	505,645	
	At the End of the year			31-03-15	0		505,645	0.57

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

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	<b>Suresh Kumar Agrawal</b>							
	At the beginning of the year	119,000	0.14	01-04-14	0	Nil movement during the year	119,000	0.14
	Ceased to be a Director on 14-11-2014	-		14-11-14				
2	<b>Puran Mal Agrawal</b>							
	At the beginning of the year	186,620	0.21	01-04-14	0	Nil movement during the year	186,620	0.21
	At the End of the year			31-03-15				
3	<b>Saket Agrawal</b>							
	At the beginning of the year	204,000	0.23	01-04-14	0	Nil movement during the year	204,000	0.23
	At the End of the year			31-03-15				
4	<b>Manish Agrawal</b>							
	At the beginning of the year	309,000	0.35	01-04-14	0	Nil movement during the year	309,000	0.35
	At the End of the year			31-03-15				
5	<b>Arvind Kumar Saraf</b>							
	At the beginning of the year	Nil	Nil	01-04-14	0	Nil movement during the year	Nil	Nil
	At the End of the year			31-03-15				
6	<b>Navneet Jagatramka</b>							
	At the beginning of the year	Nil	Nil	01-04-14	0	Nil movement during the year	Nil	Nil
	At the End of the year			31-03-15				
7	<b>Ashok Kumar Soin</b>							
	At the beginning of the year	Nil	Nil	01-04-14	0	Nil movement during the year	Nil	Nil
	At the End of the year			31-03-15				
8	<b>Priyanka Tiwari</b>							
	Appointed as a Director on 26-09-2014	Nil	Nil	26-09-14	0	Nil movement during the year	Nil	Nil
	At the End of the year			31-03-15				
9	<b>Amit Mehta</b>							
	At the beginning of the year	500	0.00	01-04-14	0	Nil movement during the year	500	0.00
	Ceased to be a Director on 17-10-2014			17-10-14				
10	<b>Ruchi Garg</b>							
	At the beginning of the year	Nil	Nil	01-04-14	0	Nil movement during the year	Nil	Nil
	At the End of the year			31-03-15				
11	<b>Kamal Kumar Jain</b>							
	At the beginning of the year	4,500	0.01	01-04-14	0		4,500	0.01
				20-10-14	-1,000	Sale	3,500	
				22-10-14	-1,000	Sale	2,500	
				28-10-14	-1,000	Sale	1,500	
				29-10-14	-1,500	Sale	Nil	
	At the End of the year			31-03-15	0	-	Nil	

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	94,474.70	9,844.38	0	1,04,319.08
ii) Interest due but not paid	568.52	0	0	568.52
iii) Interest accrued but not due	126.79	0	0	126.79
<b>Total (i+ii+iii)</b>	<b>95,170.01</b>	<b>9,844.38</b>	<b>0</b>	<b>1,05,014.39</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	14,654.93	3,160.78	0	17,815.71
Reduction	6,558.69	912.98	0	7,471.67
<b>Net Change</b>	<b>8,096.24</b>	<b>2,247.8</b>	<b>0</b>	<b>10,344.04</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,03,174.93	12,092.18	0	1,15,267.11
ii) Interest due but not paid	70.89	0	0	70.89
iii) Interest accrued but not due	20.43	0	0	20.43
<b>Total (i+ii+iii)</b>	<b>1,03,266.25</b>	<b>12,092.18</b>	<b>0</b>	<b>1,15,358.43</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sl. no.	Particulars of Remuneration	Mr. Suresh Kr. Agrawal*	Mr. Saket Agrawal**	Mr. Puran Mal Agrawal*	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,867,000	1,133,000	2,240,000	5,240,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>1,867,000</b>	<b>1,133,000</b>	<b>2,240,000</b>	<b>5,240,000</b>
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013			

\* Upto 14.11.2014

\*\* From 14.11.2014

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Contd...)**

B. Remuneration to other directors \*:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Mr. Arvind Kumar Saraf	Mr. Ashok Kumar Soin	Mr. Navneet Jagatramka	Mrs. Priyanka Tiwari	Mr. Kapil Deo Pandey	Total Amount
1	<b>Independent Directors</b>						
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	
	<b>Total (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
2	<b>Other Non-Executive Directors</b>	<b>Mr. Manish Agrawal</b>					
	Fee for attending board / committee meetings	Nil					
	Commission	Nil					
	Others, please specify	Nil					Nil
	<b>Total (2)</b>	<b>Nil</b>					
	<b>Total (B)=(1+2)</b>	<b>Nil</b>					
<b>Total Managerial Remuneration</b>							<b>4,499,000</b>
Overall Ceiling as per the Act		As per Schedule V of the Companies Act, 2013					

\* Non-Executive Directors have waved off their remuneration

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Ruchi Garg	Mr. Kamal Kumar Jain	
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	215,145	543,724	758,869
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	186,411	526,928	713,339
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (C)</b>	<b>401,556</b>	<b>1,070,652</b>	<b>1,472,208</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## Annexure -8

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo:

The information as per Section 134(3)(m) of the Companies Act, 2013 read with relevant Rules framed thereunder Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo relating to the financial year ended 31st March, 2015 is as follows:

#### A. Conservation of Energy-

- the steps taken or impact on conservation of energy:** The Company is always conscious about the need for energy conservation. Continuous monitoring optimization of energy conservation is undertaken at plant level. Online hot charging of billet has been implemented for reduction of Thermal Energy in Structure Mill division.
- the steps taken by the Company for utilizing alternate sources of energy; NIL**
- the capital investment on energy conservation equipments; NIL**

#### B. Technology Absorption-

- the efforts made towards technology absorption:** No major technology has been adopted by the Company during the year.
- the benefits derived like product improvement, cost reduction, product development or import substitution: N.A**
- in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**
  - the details of technology imported: N.A
  - the year of import: N.A

- whether the technology been fully absorbed: N.A
- if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A
- the expenditure incurred on Research and Development:** The Company so far has not carried out any major Research and Development work. The Company shall however undertake Research and Development work as and when required to improve the quality of its products. The Company has not incurred any expenditure on this account so far. The Company, however, has a full-fledged laboratory at its integrated steel plant for testing of raw materials and also of the finished products.

#### C. Foreign Exchange Earnings and Outgo-

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

(₹ in lacs)

Particulars	2014-15	2013-14
<b>Foreign Exchange earnings</b>		
Export sales*	5,864.97	7,106.70
<b>Foreign Exchange Outgo</b>		
Import – consumables - (stores)	46.37	131.19
-- Capital goods	-	371.09
-- Raw materials	13,150.31	12,381.71
Travelling and others	0.69	1.23
Interest	339.81	828.55

\*Export sales includes export made in Indian Rupees.

Report on

# Corporate Governance

## **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

MSP Steel & Power Ltd. (MSPL) aims to build sustainable value for its stakeholders. The Company believes that its true success lies in how it maintains its professionalism combined with practice of good Corporate Governance. It strives to achieve maximum transparency in conduct of its business keeping in mind the best interest of stakeholders and society at large. The company endeavors to set up exemplary standards in all its exercises and on-going processes.

The Company believes in ethical Corporate Governance practices and follows the same by Compliance with statutes, adopting fairness, transparency, accountability and timely disclosure. The fundamental concern is to ensure highest standards of Corporate Governance practices. Sustainability is at the core of MSPL's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. Through oversight, review, and counsel, the Board establishes and promotes Company's business and organizational objectives and works towards achieving the same.

## **BOARD OF DIRECTORS**

The Board of Directors of the Company has an optimum combination of Executive and Non-executive Directors with one Executive Directors and six Non-executive Directors making the total strength of Board to seven. The Board meetings are presided by Mr. Puran Mal Agrawal, the Chairman being Non-Executive Promoter Director and hence there are four Non-

executive Independent Directors, a Non-executive Promoter Director and a Executive Promoter Director as per the provisions of the Listing Agreement entered with the Stock Exchanges. The detailed composition of the Board of Director, their attendance in the board meeting, the last Annual General Meeting & other details as required are given in the table below.

Mr. Amit Mehta being the Non-executive Independent Director and Mr. Suresh Kumar Agrawal being the Executive Promoter Director has resigned from there respective offices w.e.f 17th October, 2014 and 14th November, 2014 respectively. Consequently the Board has appointed Mr. Saket Agrawal as the Managing Director with immediate effect on 14th November, 2014 in place of Mr. Suresh Kumar Agrawal subject to the approval of the members at the ensuing Annual General Meeting. Moreover Mr. Puran Mal Agrawal was re-designated as Non- Executive Director on 14.11.2014. Further Mr. Arvind Kumar Saraf, Non-executive Independent Director has resigned and Mr. Kapil Deo Pandey was appointed as a Non-executive Independent Director w.e.f 17th June, 2015. As per the provisions of the Companies Act, 2013 read with the relevant Rules made thereunder Mr. Puran Mal Agrawal is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has expressed willingness to be re-appointed.

The Board of Directors has met nine times during the FY 2014-15 on: 24.04.2014; 30.05.2014; 14.08.2014; 14.11.2014; 10.12.2014; 24.01.2015; 11.02.2015; 18.02.2015 and 27.03.2015

Name of Directors	Category	Attendance		Directorship in other companies as on 31.03.2015*	Committee Positions in other companies As	
		Board Meeting	Last AGM		Chairman	Member
Mr. Puran Mal Agrawal	C(NEPD)	9	Yes	9	--	--
Mr. Suresh Kumar Agrawal* <sup>1</sup>	MD(EPD)	3	No	8	--	--
Mr. Manish Agrawal	NEPD	9	No	8	--	2
Mr. Saket Agrawal* <sup>2</sup>	MD(EPD)	9	Yes	10	--	--
Mr. Amit Mehta* <sup>3</sup>	NEID	1	No	2	--	--
Mr. Navneet Jagatramka	NEID	4	No	1	--	--
Mr. Arvind Kumar Saraf* <sup>4</sup>	NEID	9	Yes	0	1	1
Mr. Ashok Kumar Soin	NEID	4	No	0	--	--
Smt. Priyanka Tiwari	NEID	5	N.A	2	1	1
Mr. Kapil Deo Pandey* <sup>5</sup>	NEID	N.A	N.A	0	--	--

*C: Chairman, NEPD: Non-Executive Promoter Director, NEID: Non-Executive Independent Director,*

*MD: Managing Director, EPD: Executive Promoter Director*

\*Companies only include Public Companies and exclude Private Companies and Section 8 companies

\*1 resigned from the Directorship w.e.f 14.11.2014

\*2 Appointed as Managing Director w.e.f 14.11.2014

\*3 Resigned from the Directorship w.e.f 17.10.2014

\*4 Resigned from the Directorship w.e.f 17.06.2015

\*5 Appointed as Director w.e.f 17.06.2015

As per the declaration received by the Company none of the Independent Directors are related to each other or the Promoter Director of the Company as defined under the Companies Act, 2013 and the Rules made thereunder. Mr. Puran Mal Agrawal and Mr. Suresh Kumar Agrawal are brothers; Mr. Manish Agrawal is son of Mr. Puran Mal Agrawal and Mr. Saket Agrawal is son of Mr. Suresh Kumar Agrawal. In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanship of only Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies (excluding MSP Steel & Power Limited) have been considered.

### Independent Directors

The Non-executive Independent Directors fulfills the conditions of independence specified in Section 149(6) of the Companies Act, 2013 read with its allied Rules and meet with the requirement of Clause 49 of the Listing Agreement. A formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 and the Listing

Agreement has been issued to them at the time of their appointment.

The Independent Directors of the Company met once on 14th August, 2014 without the attendance of Non-Independent Directors and members of management to:

- i. review the performance of Non-Independent Directors and the Board as a whole;
- ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Lead Independent Director takes appropriate steps to present before the Chairman & Managing Directors' the views of Independent Directors.

### **Familiarization Programmes for Directors**

The Directors of the Company are made aware of the Company's operation, their role, responsibilities and liabilities. At the time of appointment the Company communicates to the Directors their role, responsibilities and liabilities via appointment letters, briefing sessions, plant visit, technical session, etc. The Plant Visit is conducted to make them familiar with the manufacturing and operating procedure at different products and processes. The Company holds regular Board Meetings at its Corporate Office to discuss and decide upon the various strategic and operational matters and Directors have an opportunity to interact with the Senior Company personnel. The minutes of the Board's sub-committees such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, CSR Committee are regularly placed before the Board. In addition to the above the Directors have full access to all the information's within the Company.

The Company has put up such familiarization programme on its website and can be viewed by typing the URL: <http://www.mspsteel.com/csr-policy/Familiarization%20Programmes-%20Final.pdf>

### **BOARD COMMITTEES**

As per the provisions of the Companies Act, 2013, Listing Agreement and other applicable statutes the Board has constituted the following Committees namely:

- **Audit Committee**
- **Nomination & Remuneration Committee**
- **Stakeholders' Relationship Committee**
- **Corporate Social Responsibility Committee**

#### **a) Audit Committee**

The Audit Committee of the Board is entrusted with the oversight of financial reporting with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting. The Committee is constituted with 3 Directors majority of which is independent. The powers, roles and scope of the Audit Committee are set in terms with the relevant provisions of the Companies Act, 2013 read with its allied Rules and Clause 49 of the Listing Agreement. Mrs. Priyanka Tiwari, Non-executive Independent Director is the Chairman of the Committee and Ms. Ruchi Garg, Company Secretary of the Company act as the Secretary of the Committee.

The Audit Committee met six times during the year on the following dates:

24.04.2014; 30.05.2014; 14.08.2014; 14.11.2014; 11.02.2015 and 18.02.2015

The composition and attendance of the members at the Audit Committee Meeting are as follows:

<b>Name</b>	<b>Position Held</b>	<b>No. of Audit Committee Meetings</b>	
		<b>Held</b>	<b>Attended</b>
Mr. Arvind Kumar Saraf* (Independent)	Chairman	6	6
Mrs. Priyanka Tiwari ** (Independent)	Chairman	N.A	N.A
Mr. Navneet Jagatramka (Independent)	Member	6	3
Mr. Saket Agrawal (Executive)	Member	6	6

\*Resigned from the Directorship w.e.f 17th June, 2015

\*\* Designated as the Chairman w.e.f 17th June, 2015

The Audit committee has been empowered with the term of reference in line with Clause 49 of the Listing Agreement and all the guidelines of SEBI. The term of reference of the Audit Committee is also in conformity with the requirements of Section 177 of the Companies Act, 2013 and the Rules prescribed under it. Details of the terms of reference of the committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013

b. Changes, if any, in accounting policies and practices and reasons for the same

c. Major accounting entries involving estimates based on the exercise of judgment by management

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report.

5. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

6. Approval or any subsequent modification of transactions of the company with related parties;

7. Evaluation of internal financial controls and risk management systems;

8. Reviewing, with the management, the quarterly financial statements before submission to the board for approval liabilities as at the end of the half-year and/or as at the end of the financial year.

9. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, private placement etc.).

10. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

12. Discussion with internal auditors of any significant findings and follow up there on.

13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

16. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.

17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience & background, etc. of the candidate.

18. To evaluate valuation of undertakings or assets of the Company, wherever necessary.

19. To scrutinize inter-corporate loans and investments to be undertaken by the Company

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Furthermore the Audit committee has been authorised to invite the statutory auditors, cost auditors, or any outsiders with relevant expertise, if it thinks necessary, to attend the meetings.

**b) Stakeholders' Relationship Committee**

In accordance with the Listing Agreement, the Companies Act, 2013 with its allied Rules, the Board has formulated a Stakeholders' Relationship Committee headed by Mr. Kapil Deo Pandey (Independent Director) and formed by Mr. Manish Agrawal (Non Executive Director) and Mr. Saket Agrawal (Executive Director) as the member of the Committee.

The functions performed by the Committee are as follows;

- To approve transfer/transmission of shares
- To readdress the investors' and shareholders' grievance relating to non receipt of annual report, declared dividends, transfer of shares, etc.
- To approve issue of duplicate share certificates as requested, if any.
- To review Dematerialization/ Rematerialization of shares.
- To review the work of Registrar and Transfer agent of the Company.
- Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

During the year under review the Committee met four times viz.: 30.05.2014, 14.08.2014, 14.11.2014 and 11.02.2015. The attendance of the Shareholders' / Investors Grievance Committee is:

Name	Position Held	No. of Committee Meetings	
		Held	Attended
Mr. Arvind Kumar Saraf* (Independent)	Chairman	4	4
Mr. Kapil Deo Pandey ** (Independent)	Chairman	N.A	N.A
Mr. Manish Agrawal (Non-Executive)	Member	4	4
Mr. Saket Agrawal (Executive)	Member	4	4

\* Resigned from the Directorship w.e.f 17th June, 2015

\*\* Designated as the Chairman w.e.f 17th June, 2015

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

#### **Details of the Investors' Complaints received during the year ended 31st March, 2015:**

a. No. of complaints received during the year ended 31st March, 2015	:	29
b. No. of complaints resolved during the year ended 31st March, 2015	:	29
c. No. of pending Share Transfers as on 31st March, 2015	:	-

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.

#### **Compliance Officer**

Ms. Ruchi Garg, Company Secretary is the Compliance officer of the Company.

#### **c) Corporate Social Responsibility Committee**

Pursuant to Section 135 read with Schedule VII of the Companies Act, 2013 and the Rules made there under, the Board of Directors has constituted a Corporate Social Responsibility Committee to:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act,
- recommend the amount of expenditure to be incurred on the activities for Corporate Social Responsibility

- monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Committee was formed as:

Name	Position Held	No. of Committee Meetings	
		Held	Held
Mr. Manish Agrawal Non-Executive	Chairman	1	1
Mr. Saket Agrawal Executive	Member	1	1
Mr. Arvind Kumar Saraf* Independent	Member	1	1
Mr. Kapil Deo Pandey** Independent	Member	N.A	N.A

\* Resigned from the Directorship w.e.f 17th June, 2015

\*\* Appointed as a member w.e.f 17th June, 2015

During the year under review the Committee met once on 30th May, 2014. The CSR Policy had been formulated by Board of Director considering the recommendations of the CSR Committee and the same had been made available on Company's website. (Web link: <http://www.mspsteel.com/csr-policy/CSR%20POLICY.pdf>)

#### **d) Nomination & Remuneration Committee**

The Board has constituted Nomination & Remuneration Committee in terms of the Listing Agreement and the provisions of the Companies Act, 2013 and the Rules prescribed for it. The Committee is headed by Mr. Kapil Deo Pandey, Non Executive Independent Director and consists of one Non Executive Independent Directors (excluding the Chairman) and a Non Executive Promoter Director. The term of reference of the Committee is as follows:

- i) identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- ii) ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- iii) ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- iv) any fixation/change in remuneration of Whole time Directors/Managing Directors.
- v) any fixation/change in sitting fees payable to Board/Committee members for attending meetings.
- vi) to review the existing remuneration to the Executives (GM level and above) and to approve any changes thereof.
- vii) 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 under the provisions of the Companies Act, 2013 and Rules made there under.

The composition & attendance of the Nomination & Remuneration Committee during the year under review is:

Name	Position Held	No. of Committee Meetings	
		Held	Attended
Mr. Arvind Kumar Saraf* (Independent)	Chairman	4	4
Mr. Kail Deo Pandey** (Independent)	Chairman	N.A	N.A
Mr. Navneet Jagatramka(Independent)	Member	4	2
Mr. Saket Agrawal (Executive)	Member	4	4

\*Resigned from the Directorship w.e.f 17th June, 2015

\*\* Designated as the Chairman w.e.f 17th June, 2015

The Nomination and Remuneration Committee had met 4 times during the year under review on the following dates:

30.05.2014; 14.08.2014; 14.11.2014 & 18.02.2014

Further a Nomination and Remuneration Policy had been formulated by the Board of Director considering the recommendations of the Committee as per the provisions of the Act.

#### Remuneration Policy

The Company has paid remuneration by way of salary, perquisites and allowances to its Managing Director and Executive Directors in line with the Nomination & Remuneration Policy of the Company, current industry practice, the statutory limits and is being approved by the

Board and Shareholders of the Company. The remuneration paid to Executive Directors during the year-ended 31st March, 2015 is:

Name	Salary (₹)per month	Perquisite/ Benefit, etc. (fixed component)	Period of Contract From
Mr. Puran Mal Agrawal# (Chairman)	3,00,000	3,75,000	08.07.2012#
Mr. Suresh Kumar Agrawal (Managing Director*)	2,50,000	3,75,000	08.07.2012*
Mr. Saket Agrawal (Managing Director**)	2,50,000	2,50,000	14.11.2014**

# Re-designated as Non-Executive w.e.f 14.11.2014

\*Resigned from the Directorship w.e.f 14.11.2014

\*\*Appointed as the Managing Director w.e.f 14.11.2014

There are no separate provisions for notice period or severance fees. The Company does not have any scheme of Stock Option for its Executive or Non-executive Directors. The numbers of shares held by the Non-Executive Director is as follows:

Name of Director	Category	No. of shares held
Mr. Manish Agrawal	Non-Executive Director	3,09,000

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.

#### Evaluation Criteria

The evaluation process is conducted on annual basis. In case of appointment of new Independent Director /Non Independent Director, the first evaluation process of such new Independent Director / Non Independent Director will take place in subsequent meeting. The entire Board (excluding the Director being evaluated) shall conduct performance evaluation of all the Independent Directors. The Board evaluate the performance on the basis of various parameters such as honesty, independence, individual contribution to the Company, etc. as mentioned in the Evaluation Policy of the Company.

Simultaneously the Independent Directors also evaluate the performance of the Non-executive Director. The Independent Directors meet once in the year without the attendance of Non Independent Directors and members of management to review the performance of Non

Independent Directors, the Board as a whole and the Chairperson of the Company and on the basis of various parameters as mention in the Evaluation policy of the Company.

#### A. GENERAL BODY MEETING

Details of previous Annual General Meetings are as follow:

Sl. No	Annual General Meeting	Date	Venue	No. of Special Resolutions
1	43rd Annual General Meeting	18.09.2012	Rotary Sadan 94/2 Chowringhee Road, Kolkata – 700 020	3
2.	44th Annual General Meeting	26.09.2013	Rotary Sadan 94/2 Chowringhee Road, Kolkata - 700020	--
3.	45th Annual General Meeting	26.09.2014	Rotary Sadan 94/2 Chowringhee Road, Kolkata - 700020	2

#### Special Resolution passed through Postal Ballot

During the year, the Company had conducted voting through Postal Ballot on 14th July, 2014. The Company complied with the procedures for the postal ballot in terms of the Companies Act, 2013 read with the relevant Rules made thereunder and the amendments thereto. The Board

of Directors appointed Ms. Swati Bajaj, (ACS: 13216) Partner, M/s. PS & Associates, Practicing Company Secretaries as the Scrutinizer to conduct the said Postal Ballot/E-voting and the results of the same were announced on 14th July, 2014 and voting pattern for the resolutions was as under:

Particulars	Total number of Votes casted	Total Number of votes in favour	Total Number of votes against	% of votes in favour of the Resolution	% of votes against the Resolution
Special Resolution for Alteration of authorised share capital of the Company by increasing it from ₹1,17,00,00,000 to ₹1,32,00,00,000 pursuant to Section 13, 61 of the Companies Act, 2013 and the Rules made thereunder.	7,04,14721	7,04,10,483	4,238	99.99%	0.01%
Ordinary resolution for Approval under Section 139 of the Companies Act, 2013 and the Rules made thereunder for appointing M/s Sunil Kumar Agrawal & Associates, Chartered Accountants as the Statutory Auditors of the Company	7,04,14,721	7,04,10,720	4,001	99.99%	0.01%

The resolutions were passed with overwhelming majority.

#### **Procedure for Postal & E-voting**

As per the recent amendments in Clause 35B of the Listing Agreement with the Stock Exchanges and Section 108 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereof, the Company provided E-voting facility as an alternative to the members of the Company to enable them to cast their votes electronically instead of casting votes through Postal Ballot Form.

The Postal Ballot forms along with the draft resolutions, Explanatory Statement thereto and instruction for filling the form accompanied by a self addressed envelope were sent to the members under the Certificate of Posting. In addition to the Postal Ballot the Company provided an E-voting facility as an alternative to the members of the Company to enable them to cast their votes electronically instead of casting votes through Postal Ballot Form. For facilitating the members to vote electronically the Company provided them an instruction slip along with the notice mentioning the process and manner for voting by electronic means, the time schedule including the time period during which the votes may be cast and also provided the login ID and password (along with the option to change the password) for keeping security and casting of vote in a secure manner.

The Scrutinizer appointed for the purpose scrutinizes the postal ballots received and submit her report to the Company.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders as on 23 May, 2014. A resolution is deemed to have been passed, if votes cast in favor are more than the votes cast against.

There is no immediate proposal for passing of any resolution through Postal Ballot.

#### **Disclosure**

- Related Party Transactions**

In line with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company has adopted a policy on Related Party Transactions to regulate the Related Party Transaction as defined therein and to ensure the proper

approval and reporting of transactions between the Company and its Related Parties. The Company has disclosed the policy on its website and a web link thereto is <http://mspsteel.com/csr-policy/RELATED%20PARTY%20TRANSACTION%20POLICY-%20Final.pdf>

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 the 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 Notes to the Financial Statement. The Audit Committee reviews the related party transactions.

- Details of Non-compliances by the Company**

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on matter related to capital markets, during the last three years.

- Policy pertaining to prevention of Sexual Harassment at work place**

The Company is committed to provide a safe and secure environment to the women employee of the Company, who forms an integral part of the organization. To ensure this and as mandated by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a policy for prevention of sexual harassment of women in workplace.

- Code of Conduct**

A Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors of the Company and Senior Management Personnel of the Company. This code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. A copy of the same is available on the Company's website [www.mspsteel.com](http://mspsteel.com/csr-policy/Code%20of%20Conduct-%20Final.pdf) (Web link: <http://mspsteel.com/csr-policy/Code%20of%20Conduct-%20Final.pdf>). All the members of the Board and Senior Management Personnel have affirmed

compliance of the Code of Conduct.

- **Code of Conduct for Prevention of Insider Trading**

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

- **Subsidiary Companies**

The Company has one Indian Wholly Owned Subsidiary namely MSP Cement Limited & one Indian Subsidiary namely AA ESS Tradelinks Pvt. Ltd.

The foreign Wholly-Owned Subsidiary of the Company named MSP Group International Singapore (PTE) Limited has been struck off during the F.Y. 2014-15.

The Management Audit Report of the subsidiary companies are placed and reviewed by the Audit Committee.

- **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. As per the provisions of the Companies Act, 2013 and the Rules made thereof, and Clause 49 of the Listing Agreement with Stock Exchanges, the Company has established a Vigil Mechanism Policy (Whistle Blower Policy) for Directors and Employees to report genuine concerns about the ethical behavior or suspected/actual fraud or violation of Code of Conduct of the Company. The Vigil Mechanism Policy of the Company is available in the Company's website [www.mspsteel.com](http://www.mspsteel.com)

- **Internal Complaint Committee**

Pursuant to Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal), Act, 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Rules, 2013 your Company formed an Internal Complaint Committee in conformity with the provisions of the said Act and Rules.

Further a policy has been formulated for prohibition, prevention and redressal of sexual harassment at the

workplace intended to promote gender sensitive safe spaces and remove underlying factors that contribute towards a hostile work environment against women.

- **Corporate Social Responsibility Initiatives**

The Company knows its responsibilities towards the environment and the society it operates in. The Company and its Management believes in sustainable growth of the social economic environment. Hence company fulfills its corporate social responsibility.

During the year under review, i.e 2014-15 your Company has undertaken various such initiatives towards:

- eradication of illiteracy by running a school near its factory and keeps on renovating the old and obsolete infrastructure.
- promoting health care including preventive health care by running a hospital to provide adequate and quick medical service, distributing free medicines for poor, providing 24 hour ambulance service
- conservation of natural resource by making and renovating ponds, providing safe drinking water in and around its factory.
- building infrastructure such as cement concrete/tarmac road in rural areas.

## **B. MEANS OF COMMUNICATION WITH SHAREHOLDERS**

- In compliance with the requirements of Clause 41 of the Listing Agreement with the Stock exchanges, the Company regularly publishes quarterly results in the newspapers as submitted to the Stock Exchanges immediately after they are taken on record by the Board. It is published in: The Business Standard in English and Arthik Lipi, Kalantar, in Bengali during the year under review.

- In addition to this the Company regularly updates the quarterly/half yearly/ results as required under clause 41, shareholding pattern as required under Clause 35, annual reports of the Company, etc. on its website [www.mspsteel.com](http://www.mspsteel.com).
- In addition to above periodic compliances are also filed electronically on NEAPS (NSE Electronic Application Processing system) and BSE Corporate

Compliance and Listing Center, web page applications for corporate developed by National Stock Exchange of India Limited and BSE Limited respectively.

- In compliance of Clause 54 of the Listing Agreement and SEBI Circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010; the Company maintains a functional website i.e. [www.mspsteel.com](http://www.mspsteel.com) containing the basic required information about the Company.
- Any official press release, presentations made to institutional investors or to the analysts are posted on the Company's website mentioned above.
- As per the requirement of the Listing Agreement, the Company has created a exclusive e-mail id, i.e., [investor.contact@mspsteel.com](mailto:investor.contact@mspsteel.com) for redressal of investors'/shareholders' grievance

## C. GENERAL SHAREHOLDER'S INFORMATION

### 1. Company Registration Number

The Company is registered in the State of West Bengal, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27109WB1968PLC027399

### 2. 46th Annual General Meeting (AGM)

- Day, Date and Time** : Monday, September 21, 2015 at 2:30 P.M
- Venue** : Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700 020

- Date of Book Closure** : September 15, 2015 to September 21, 2015 (both days inclusive)

- Dividend Payment Date** : N.A

- Financial Calendar (tentative) for Financial Year 2015-16:**

**Financial results for:**

**First Quarter** : On or before 14th August, 2015

**Second Quarter** : On or before 14th November, 2015

**Third Quarter** : On or before 14th February, 2015

**Annual Results** : On or before 30th May, 2016

### 6. Profile of Director seeking Appointment/Re-Appointment

Details of Director seeking re-appointment at the ensuing Annual 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.

### 7. Management Discussion & Analysis Report

A Management Discussion and Analysis Report are given separately which form a part of the Annual report.

### 8. Listings

The equity shares continue to be listed on The BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company's code is:

**BSE- 532650**

**NSE- MSPL**

The Company has paid annual listing fee for F.Y. 2015-16 to The BSE Limited and The National Stock Exchange of India Limited. Further Annual Custody/Issuer fee for the F.Y. 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

### 9. Share Transfer System

Karvy Computershare Pvt. Ltd. the Registrars of the Company, registers the transfers after the Share Transfer Committee approves the transfer and transmission of shares, issue of duplicate share certificates and allied matters, 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.

### 10. Registrar and 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: [mspiro@karvy.com](mailto:mspiro@karvy.com)

### Transfer to Investor Education & Protection Fund (IEPF)

The Company is required to transfer dividends which have

remained unpaid/ unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company does not have any such obligation since it declared the dividend in the financial year 2009-10 for the first time.

The Company have in the notice convening 46th Annual General Meeting intimated the shareholders whose dividend warrants have not been encashed. Shareholders are requested to revert to the company if they have not received/ encashed their dividend warrants.

#### 11. Distribution of Shareholding as on 31st March, 2015

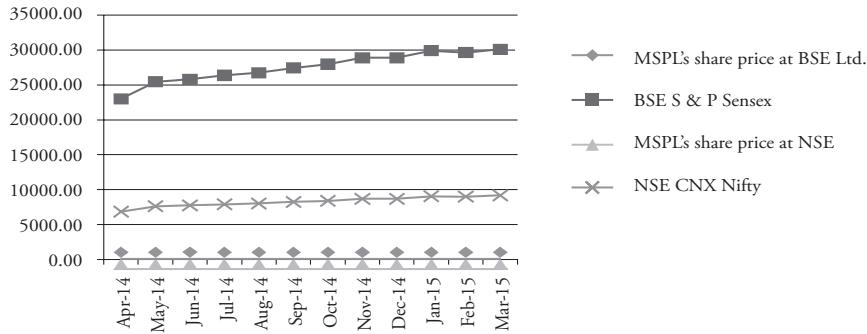
Sl. No.	Category	Cases	% of Cases	No of Shares	% Shareholding
1	upto 1 - 5000	8,974	80.37	1,593,890.00	1.81
2	5001 - 10000	1,061	9.50	909,609.00	1.03
3	10001 - 20000	525	4.70	832,497.00	0.94
4	20001 - 30000	177	1.59	466,572.00	0.53
5	30001 - 40000	79	0.71	286,463.00	0.33
6	40001 - 50000	69	0.62	325,261.00	0.37
7	50001 - 100000	122	1.09	945,643.00	1.07
8	100001 & ABOVE	159	1.42	82,740,065.00	93.92
	<b>Total:</b>	<b>11,166</b>	<b>100.00</b>	<b>88,100,000.00</b>	<b>100.00</b>

**12. Shareholding Pattern as on 31st March, 2015**

CATEGORY	Category Wise Total Holding	
	No. Of Shares Held	% of Holding
<b>A. PROMOTERS HOLDING</b>		
1. PROMOTERS		
Indian Promoters	6,33,43,500	71.90
Sub Total:	6,33,43,500	71.90
<b>B. PUBLIC HOLDING</b>		
1. INSTITUTIONAL INVESTORS		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions/ Non-Govt. Institutions)	2,54,990	0.29
c. FIIs	-	-
2. NON INSTITUTIONAL INVESTORS		
a. Bodies Corporate	1,70,47,806	19.35
b. Indian Public	72,29,692	8.21
c. NRI's/OCBs	2,12,095	0.24
d. Any other	-	-
Clearing Members	11,917	0.01
Subtotal:	2,47,56,500	28.10
<b>GRAND TOTAL</b>	<b>8,81,00,000</b>	<b>100</b>

**13. Stock Price Data**

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-14	19.00	14.60	18.45	14.30
May-14	31.20	16.20	31.20	15.70
Jun-14	35.90	25.65	35.60	24.20
Jul-14	31.65	25.70	31.75	25.70
Aug-14	28.00	22.45	28.00	23.25
Sep-14	30.10	21.10	30.10	21.70
Oct-14	25.70	19.65	26.25	19.50
Nov-14	21.65	15.05	21.60	15.40
Dec-14	16.90	13.00	16.85	13.00
Jan-15	16.85	14.55	17.45	14.70
Feb-15	15.45	13.50	16.00	13.20
Mar-15	14.98	12.02	14.30	12.10



#### Dematerialization of shares

The shares of the Company are compulsorily traded in demat form in both the depository systems i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2015 8,80,36,795 Equity Shares out of 8,81,00,000 Equity Shares representing 99.93% of the total Equity Shares, are held in dematerialized form. Out of the demat

Equity Shares 8,55,45,901 Equity Shares are held with the National Securities Depository Limited (NSDL) and 24,90,894 Equity Shares are held with Central Depository Services (India) Limited (CDSL)

Under the depository system the International Security Identification number (ISIN) allotted to the Equity Shares of the Company is INE 752G01015

#### Details of Shares held in dematerialised & physical form as on 31st March, 2015

Description	No. of share holders	No. of shares	% of total shares
Shares held in dematerialized form- NSDL	7,370	8,55,45,901	97.10
Shares held in dematerialized form- CDSL	3,765	24,90,894	2.83
Shares held in physical form	31	63,205	0.07
<b>Total</b>	<b>11,166</b>	<b>8,81,00,000</b>	<b>100</b>

#### 14. Outstanding GDRs/ADRs / Warrants or any convertible instruments, among others

The Company has not issued any GDR or ADR.

#### 15. Plant Location

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

#### 16. Address for Correspondence:

##### Corporate Office:

16/S Block- A, New Alipore, Kolkata- 700053  
Ph No.: 033-23990038/3940/40057777  
Fax No.: 033-23982239/40057788

##### Registered Office:

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

#### D. NON MANDATORY REQUIREMENTS

##### • Chairman of the Board

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

##### • Other Items

The rest of the non mandatory requirements such as shareholder's rights and training of Board Members, etc. will be implemented by the Company as and when required.

For and on behalf of the Board

**Puran Mal Agrawal**  
*Chairman*

Date: August 14, 2015  
Place: Kolkata

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF  
MSP STEEL & POWER LIMITED

We have examined the compliance of Corporate Governance by MSP Steel & Power Limited ('the Company'), for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors, and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

Place: Kolkata  
Date: August 14, 2015

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership no.: 057731

## DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

All the members of the Board & Senior Management personnel of the Company have affirmed due observance of the code of conduct, framed pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2015.

Place : Kolkata  
Date: August 14, 2015

**Saket Agrawal**  
*Managing Director*

## CEO & CFO CERTIFICATION

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

1, Crooked Lane  
Kolkata- 700 069

In pursuance of provisions of Clause 49 (v) of the Listing Agreement, we, Saket Agrawal, Managing Director and Kamal Kumar Jain, Chief Financial Officer, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statements for the year ended 31st March, 2015 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into the Company during the year ended 31st March, 2015 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for the establishing and maintaining internal control systems for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls.
- d) We indicated to the auditors and the audit committee that:
  - i. There have been no significant changes in internal control over financial reporting during the year.
  - ii. There have been no significant changes in accounting policies during the year.
  - iii. There have been no instances of significant fraud of which we have become aware.

**Saket Agrawal**  
*Managing Director*

Place: Kolkata  
Date : August 14, 2015

**Kamal Kumar Jain**  
*Chief Financial Officer*

# Management Discussion and Analysis Report

The following operating and financial review is intended to convey the management's perspective on the financial and operating performance of the Company at the end of Financial Year 2014-15. This should be read in conjunction with the Company's financial statements, the schedules and notes thereto and the other information included elsewhere in the Annual Report. The Company's financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, the guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India.

## GLOBAL STEEL INDUSTRY

Global growth in 2014 was a modest 3.4 percent, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Complex forces that affected global activity in 2014 are still shaping the outlook: medium- and long-term trends, global shocks, and many country- or region-specific factors. Global growth is forecast at 3.5 percent in 2015 and 3.8 percent in 2016, with uneven prospects across the main countries and regions. Growth in emerging market economies is softening, reflecting an adjustment to diminished medium-term growth expectations and lower revenues from commodity exports, as well as country-specific factors. However World Steel Industry forecast that the global steel use will increase by

0.5% to 1544 MT in 2015 following growth of 0.5% in 2014. In 2016 it is forecast that the world steel demand will grow by 1.4% and will reach 1,55 MT.

In 2014, World Crude Steel production reached 1.66 billion tonnes, with a growth of 1% over that in 2013. The following table shows the crude steel production volume of the top steel producing nations:

(₹ in million tonnes)

Rank	Country	2014	2013	Change%
1	China	822.7	815.4	0.9
2	Japan	110.7	110.6	0.1
3	United States	88.3	86.9	1.7
4	India	83.2	81.3	2.3
5	South Korea	71.0	66.1	7.5
6	Russia	70.7	68.9	2.6
7	Germany	42.9	42.6	0.7
8	Turkey	34.0	34.7	-1.8
9	Brazil	33.9	34.2	-0.7
10	Ukraine	27.2	32.8	-17.1

Source: World Steel Association (WSA)

In 2014, the geopolitical events and a slow recovery from the previous economic slowdown countered some of the optimism that was felt towards the end of 2014. Macro data for developed nations continued to strengthen during the year, however, China, ASEAN, MENA and other regions which were expected to grow, continued to show sluggish signs of economic recovery.

### INDIAN STEEL INDUSTRY

The steel sector in India contributes nearly two per cent of the country's gross domestic product (GDP). India produced 7.07 MT of steel in January, 2015 reporting the fourth highest production level globally which was 1.7 per cent higher than the Country's steel production in the same month last year. Steel production capacity of the Country expanded from about 75 million tonnes per annum (MTPA) in 2009-10 to about 101.02 million tonnes (MT) in 2013-14, when output was 81.7 MT.

The World Steel Association has projected Indian steel demand to grow by 6.2% in 2015 and by 7.3% in 2016 as compared to global steel use growth of 0.5% and 1.4% respectively. Chinese steel use is projected to decline in both these years by 0.5%. Although India's steel demand is expected to increase, it is yet to be seen whether projections of WSA can really be reached.

In 2014, India retained its position as the 4th largest steel producing country in the world, behind China, Japan and the USA. The Indian GDP growth expanded to 7.2% in 2014 due to improving economic sentiments post the election of a new government. The crude steel production grew by 2.3% to 83.2 million tonnes, while steel demand grew by 2.2% to 75.3 million tonnes. However, demand at the grass root level remained stagnant and is only expected to pick up from 2015.

### FINANCIAL PERFORMANCE REVIEW OF THE COMPANY:

The Company is engaged in steel business, which in context of Accounting Standard (AS-17) issued by the Institute of the Chartered Accountants of India, is considered to be the only business segment. Your company incurred gross loss amounting to ₹15109.30 lacs during the year under review which was mainly due to hike in the price of raw materials, rising borrowing costs and other global factors. The net loss for the year under review was ₹10,257.12 lacs. The basic and diluted earnings per share were at (11.64) for Financial

Year 2014-15. During the year 2014-15, your Company achieved a total revenue of ₹1,09,207.81 lacs as compared to ₹1,22,905.89 lacs in the previous year which reflects a decline of around 10.7%. As a corrective action plan the Company with the consent of its lenders has approached the Corporate Debt Restructuring Empowered Cell (CDR EG) for restructuring its credit facilities and received Provisional Letter of Approval by the CDR EG upon the approval of the Corporate Debt restructuring Package vide letter dated March 23, 2015 which was further confirmed by CDR Cell that it is the final letter of approval May 8, 2015. The Company has restructured its credit facilities as granted/continued by the consortium lenders amounting to ₹1,32,765 lacs. Its brief financial performance for 2014-15 is given below:

(₹ in lacs)

PARTICULARS	31.03.2015	31.03.2014
Revenue from operations (gross )	121,064.55	130,856.20
Profit/(loss) before Depreciation, Interest & Tax	(1,116.55)	19,528.31
Interest and financial charges	10,932.03	10,875.26
Depreciation	5,293.82	5,479.61
Profit/(Loss) Before Tax	(15,109.30)	3,173.44
Profit/(Loss) Before Depreciation & Tax	(9,815.48)	8,653.05
Tax expenses	(4,852.18)	1,073.09
<b>Net Profit/(Loss)</b>	<b>(10,257.12)</b>	<b>2,100.34</b>
Cash profit/(loss)	(4,963.30)	7,579.97

Further the turnover and capacity utilization of the various products and divisions of the Company are explained under the head named Diversified Product portfolio which forms part of this Annual Report.

In view of the global economic slowdown, MSPL is focusing on innovation to ensure sustainability. The Company is working towards optimum utilization of manpower, machine & money during the current tough economic situation. With the mix of above strategy, the Company is trying to consolidate its operations & financials and trying to optimize its margins.

## RISK, OPPORTUNITIES & THREATS:

FY 2014-15 has been a mixed bag for steel makers with crisis of raw material prices, fluctuating (INR/USD) exchange rate and a slow steel demand growth. Although steel sector still faces some challenges and concerns which include, on the input side, the raw material prices are expected to be subdued, the steel industry faces multiple challenges on the output side such Chinese over capacity resulting into substantial increase in Chinese exports into India - resulting in pressure on domestic steel prices, slow pick-up in steel demand in the domestic market - making it difficult to improve capacity utilization, slowing demand growth across geographies, shut down of mining operations has resulted in scarcity of iron ore, impacting prices; quality of the available iron ore also remains a challenge etc. Hence, it is becoming more and more important to focus on cost reduction to remain competitive in current market and to maintain margins.

Risk management involves the efforts to identify and mitigate the negative influence of various sources of risks faced by the Company's business activities to ensure optimal operations. Business risks are potential incidents, which could negatively affect the achievement of the Company's vision, mission, goals and targets or organizational unit. MSPL recognizes that risk need to be managed to protect its customers, employees, shareholders and other stakeholders to achieve its business objective and enable sustainable growth. Identified risks are grouped into five types, namely strategic, financial, operational, plant and environmental.

Brief descriptions of the different types of risks are given below:

- Strategic risks pose threat to the survival of the Company's business. Some of these risks include technological developments, government policies, investment plans, new product development and other related risks.
- Operational risks can lead to loss on the back of a failure or inadequacy in the quality control of the business process.
- Financial risk causes direct or indirect financial losses to the Company.
- Environmental risks cause environmental degradation, pollution, social disruption and other issues, in turn adversely impacting the Company's reputation.

The risk management framework undergoes continuous improvement to allow management to optimize its management of risk exposures while taking advantage of business opportunities. All sources of external and internal risks need to be systematically anticipated to prevent issues that can negatively affect the Company in future. An overview of these risks is provided hereafter, including the action to mitigate these risks.

### Strategic Risk:

To mitigate the strategic risk the Company undertook several efforts:

- Implementing cost reducing measures.
- Invest in projects to strengthen cost competitiveness
- Implementing new operating system

### Financial Risk:

To mitigate the financial risk, the Company undertook several efforts:

- Treasury Risk- the Company maintains a financial framework to ensure that it is able to maintain an appropriate level of financial capacity.
- Interest Rate Risk – MSPL borrows funds in the domestic market to meet fund requirements. However the Company strives to make timely payments of instalments to the CDR Lenders and ensures monitoring and compliance with the terms and conditions CDR package as approved and implemented.
- MSPL hedges its exposure.

### Plant operations risk

To mitigate the risk of disruptions in plant operations, the Company undertook several efforts. It:

- Implemented predictive and preventive maintenance programmes consistently
- Identified critical equipment in every plant and supporting unit to be programmed on maintenance and procurement management and spare part availability
- Conducted annual maintenance programmes

- Performed daily, weekly and monthly production reviews on the operating performance of production facilities
- Reviewed and implemented the revitalisation programme to ensure reliable operations of production facilities

#### **Employment risk**

To mitigate the employee related risks, the Company:

- Developed Human Capital Maintenance with the advanced aspects of Health Care and Welfare to perform employee welfare and help them overcome health problems
- Formulated the operational health, safety and environmental standards procedure
- Conducted induction courses programme for new employees.
- Organised safety campaign, health and the protection of working environment
- Provided retirement plans and programmes for employees

#### **Environment risk**

- Protecting for the environment lies at the core of all operations at MSPL Steel. The Company is aware of the negative impact and legal actions that might happen if its operations affect the environment. Hence, it undertakes prudent steps to reduce its environmental footprint.
- To reduce its environment footprints and ensure proper compliance with the relevant policies, the Company:
- Established and assigned working units, which are specifically responsible to manage health, safety and Environment
- Implemented consistent rules and regulations as well as including those already set in the Environmental Management System (ISO)
- Analysed the Company's environment footprint through Environmental Impact Analysis (EIA) for plant operation activities and the Environmental Monitoring Plan or Environmental Plan to do it consistently.
- Completed the production unit by installing de-dusting

system, water treatment plant, waste management systems for pollution control

The Board has been trying to set the right tone at the Company's managerial level. It believes in the motto: To improve performance, one has to understand how to manage risk better.

The Company has been integrating concepts of strategic planning, operations management and internal control to mitigate and monitor various risks involving IT security, market, financial reporting, exchange, contractual compliance, policy compliance and so on.

The New Industrial policy opened up the Indian Iron and Steel industry for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as Foreign Direct Investment are now freely permitted up to certain limits under an automatic route.

#### **INTERNAL CONTROLS AND SYSTEMS:**

A robust system of internal control, commensurate with the size and nature of its business, forms an integral part of the Company's Corporate Governance Policies. In MSPL, the Board of Directors ensures that Internal Controls have been laid down in the Company and that such controls are adequate and are functioning effectively. MSPL has policies, procedures, control framework and management systems in place. The Board has also set up appropriate processes to monitor the relevant external and internal risks. The Company follows the COSO model of internal control system to deal efficiently and effectively with all the five components of Internal Control System, namely:

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

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

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

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

It is supplemented by well-documented policies, guidelines, procedures and regular reviews, which are carried out by the Company's Executives. The Audit committee comprising of Independent Directors regularly reviews audit plans, significant audit findings, adequacy of internal controls and compliance with Accounting Standards etc. The reports containing significant audit findings are periodically submitted to the Company's management and its Audit Committee.

During the year, the Company focused on encouraging independent decision making, documentation of shortcomings of the various processes and departments, and correction of the work processes.

#### **STATUTORY COMPLIANCE:**

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

#### **INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:**

The Company considers the quality of its Human Resources to be its most important asset and focuses on attracting, motivating and retaining the best talent. Communication exercises are treated as continuous process to keep the employees informed of the challenges being faced by the Company and also motivate them to take up higher responsibilities, in tune with the requirements of the Company. The Company's work culture is responsive to business needs and challenges, but gives them a sense of professional ownership.

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

People form the foundation that drives the success and growth of the organisation. The Company undertook various HR initiatives like change dynamics, retention policies of key business drivers based on their competencies and their performance.

#### **CAUTIONARY STATEMENT**

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

**For and on behalf of the Board**

Date: August 14, 2015

Place: Kolkata

**Puran Mal Agrawal**

*Chairman*

# Independent Auditors' Report

## To the Members of

### MSP STEEL & POWER LIMITED

#### 1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **MSP Steel & Power Limited ('the Company')**, which comprises the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

#### 2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3. AUDITOR'S RESPONSIBILITY

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

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

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10

of Section 143 of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### 4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss, and its cash flows for the year ended on that date.

#### 5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of Section 143 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Companies has disclosed the impact of pending litigations on its financial position in its financial statements –Refer Note 35 to the financial statements;
- ii. Provision has been made in the financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts – Refer Note 46 to the financial statements;
- iii. There is no required to be transferred to the Investor Education and Protection Fund by the Company.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
 Membership No: 057731

**Date:** 6th June, 2015  
**Place:** Kolkata

**The Annexure referred to in our report to the members of MSP Steel & Power Limited ('the Company') for the year ended 31st March 2015. We report that:**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies have been noticed on such verification.
- (ii) (a) As informed to us, a part of the inventory has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventories followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
- (iii) (a) The Company has granted loans to a party covered in the register maintained under section 189 of the Act. The maximum amount outstanding during the year was ₹ 288.83 lacs and the year end balance of loan given to such party was ₹ NIL.
- (b) The principal amounts and interest are being received regularly as per stipulations.
- (c) In respect of the aforesaid Loans, there is no overdue amount more than ₹ one lacs.
- (iv) 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 the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the records maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Professional tax, Employees' state insurance, Income tax, Sales tax, Value added tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of sales tax, value added tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, except:-

Name of the statute	Nature of dues	Year	Amount (₹ in lacs)	Forum where dispute is pending
Central and Local Sales Tax Acts(*)	Sales Tax including Non collection of C Forms and disallowance of VAT Credit	2004-2012	400.28	Appellate Authority upto Joint Commissioner Level.
Central Excise Act, 1944	Excise Duty including interest and penalty, if applicable	2004-2012	584.47	Appellate Authority upto Commissioner's level.
Central Excise Act, 1944	Excise Duty including interest and penalty, if applicable	2005-2012	1,519.05	Customs, Excise and Service Tax Appellate Tribunal
Income-tax Act, 1961	Disallowance of TDS	2004-2005	0.55	Deputy/Assistant Commissioner of Income Tax

(\*) ₹ 21.73 lacs deposited under protest against the dues.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, and Rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash loss of ₹ 9,815.48 lacs during the financial year covered by our audit and cash loss of ₹ NIL in the immediately preceding financial year.
- (ix) As per our audit procedures and according to the information and explanations given to us, there is no continuing default in repayment of installments and interest dues to financial institutions and banks as on the balance sheet date.
- (x) According to the information and explanations given to us, the Company has given guarantees aggregating ₹ 2,812.50 lacs for loan taken by a subsidiary from a Bank, the terms and conditions whereof, in our opinion, based on management representation, are not *prima-facie* prejudicial to the interest of the Company.
- (xi) In our opinion and according to the information and explanations given to us, we report that the Term Loans taken by the company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no instances of material fraud on or by the Company has been noticed or reported during the course of our audit.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
 Membership No: 057731

Date: 6th June, 2015  
 Place: Kolkata

## Balance Sheet

As at 31<sup>st</sup> March, 2015

(₹ in lacs)

	NOTES	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	<b>3</b>	10,889.40	10,889.40
Reserves and Surplus	<b>4</b>	49,098.39	59,372.49
		<b>59,987.79</b>	<b>70,261.89</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	<b>5</b>	89,521.05	57,221.27
Deferred Tax Liabilities (Net)	<b>6</b>	1,010.02	5,862.19
Other Long Term Liabilities	<b>7</b>	212.32	118.36
Long Term Provisions	<b>8</b>	188.93	256.09
		<b>90,932.32</b>	<b>63,457.91</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	<b>9</b>	23,314.64	38,689.05
Trade Payables	<b>10</b>	11,499.55	15,521.26
Other Current Liabilities	<b>7</b>	6,092.23	14,524.46
Short Term Provisions	<b>8</b>	-	588.93
		<b>40,906.42</b>	<b>69,323.70</b>
<b>TOTAL</b>		<b>1,91,826.53</b>	<b>2,03,043.50</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	<b>11</b>	1,13,675.99	99,922.27
Capital Work-In-Progress	<b>12</b>	4,899.59	15,221.88
Non Current Investments	<b>13</b>	3,262.81	3,278.15
Long-Term Loans and Advances	<b>14</b>	4,359.74	6,072.68
Other Non-Current Assets	<b>15</b>	390.22	1,179.74
		<b>1,26,588.35</b>	<b>1,25,674.72</b>
<b>Current Assets</b>			
Inventories	<b>16</b>	32,154.53	29,553.22
Trade Receivables	<b>17</b>	10,203.48	19,108.50
Cash and Bank Balances	<b>18</b>	1,947.09	2,087.26
Short-Term Loans and Advances	<b>14</b>	20,250.67	25,781.04
Other Current Assets	<b>15</b>	682.41	838.76
		<b>65,238.18</b>	<b>77,368.78</b>
<b>TOTAL</b>		<b>1,91,826.53</b>	<b>2,03,043.50</b>
Summary of Significant Accounting Policies	<b>2</b>		

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

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

For and on behalf of Board of Directors

**CA Sunil Kumar Agrawal**  
Partner  
Membership No: 057731

**Puran Mal Agrawal**  
Chairman

**Saket Agrawal**  
Managing Director

Date: 6th June, 2015  
Place: Kolkata

**Kamal Kumar Jain**  
Chief Financial Officer

**Ruchi Garg**  
Company Secretary

## Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2015

(₹ in lacs)

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	NOTES	2014-15	2013-14
<b>INCOME</b>			
Revenue from Operations (Gross)	19	1,21,064.55	1,30,856.20
Less: Excise Duty		11,856.74	11,579.82
<b>Revenue from Operations (Net)</b>		<b>1,09,207.81</b>	<b>1,19,276.38</b>
Other Income	20	546.35	3,629.51
<b>Total (I)</b>		<b>1,09,754.16</b>	<b>1,22,905.89</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components Consumed	21	90,409.84	73,305.48
Purchase of Traded Goods	22	4,081.13	12,958.19
Changes in Inventories of Finished Goods,			
Work-in-Progress and Traded Goods	23	(2,727.99)	1,607.56
Employee Benefits Expenses	24	3,168.45	3,054.80
Finance Costs	25	10,932.03	10,875.26
Depreciation and Amortization Expenses	11	5,293.82	5,479.61
Other Expenses	26	13,706.18	12,451.55
<b>Total (II)</b>		<b>1,24,863.46</b>	<b>1,19,732.45</b>
<b>Profit Before Tax (I-II)</b>		<b>(15,109.30)</b>	<b>3,173.44</b>
<b>Tax Expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		-	660.76
Less: MAT Credit Entitlement		-	(634.89)
Deferred Tax		(4,852.18)	1,047.23
<b>Total Tax Expenses</b>		<b>(4,852.18)</b>	<b>1,073.10</b>
<b>Profit for the Year</b>		<b>(10,257.12)</b>	<b>2,100.34</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic (₹)	27	(11.64)	2.38
Diluted (₹)		(11.64)	2.38
Summary of Significant Accounting Policies	2		

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

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

For and on behalf of Board of Directors

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

**Puran Mal Agrawal**  
*Chairman*

**Saket Agrawal**  
*Managing Director*

**Date: 6th June, 2015**  
**Place: Kolkata**

**Kamal Kumar Jain**  
*Chief Financial Officer*

**Ruchi Garg**  
*Company Secretary*

## Cash Flow Statement

For the year ended 31<sup>st</sup> March, 2015

(₹ in lacs)

	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	(15,109.30)	3,173.44
Adjustments for :		
Depreciation	5,293.82	5,479.61
Unrealised (Gain) on Foreign Exchange Fluctuation/Forward	-	(145.94)
Profit on Sale of Investments	(4.85)	-
Irrecoverable Debts, Deposits and Advances written off	117.88	32.20
Liabilities no longer required written back	-	(52.33)
Loss on sale of fixed assets	1.40	2.97
Interest on loans, deposits etc.	(522.18)	(544.21)
Interest Expenses	10,570.20	9,715.60
Other Finance Expenses	352.63	213.47
Dividend Income	(0.15)	(0.21)
<b>Operating Profit before working capital changes</b>	<b>699.46</b>	<b>17,874.60</b>
Movement in Working Capital for:		
(Increase)/Decrease in Trade Receivables	8,798.80	(6,497.52)
(Increase)/Decrease in Loans and Advances	7,231.98	8,837.86
(Increase)/Decrease in Other Assets	947.00	543.33
(Increase)/Decrease in Inventories	(2,601.31)	1,201.49
Increase/(Decrease) in Trade Payables	(4,021.71)	813.61
Increase/(Decrease) in Other Liabilities	(8,338.27)	791.18
Increase/(Decrease) in Provisions	(656.09)	88.42
<b>Cash generated from Operations</b>	<b>2,059.87</b>	<b>23,652.97</b>
Direct Taxes Paid	-	1,423.59
<b>Net Cash generated from Operating Activities</b>	<b>2,059.87</b>	<b>22,229.38</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(8,749.19)	(15,800.02)
Discard / Sale of Fixed Assets	6.97	55.31
Loss on Sale of Fixed Assets	(1.40)	(2.97)
Profit on Sale of Investments	4.85	-
Investment in Joint Venture	-	(9.16)
Purchase of Investments	-	(68.07)
Sale/ Write off of Investments	15.00	50.00
Fixed Deposits (with maturity period of more than three months)	1,793.72	(1,403.06)
Interest received	522.18	485.38
Dividends received	0.15	0.21
<b>Net cash used in investing activities</b>	<b>(6,407.74)</b>	<b>(16,692.38)</b>

## Cash Flow Statement

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

	2014-15	2013-14
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend and dividend distribution tax paid	-	(3.00)
Share application money refund	-	(900.00)
Long Term Borrowings Received	37,545.73	15,467.60
Long Term Borrowings Repaid	(5,245.94)	(10,817.61)
Short Term Borrowings Received/ (Paid) (Net)	(100.00)	203.12
Cash credit and working capital received/ (Paid) (Net)	(15,274.41)	277.06
Interest Paid	(10,570.20)	(9,596.00)
Other Finance Expenses Paid	(352.63)	(213.47)
<b>Net cash generated in financing activities</b>	<b>6,002.55</b>	<b>(5,582.30)</b>
<b>Net (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>1,654.68</b>	<b>(45.30)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>158.04</b>	<b>203.34</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>1,812.72</b>	<b>158.04</b>

	2014-15	2013-14
<b>* Components of Cash and Cash equivalents</b>		
Cash on hand	10.22	22.30
Cheques in hand	-	-
With Scheduled Banks on Current Account	1,802.50	135.73
	<b>1,812.72</b>	<b>158.04</b>

As per our report of even date.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

**Date: 6th June, 2015**  
**Place: Kolkata**

For and on behalf of Board of Directors

**Puran Mal Agrawal**  
*Chairman*  
**Saket Agrawal**  
*Managing Director*

**Kamal Kumar Jain**  
*Chief Financial Officer*  
**Ruchi Garg**  
*Company Secretary*

# Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015

## MSP STEEL & POWER LIMITED SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate Information

MSP Steel & Power Limited ('the Company') is a public company domiciled in India and is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company is engaged in the manufacture and sale of iron and steel products and generation and sale of power. The Company has manufacturing plant in Raigarh, Chhattisgarh.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation of Financial Statements

These financial statements of the company have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lacs.

#### (b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (c) Tangible and Intangible Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment if any. The cost of acquisition comprises of purchase price inclusive of duties (net of Cenvat / VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc., up to the date the assets are ready for intended use. Borrowing costs relating to acquisition of fixed assets for the period of time for it to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment, is expected to be irregular, are capitalized and depreciated prospectively over the residual life of the respective assets.

All direct expenditure and administrative costs relating to construction/erection of the project for bringing it to the working conditions for intended use are capitalized as "Pre-operative & Trial Run Expenses (pending allocation)".

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

#### (d) Depreciation/Amortization of Fixed Assets

The classification of Plant and Machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided on a pro-rata basis on the straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

Cost of leasehold land is amortized over the period of lease.

The intangible assets are amortized over the useful economic life of the respective assets.

#### (e) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as 'Operating Leases'. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### (f) Impairment of Fixed 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 impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'value in use' of the assets. In assessing value in use, the estimated future cash flows are discounted to their present value.

### (g) Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction/erection or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are charged to revenue.

### (h) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

### (i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as 'Current Investments'. All other investments are classified as 'Long-term Investments'.

On initial recognition, all investments are measured at cost. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. Provision for

diminution in value is recognized when there is an 'other than temporary' decline in the value of the investments.

### (j) Inventories

Raw materials, Components, Stores and Spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products for which they will be used are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on 'First in First out' basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on annual average basis.

Saleable scrap and by-products are valued at net realizable value.

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

### (k) Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which generally coincides with delivery.

#### Sale of Power

Revenue from sale of power is recognized on transmission of power to the customers from the grid.

#### Sale of Carbon Credits

Revenue is recognized when carbon credit units are sold to third parties and there is no significant uncertainty as regards the collection thereof.

#### Export Incentives

Export Incentives under the Duty Drawback scheme are recognized when such incentive accrues upon export of goods provided that there is reasonable certainty of receiving

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

the credit and its quantification can be assessed. Income is recognized at lower of the estimated credit receivable and estimated net realisable value.

### Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

### Dividend

Dividend income on investments is recognised when the right to receive dividend is established.

### Insurance Claims

Insurance Claims are accounted depending on the certainty of receipts on settlement.

### (l) Foreign Currency Transactions and Balances

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary items are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded are recognized as income or expenses in the year in which they arise except for fixed assets.

The premium/ discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts at the reporting date are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

### (m) Employee Benefits

Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.

Post employment and other long term employee benefits are charged off in the period in which the employee has

rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

The Company's contribution to the Provident Fund and the Family Pension Fund are charged to Statement of Profit and Loss.

### (n) Income taxes

Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates.

Current Tax represents the amount of Income Tax payable in respect of taxable income for the reporting period. Provision for Current Tax is made on the basis of estimated taxable income for the period at the rates prevailing under the Income-tax Act, 1961. Current Tax is net of credit for entitlement for Minimum Alternate Tax (MAT).

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years. Deferred Tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of credit to Statement of Profit & Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### (o) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### (p) Derivative Instruments

Derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

### (q) Excise Duty

Excise Duty and Cess on manufacturing goods is accounted for at the time of their clearances from the factory. Excise Duty and Cess in respect of stock of finished goods and

scrap awaiting clearance from the factory at the year-end are considered for valuation of inventory.

### (r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders are divided with the weighted average number of shares outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

(₹ in lacs)

3. Share Capital	As at 31st March, 2015		As at 31st March, 2014	
	No.	(₹ in lacs)	No.	(₹ in lacs)
<b>Authorised Shares</b>				
96,00,00,000 (96,00,00,000) Equity Shares of ₹ 10/- each		9,600.00		9,600.00
36,00,00,000 (21,00,00,000) 6% Non Cumulative Redeemable Preference Shares of ₹ 10/- each		3,600.00		2,100.00
		13,200.00		11,700.00
<b>Issued, Subscribed and Fully Paid-up Shares</b>				
88,10,00,000 (88,10,00,000) Equity Shares of ₹ 10/- each, Fully Paid up		8,810.00		8,810.00
20,794,000 (20,794,000) 6% Non Cumulative Redeemable Preference Shares of ₹ 10/- each, Fully Paid up		2,079.40		2,079.40
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>		<b>10,889.40</b>		<b>10,889.40</b>

### Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:

Equity Shares	As at 31st March, 2015		As at 31st March, 2014	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	88,100,000	8,810.00	88,100,000	8,810.00
Issued during the year	-	-	-	-
<b>Outstanding as at the end of the year</b>	<b>88,100,000</b>	<b>8,810.00</b>	<b>88,100,000</b>	<b>8,810.00</b>

Preference Shares	As at 31st March, 2015		As at 31st March, 2014	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	20,794,000	2,079.40	8,794,000	879.40
Issued during the year	-	-	12,00,00,000	1,200.00
<b>Outstanding as at the end of the year</b>	<b>20,794,000</b>	<b>2,079.40</b>	<b>20,794,000</b>	<b>2,079.40</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### Terms/Rights attached to Equity Shares

The company has only one class of Equity Shares having a nominal value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

### Terms/Rights attached to Preference Shares

The company has only one class of Preference Shares (i.e. 6% Non Cumulative Redeemable Preference Shares)

having a nominal value of ₹ 10/- per share. The Preference Shareholders shall have the right to vote on any resolution of the company directly affecting their rights. The company declares and pays preferential dividends in Indian rupees.

The Preference Share of the company are Non Cumulative in nature and therefore in case the company does not declare dividend in any particular year, dividend right gets lapsed and is not eligible for carry forward in future years.

Preference Shares are redeemable within 20 years from the date of allotment at a price to be decided by the Board of Directors at the time of redemption.

In the event of liquidation of the company, the holders of Preference Shares will be entitled to receive assets of the company, before its distribution to equity shareholders. The distribution will be in proportion to the number of Preference Shares held by the preference shareholders.

### Details of Shareholders holding more than 5% Shares in the company

Equity Shares of ₹ 10/- each	As at 31st March, 2015		As at 31st March, 2014	
	No.	% holding in the class	No.	% holding in the class
Adhunik Gases Ltd.	55,54,000	6.30%	55,54,000	6.30%
MSP Infotech Pvt Ltd	72,29,760	8.21%	72,29,760	8.21%
MSP Sponge Iron limited	2,47,36,500	28.08%	2,47,36,500	28.08%

Preference Shares of ₹ 10/- each	As at 31st March, 2015		As at 31st March, 2014	
	No.	% holding in the class	No.	% holding in the class
B.S. Confin Pvt. Ltd.	24,50,000	11.78%	24,50,000	11.78%
Dexo Trading Pvt. Ltd.	39,20,000	18.85%	39,20,000	18.85%
High time Holdings Pvt. Ltd.	24,50,000	11.78%	24,50,000	11.78%
Ilex Pvt. Ltd.	18,00,000	8.66%	18,00,000	8.66%
Jai K Leasing and Commercial Investment Pvt. Ltd.	15,40,000	7.41%	15,40,000	7.41%
M.A. Hire Purchase Pvt. Ltd.	11,05,000	5.31%	11,05,000	5.31%
Sikhar Commodity Pvt. Ltd.	36,35,000	17.48%	36,35,000	17.48%

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

4. Reserves and Surplus	As at 31st March, 2015	As at 31st March, 2014
<b>Securities Premium Account</b>		
Balance as per the last Financial Statements	33,770.19	22,970.19
Add : Received during the year	-	10,800.00
Closing Balance	33,770.19	33,770.19
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last Financial Statements	25,602.30	23,501.96
Profit for the period/year	(10,257.12)	2,100.34
<b>Less: Appropriations</b>		
Depreciation Adjustment*	16.98	-
<b>Surplus</b>	15,328.20	25,602.30
<b>Total Reserves and Surplus</b>	<b>49,098.39</b>	<b>59,372.49</b>

\*During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013. Accordingly depreciation of ₹ 16.98 lacs on account of assets whose useful life is already exhausted on 1st April, 2014 has been adjusted against Surplus in statement of Profit and Loss.

(₹ in lacs)

5. Long Term Borrowings	Non-Current Portion		Current Maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>				
<b>Term Loans</b>				
<b>From Banks</b>				
Indian Rupee Loan	74,916.88	43,905.20	-	5,868.27
Foreign Currency Loan	2,700.34	3,736.26	2,400.69	2,491.06
<b>Finance Lease Obligation</b>				
From Banks	17.57	27.17	20.46	18.64
From Body Corporates	0.00	10.28	10.28	30.79
<b>Unsecured</b>				
Inter Corporate Deposits	7,523.76	4,584.86	-	-
Loans and Advances from Related Parties	4,362.50	4,957.50	-	-
	<b>89,521.05</b>	<b>57,221.27</b>	<b>2,431.43</b>	<b>8,408.76</b>
<b>The above amount includes :</b>				
Secured Borrowings	77,634.79	47,678.91	2,431.43	8,408.76
Unsecured Borrowings	11,886.26	9,542.35	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 7)	-	-	(2,431.43)	(8,408.76)
<b>Net Amount</b>	<b>89,521.05</b>	<b>57,221.27</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

6. Deferred Tax Liabilities (Net)	As at 31st March, 2015	As at 31st March, 2014
<b>Deferred Tax Liabilities :</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	5,862.19	7,999.45
<b>Deferred Tax Assets :</b>		
Tax impact of expenses charged to the Statement of Profit & Loss but allowable under tax laws deferred	(206.02)	(317.17)
Tax impact of unabsorbed loss / allowances	(4,646.16)	(1,820.07)
<b>Total</b>	<b>1,010.02</b>	<b>5,862.19</b>

(₹ in lacs)

7. Other Liabilities	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Advance from Customers	-	-	942.71	602.32
Retention / Security Deposit	212.32	118.36	88.75	136.55
Current Maturities of Long-Term Borrowings (Refer Note No. 5)	-	-	2,431.43	8,408.76
Interest accrued and due on Borrowings	-	-	70.89	568.52
Interest accrued but not due on Borrowings	-	-	20.43	126.79
Other Payables on Capital Purchases	-	-	1,714.31	1,800.66
Unpaid Dividend*	-	-	2.52	3.66
Others (including Statutory Dues payable)	-	-	821.19	2,877.20
	<b>212.32</b>	<b>118.36</b>	<b>6,092.23</b>	<b>14,524.46</b>

\*There is no amount required to be transferred to the Investor Education and Protection Fund as per the relevant provisions of the Companies Act, as at the year end.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

8. Provisions	Long-Term		Short-Term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Provision for Employee Benefits</b>				
For Gratuity (Refer Note No. 28)	84.96	144.67	-	-
For Leave Benefits	103.97	111.42	-	-
<b>Other Provisions</b>	188.93	256.09	-	-
For Tax on Proposed Equity Dividend	-	-	-	-
For Taxation (Net of Advance Tax ₹ Nil (₹ 110.87 lacs))	-	-	-	588.93
	<b>188.93</b>	<b>256.09</b>	-	<b>588.93</b>

(₹ in lacs)

9. Short-Term Borrowings	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
<b>Rupee Loan from Banks</b>		
Cash Credit Facility	23,108.72	37,887.03
Short Term Loan	-	500.00
<b>Unsecured</b>		
<b>From Body Corporates</b>		
Inter Corporate Deposits	205.92	302.02
	23,314.64	38,689.05
<b>The above amount includes</b>		
Secured Borrowings	23,108.72	38,387.03
Unsecured Borrowings	205.92	302.02

### Terms and Conditions attached to Short Term Borrowings

Cash Credit and Short Term Loan facilities and Foreign Currency Loans from Banks are secured by hypothecation charge of entire current assets of the company both present and future on pari passu basis with other consortium member banks, second charge on the entire fixed assets of the Company ranking pari passu with other member banks of the consortium and personal guarantees of Puran Mal Agrawal, Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Promoters of the Company).

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

10. Trade Payables	Current	
	As at 31st March, 2015	As at 31st March, 2014
Trade Payables (including acceptances) (Refer Note No. 43)	11,499.55	15,521.26
	<b>11,499.55</b>	<b>15,521.26</b>

### Term Loans from Banks and Financial Institutions

Particulars	Repayment terms			Rate of interest (%)
	Outstanding including current maturities		Date of Maturity with respect to 31st March, 2015	
	No. of Instalment	₹ in lacs		
From Banks				
Indian rupee loan (Quarterly installments)*	32 24	69,683.81 5,233.07	September, 2024 September, 2022	10.75% 10.75%
<b>Total (A)</b>		<b>74,916.88</b>		
Foreign currency loan	3	3,601.03	June, 2016	8.80%
External Commercial Borrowing (Half yearly installments)*				(After considering the hedge effect)
FCNRB (Quarterly installments)*	32	1,500.00	September, 2024	5.28 %
<b>Total (B)</b>		<b>5,101.03</b>		
Finance lease obligation (Monthly installments)**				
From banks	15-43	38.03	June, 2016 - October, 2018	9.72 % - 10.65%
From body corporate	3-5	10.28	June, 2015 - August, 2015	11.00% -12.51%
<b>Total (C)</b>		<b>48.31</b>		

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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**\*The details of Secured loans are as follows:**

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

- a. First hypothecation charge on plant, machinery, fixed assets, and other movable assets, both present and future of the company, on pari-passu basis with all term lenders and equitable mortgage of factory land & building on pari passu basis with all Term Lenders.
- b. Second charge on entire current assets of the company ranking pari passu with other member banks of the consortium.
- c. Pledge of 100% of Promoter's Shareholding representing 71.90% of the paid up capital of the company as on 30.09.2014 has been executed in favour of the CDR lenders.
- d. Lien on all Bank Accounts including the Trust and Retention Account.

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

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

Registered mortgage of 150.50 acres of segregated agricultural land. As per valuation report of December 2014, realisable value of the property is ₹ 12.41 Crores. The said land shall be converted into industrial land by 31.03.2016 failing which alternate security will be provided by the Company.

Irrevocable, unconditional Corporate Guarantee of M/s. Ilex Private Limited.

\*\*Hire Purchase obligations are secured by hypothecation of vehicles purchased under the respective agreement.

## 11. Tangible Assets

### Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

Description	Gross Block (at cost)					Depreciation				(₹ in lacs)
	As at 1 <sup>st</sup> April 2014	Additions *	Deletions	Borrowing Cost **	As at 31 <sup>st</sup> March 2015	As at 1 <sup>st</sup> April 2014	For the year	On Deletions	As at 31 <sup>st</sup> March 2015	
Freehold Land	926.80	-	-	-	926.80 (a)	-	-	-	-	926.80
Factory Building	13,681.62	-	-	-	13,681.62	1,461.23	429.79	-	1,891.02	- 11,790.60
Other Building	3,920.67	3,854.67	-	221.27	7,996.61	100.49	215.05	-	315.54	- 7,681.07
Plant and Machinery	99,090.24	14,162.33	-	812.95	1,14,065.52	16,581.24	4,542.25	-	21,123.49	- 92,942.03
Vehicles	753.14	15.54	6.97	-	761.71 (b)	384.07	88.41	4.58	467.90	16.98 276.83
Office Equipments	39.31	0.15	-	-	39.46	7.50	11.32	-	18.82	- 20.64
Furniture and Fixtures	85.58	-	-	-	85.58	40.56	7.00	-	47.56	- 38.02
<b>Total</b>	<b>1,18,497.36</b>	<b>18,032.69</b>	<b>6.97</b>	<b>1,034.22</b>	<b>1,37,557.30</b>	<b>18,575.09</b>	<b>5,293.82</b>	<b>4.58</b>	<b>23,864.33</b>	<b>16.98 1,13,675.99</b>

## 11. Tangible Assets ( CNTD. )

### Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

Description	Gross Block (at cost)						Depreciation	(₹ in lacs)		
	As at 1st April 2013	Additions *	Deletions	Borrowing Cost **	As at 31st March 2014	As at 1st April 2013	For the year	On Deletions	As at 31st March 2014	As at 31st March 2014
Freehold Land	926.80	-	-	-	926.80 (a)	-	-	-	-	926.80
Factory Building	12,449.80	1,111.63	-	120.19	13,681.62	1,028.39	432.84	-	1,461.23	12,220.39
Other Building	1,545.22	2,375.45	-	-	3,920.67	59.28	41.21	-	100.49	3,820.18
Plant and Machinery	85,935.48	11,880.71	45.00	1,319.05	99,050.24	11,654.37	4,928.18	1.31	16,581.24	82,509.00
Vehicles	699.54	63.22	9.62	-	753.14 (b)	319.19	69.85	4.97	384.07	369.07
Office Equipments	39.25	0.75	0.69	-	39.31	5.25	2.53	0.28	7.50	31.81
Furniture and Fixtures	85.58	-	-	-	85.58	35.56	5.00	-	40.56	45.02
<b>Total</b>	<b>1,01,681.67</b>	<b>15,431.76</b>	<b>55.31</b>	<b>1,439.24</b>	<b>1,18,497.36</b>	<b>13,102.04</b>	<b>5,479.61</b>	<b>6.56</b>	<b>18,575.09</b>	<b>99,922.27</b>

#### Notes:

a) Freehold Land includes ₹ 10.86 lacs ( ₹ 10.86 lacs), being the cost of land which is yet to be registered in the name of the Company.

b) Vehicles includes cars taken of Finance Lease :

Gross Block	As at			(₹ in lacs)
	31st March 2015	31st March 2014	As at	
Original Cost	761.71	753.14		
Depreciation Charge	88.41	69.85		
Accumulated Depreciation	467.90	384.07		
Retained Earning Adjustment	16.98	-		
<b>Net Book Value</b>	<b>276.83</b>	<b>369.07</b>		

c) Depreciation of ₹ 16.98 lacs on account of assets whose useful life is already exhausted on 1st April, 2014 has been adjusted against surplus in Statement of Profit and Loss pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of the Companies Act, 2013. (Refer Note 4)

\* Includes ₹ 18,017.01 lacs ( ₹ 15,367.80 lacs) capitalised from Capital Work in progress (CWIP)

\*\* Represents the amount of borrowing cost transferred from CWIP

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>12. Capital Work in Progress</b>		
Buildings **	3,588.63	6,485.68
Plant and Machinery	17,969.22	21,760.40
Capital Goods in Stock	287.54	305.30
[including in transit ₹ 12.55 lacs (₹ 64.55 lacs)]		
Less: Capitalised during the year	17,428.27	14,410.03
	<b>4,417.12</b>	<b>14,141.35</b>
Pre-Operative and Trial Run Expenses (Pending Allocation)	482.47	1,080.53
	<b>4,899.59</b>	<b>15,221.88</b>
<b>Details of Pre-Operative and Trial run Expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	1,080.53	2,008.85
<b>Raw Materials Consumed</b>		3,178.11
<b>Finished Goods Consumed</b>	291.00	7,146.15
<b>Personnel Cost</b>		
Salary, Wages and Bonus	15.42	35.25
Contribution to Provident and Other Funds	1.07	1.51
Staff Welfare	0.83	0.04
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	0.62	0.21
Power and Fuel	13.34	32.97
Repairs and Maintenance		
- Plant and Machinery	10.65	6.61
- Others	1.23	-
Material Handling Charges	0.78	0.61
Travelling and Conveyance	0.02	0.06
Vehicle Running and Maintenance Expenses	0.06	20.56
Printing and Stationary	0.16	1.41
Postage and Communication	0.31	0.74
Legal and Professional Charges	8.02	4.93
Rent and Hire Charges	1.81	13.80
Rates and Taxes	0.35	-
Miscellaneous Expenses	12.64	10.91
<b>Borrowing Cost</b>		
Interest on Term Loans	945.06	1,336.80
Finance Charges	1.25	84.81
	<b>2,385.14</b>	<b>13,884.33</b>
<b>Less:</b>		
Material Transferred to Finished Goods (Refer note no. 23)	279.72	10,406.81
Capitalised during the year	1,622.95	2,396.99
<b>Total</b>	<b>482.47</b>	<b>1,080.53</b>

\*\* Include ₹ Nil (₹ 216.40 lacs) transferred from change in Inventories refer Note No. 23

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

13. Non Current Investments	Number of Shares / Units As at 31st March 2015	Number of Shares / Units As at 31st March 2014	Face Value per share / Units	As at 31st March, 2015 (₹ in lacs)	As at 31st March, 2014 (₹ in lacs)
<b>Long Term Investments in</b>					
<b>(a) Trade Investments - Unquoted</b>					
<b>Investments in Equity Instruments</b>					
<b>(i) In Subsidiary Companies</b>					
MSP Group International (Singapore) Pte. Ltd.	-	1,000	SGD 1	-	0.33
MSP Cement Limited	5,80,698	5,80,698	₹ 10	58.07	58.07
AA ESS Tradelinks Private Limited	25,00,175	25,00,175	₹ 10	2,500.18	2,500.18
				2,558.24	2,558.58
<b>(ii) In Joint Venture</b>					
Madanpur South Coal Company Limited	1,66,220	1,66,220	₹ 10	232.28	232.28
				232.28	232.28
<b>(iii) In Others</b>					
MSP Metallics Limited	4,20,000	4,20,000	₹ 10	402.00	402.00
MSP Properties (India) Limited	7,500	7,500	₹ 10	0.75	0.75
MSP Sponge Iron Limited	3,13,000	3,13,000	₹ 10	49.50	49.50
MSP Power Limited	8,000	8,000	₹ 10	0.80	0.80
				453.05	453.05
<b>(b) Non Trade Investments - Quoted</b>					
<b>(i) Investments in Equity Instruments</b>					
Howrah Gases Limited	93,700	93,700	₹ 10	15.91	15.91
Ashirwad Steel and Industries Limited	2,500	2,500	₹ 10	0.25	0.25
Nageshwar Investment Limited	11,000	11,000	₹ 10	0.61	0.61
Indian Overseas Bank	2,900	2,900	₹ 10	0.70	0.70
IDFC Limited	5,201	5,201	₹ 10	1.77	1.77
				19.24	19.24
<b>(ii) Units of Mutual Fund</b>					
(at lower of cost and market value)					
In Reliance Liquid Fund Treasury Plan - Daily Dividend Option	-	981.2	₹ 10	-	15.00
				-	15.00
<b>TOTAL</b>				<b>3,262.81</b>	<b>3,278.15</b>

Cost and Market Value of Quoted and Unquoted Long Term Investments:

(₹ in lacs)

	As at 31st March, 2015		As at 31st March, 2014	
	Cost	Market Value	Cost	Market Value
-Quoted	19.24	32.86	34.24	45.79
-Unquoted	3,243.57	NA	3,243.91	NA
<b>Total</b>	<b>3,262.81</b>		<b>3,278.15</b>	

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

	Non - Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>14. Loans and Advances</b>				
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
<b>Loans to Bodies Corporate</b>	-	-	1,812.06	1,690.85
(A)	-	-	<b>1,812.06</b>	<b>1,690.85</b>
<b>Capital Advances</b>	4.06	1,774.65	-	-
(B)	<b>4.06</b>	<b>1,774.65</b>	-	-
<b>Security Deposit</b>	160.67	103.02	-	-
(C)	<b>160.67</b>	<b>103.02</b>	-	-
<b>Advances Recoverable in Cash or Kind</b>				
Considered Good	-	-	14,970.54	20,446.36
Considered Doubtful	19.40	19.40	-	-
	19.40	19.40	14,970.54	20,446.36
Less: Provision for Doubtful Advances	19.40	19.40	-	-
(D)	-	-	<b>14,970.54</b>	<b>20,446.36</b>
<b>Other Loans and Advances</b>				
MAT Credit Entitlement (*)	4,195.01	4,195.01	-	-
Advance Income Tax & TDS (Net of Provision of ₹ 2062.37 lacs (₹ 1386.88 lacs)	-	-	49.00	22.88
Prepaid Expenses	-	-	44.39	62.85
Loans and Advances to Employees	-	-	12.91	41.30
Export Incentive Receivable	-	-	106.54	127.74
Balances with Statutory/Government Authorities	-	-	942.98	1,161.07
(E)	<b>4,195.01</b>	<b>4,195.01</b>	<b>1,155.82</b>	<b>1,415.84</b>
<b>Loans and Advances to Related Parties</b>	-	-	2,312.25	2,227.99
(F)	-	-	<b>2,312.25</b>	<b>2,227.99</b>
<b>TOTAL (A+B+C+D+E+F)</b>	<b>4,359.74</b>	<b>6,072.68</b>	<b>20,250.67</b>	<b>25,781.04</b>
<b>Advances Recoverable in Cash or Kind include</b>				
Dues from officers	-	-	8.50	10.22
<b>Loans and Advances to Related Parties include</b>				
Dues from companies include enterprises over which Key Management Personnel / Relatives have significant influence.	-	-	2,312.25	2,227.99

(\*) During the period, the Company has recognized MAT credit entitlement of ₹ Nil lacs (₹ 634.89 lacs) in terms of Section 115JAA of the Income Tax Act, 1961. Based on future profitability projections, the Company is certain that there would be sufficient taxable income in the future, to claim the above tax credit.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

15. Other Assets	Non - Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Deposits with Banks (Refer Note No. 18)	63.62	64.73	-	-
(A)	63.62	64.73	-	-
<b>Unamortized Expenditure</b>				
Unamortized Premium on Forward Contract	-	-	-	-
(B)	-	-	-	-
<b>Others</b>				
Interest Accrued on Fixed Deposits and Others	-	-	29.22	95.20
Gain Receivable on Forward Exchange Contract	326.60	1,115.01	653.19	743.56
(C)	326.60	1,115.01	682.41	838.76
<b>TOTAL (A+B+C)</b>	<b>390.22</b>	<b>1,179.74</b>	<b>682.41</b>	<b>838.76</b>

(₹ in lacs)

16. Inventories (Valued at Lower of Cost and Net Realizable Value)	As at 31st March, 2015	As at 31st March, 2014	
Raw Materials and Components [includes in transit ₹ 4712.93 lacs (31st March 2014 : ₹ 1325.34 lacs)]	17,008.27	17,828.57	
Work - in - Progress	2,314.79	2,808.93	
Finished Goods	6,485.73	4,606.90	
Stores and Spares [includes in transit ₹ 79.89 lacs (31st March 2014 : ₹ 95.42 lacs)]	2,921.32	2,216.42	
By Products (at Net Realisable Value)	3,424.42	2,092.40	
	<b>32,154.53</b>	<b>29,553.22</b>	

(₹ in lacs)

17. Trade Receivables	Non - Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Outstanding for a period exceeding six months from the date they became due for payment :				
Considered Good	-	-	5,011.85	200.24
Considered Doubtful	302.61	321.30	-	-
Less: Provision for Doubtful Receivables	(302.61)	(321.30)	-	-
(A)	-	-	<b>5,011.85</b>	<b>200.24</b>
Other Receivables	-	-	5,191.63	18,908.26
(B)	-	-	<b>5,191.63</b>	<b>18,908.26</b>
<b>Total (A)+(B)</b>	-	-	<b>10,203.48</b>	<b>19,108.50</b>
<b>Trade receivables include:</b>				
Dues from companies include enterprises over which Key Management Personnel /Relatives have significant influence.	-	-	435.32	414.61

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

	Non - Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>18. Cash and Bank Balances</b>				
<b>Cash and Cash Equivalents</b>				
<b>Balance with Banks:</b>				
On Current Accounts	-	-	1,802.50	135.73
Unpaid Dividend Accounts	-	-	2.52	3.66
Cash on Hand	-	-	10.22	22.30
	-	-	<b>1,815.24</b>	<b>161.69</b>
<b>Other bank balances :</b>				
Fixed Deposits with Original Maturity for more than 12 months*	63.62	64.73	30.27	55.84
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months*	-	-	101.58	1,869.73
	<b>63.62</b>	<b>64.73</b>	<b>131.85</b>	<b>1,925.57</b>
Amount Disclosed under Other Non-Current Assets ( Refer Note No. 15)	(63.62)	(64.73)	-	-
	-	-	<b>1,947.09</b>	<b>2,087.26</b>

\* Fixed deposits with a carrying amount of ₹ 189.73 lacs (₹ 1984.56 lacs) are used towards security given against the Bank Guarantees & Company's Letter of Credits (LC's) issued by the banks and ₹ 5.74 lacs (₹ 5.74 lacs) as security deposit issued to sales tax department on behalf of the Company.

(₹ in lacs)

<b>19. Revenue from Operations</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Sale of Products</b>		
Finished Goods	1,12,582.05	1,11,812.39
Power	3,267.92	3,297.39
Traded Goods	4,243.43	13,714.45
<b>Other Operating Revenue</b>		
Scrap Sales and By Products	902.63	1,246.75
Sale of Raw Materials	-	673.14
Export Incentives	68.52	108.55
Others	-	3.53
	<b>1,21,064.55</b>	<b>1,30,856.20</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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Details of Product Sold	2014-15	2013-14
<b>Finished Goods Sold</b>		
Pellet	14,937.22	13,578.33
Sponge Iron	19,244.16	17,585.93
MS Billets	20,100.97	27,377.04
TMT Bar	33,151.61	31,541.60
Structural Steel	25,042.75	21,729.49
Conveyor Belt Spares	102.43	-
Fly Ash Bricks	2.91	-
	<b>1,12,582.05</b>	<b>1,11,812.39</b>
<b>Traded Goods Sold</b>		
MS Wire	-	74.05
TMT Bar	-	2,476.13
Steel Round	1,248.30	4,903.28
M.S.Angle	-	1,045.69
M.S.Channel	-	84.53
Coal	2,680.28	1,674.08
M.S.Round	-	4.25
Steel Flat	205.02	643.61
M.S.Flat	-	190.86
C.R. Sheet	-	952.97
H.R. Sheet	-	104.48
M.S. Pipe	109.83	1,313.09
MS Wire Rod	-	114.60
Grain Oriented Electrical Steel Sheet	-	132.83
	<b>4,243.43</b>	<b>13,714.45</b>

(₹ in lacs)

20. Other Income	2014-15	2013-14
<b>Interest income on</b>		
Loans, Fixed Deposits, etc	522.18	544.21
<b>Dividend Income on</b>		
Long-Term Investments	0.15	0.21
Profit on Sale of Investments	4.85	-
Liabilities no longer required written back	-	52.33
Other Non-Operating Income	19.17	3,032.76
	<b>546.35</b>	<b>3,629.51</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>21. Cost of Raw Material and Components Consumed</b>	<b>2014-15</b>	<b>2013-14</b>
Inventory at the beginning of the period	17,828.57	20,689.99
Add : Purchases	89,589.54	70,444.06
Less : Inventory at the end of the period	17,008.27	17,828.57
	<b>90,409.84</b>	<b>73,305.48</b>

(₹ in lacs)

<b>Details of Raw Material and Components consumed</b>	<b>2014-15</b>	<b>2013-14</b>
Coal and Coke (including fines) *	35,270.56	28,039.80
Iron Ore (including fines)	25,867.10	22,748.25
Dolomite/Limestone	354.66	318.04
Iron Ore Pellets	1,343.24	3,168.34
Silico Manganese	1,991.86	1,523.81
Sponge/Pig Iron/Scrap/Others	18,789.66	12,701.69
MS Billets/Ingots	6,792.76	4,805.55
	<b>90,409.84</b>	<b>73,305.48</b>

\* Includes consumption relating to power plant

(₹ in lacs)

<b>Details of Inventory</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Raw materials and components</b>		
Coal and Coke	13,911.50	11,857.42
Iron Ore (including fines)	2,524.63	5,600.76
Dolomite/Limestone	27.32	44.61
Sponge/Pig Iron	219.54	265.67
Others	325.28	60.11
	<b>17,008.27</b>	<b>17,828.57</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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<b>22. Purchase of Traded Goods</b>	<b>2014-15</b>	<b>2013-14</b>
M.S. Wire	-	67.71
TMT Bar	-	2,407.71
Steel Round	1,169.39	4,588.30
M.S.Angle	-	985.82
M.S.Channel	-	79.59
Coal	2,612.45	1,592.43
M.S.Round	-	4.25
Steel Flat	193.78	601.55
C.R. Sheet	-	879.36
H.R. Sheet	-	98.86
M.S. Pipe	105.51	1,242.61
M.S. Wire Rod	-	104.96
M.S. Flat	-	182.27
Grain Oriented Electrical Steel Sheet	-	122.77
	<b>4,081.13</b>	<b>12,958.19</b>

	(₹ in lacs)	
<b>23. Changes in Inventories</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Inventories at the end of the period</b>		
By-Products	3,424.42	2,092.40
Work-in-Progress	2,314.79	2,808.93
Finished Goods	6,485.73	4,606.90
	<b>12,224.94</b>	<b>9,508.23</b>
Transfer from Trial Run - Finished Goods (Refer Note no. 12)	279.72	10,406.81
Transfer to CWIP - Finished Goods (Refer Note no. 12)	-	216.40
	<b>279.72</b>	<b>10,623.21</b>
<b>Inventories at the beginning of the period</b>		
By-Products	2,092.40	1,133.63
Work-in-Progress	2,808.93	2,336.15
Finished Goods	4,606.90	4,601.74
	<b>9,508.23</b>	<b>8,071.52</b>
Finished Goods transferred to Trial Production (Refer Note no. 12)	291.00	7,146.15
<b>(Increase)/Decrease in Inventories</b>		
By-Products	(1,332.02)	(958.77)
Work-in-Progress	494.14	(472.77)
Finished Goods	(1,890.11)	3,039.10
	<b>(2,727.99)</b>	<b>1,607.56</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Details of Inventories	2014-15	2013-14
<b>By-Products</b>		
Coal Fines	1,325.49	286.24
Dolochar	2,076.22	1,795.07
Coal Tar	22.71	11.09
	<b>3,424.42</b>	<b>2,092.40</b>
<b>Work-in-Progress</b>		
Iron Ore Pellet	1,449.61	2,160.79
Sponge Iron	120.40	204.65
M.S. Billets	227.20	219.29
Others	517.58	224.20
	<b>2,314.79</b>	<b>2,808.93</b>
<b>Finished Goods</b>		
Iron Ore Pellet	1,996.12	1,366.10
Sponge Iron	266.90	212.65
M.S. Billets	639.49	382.66
TMT Bar	596.17	1,096.50
Structural Steel	2,986.38	1,548.99
Conveyor Belts	0.67	-
	<b>6,485.73</b>	<b>4,606.90</b>

(₹ in lacs)

24. Employee Benefits Expenses	2014-15	2013-14
Salaries, Wages and Bonus	2,951.43	2,891.00
Contribution to Provident and Other Funds	189.89	103.92
Staff Welfare Expenses	27.13	59.88
	<b>3,168.45</b>	<b>3,054.80</b>

(₹ in lacs)

25. Finance Costs	2014-15	2013-14
Interest Expenses	10,570.20	9,715.60
Other Finance Charges	352.63	527.33
Net (gain)/ loss on foreign currency transactions and translation	9.20	632.33
	<b>10,932.03</b>	<b>10,875.26</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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<b>26. Other Expenses</b>		<b>2014-15</b>		<b>2013-14</b>
Consumption of Stores and Spares		5,928.34		4,187.96
Increase of Excise Duty on Inventory		187.49		18.93
Power and Fuel		1,222.14		1,371.27
Rent		54.46		70.70
Rates and Taxes		280.96		265.75
Insurance		44.67		58.24
Repairs and Maintenance				
Plant and Machinery		1,023.51		581.11
Buildings		57.76		40.61
Others		49.28		77.70
Material Handling Charges		1,480.78		1,327.76
Vehicle Running Expenses		528.82		590.05
Cash Discount		236.01		169.61
Advertising and Sales Promotion		51.34		40.12
Freight Outward		1,137.29		1,640.41
Sales Commission		214.69		322.62
Legal and Professional Charges		213.84		143.05
Charity and Donations		19.02		12.86
Payment to Auditors (Refer details below)		13.10		12.48
Exchange Differences (Net)		93.50		572.95
Irrecoverable Debts, Deposits and Advances	136.57		32.86	
Written off				
Less : Adjusted with Provisions	18.69	117.88	0.66	32.20
Provision for Doubtful Debts and Advances	(18.69)		(0.66)	
Less : Written Back	(18.69)	-	(0.66)	-
Loss on Disposal/Discard of Fixed Assets		1.40		2.97
Prior Period Expenses (Net)		0.03		1.82
Miscellaneous Expenses		749.87		910.38
<b>Total</b>		<b>13,706.18</b>		<b>12,451.55</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

26.1 Payment to Auditors	2014-15	2013-14
<b>As Auditors :</b>		
Statutory Audit fee	9.00	9.00
Limited Review	3.00	1.00
<b>In Other Capacity</b>		
Taxation matters	0.25	-
Other Services (certification fees)	0.55	0.50
Reimbursement of expenses	0.30	1.98
	<b>13.10</b>	<b>12.48</b>

**26.2** Other expenses include ₹ 135.36 lacs spent towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013.

(₹ in lacs)

27. Earnings Per Share (EPS)	2014-15	2013-14
Earnings Per Share has been computed as under:		
Profit After Tax	(10,257.12)	2,100.34
Less : Dividends on non cumulative Preference Shares and tax thereon	-	-
<b>Net Profit for Calculation of Basic and Diluted EPS</b>	<b>(10,257.12)</b>	<b>2,100.34</b>
	<b>No.</b>	<b>No.</b>
Weighed average number of equity shares in calculating Basic & Diluted EPS	8,81,00,000	8,81,00,000
<b>Effect of Dilution :</b>		
Share Application Money Pending Allotment	-	-
	<b>8,81,00,000</b>	<b>8,81,00,000</b>
<b>Earnings Per Share</b>		
<b>Basic (₹)</b>	<b>(11.64)</b>	<b>2.38</b>
<b>Diluted (₹)</b>	<b>(11.64)</b>	<b>2.38</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 28. Gratuity and Other Post Retirement Benefit Plans

The Company provides gratuity benefits which are funded with Life Insurance Corporation of India in the form of qualifying insurance policy. Leave encashment benefits is an unfunded plan of the Company.

Expenses recognized in the statement of profit and loss / Pre-operative and Trial run expenses (Pending allocation) for respective years are as follows: –

(₹ in lacs)

Particulars	Gratuity		Leave	
	2014-15	2013-14	2014-15	2013-14
Current service cost	85.70	83.76	8.28	35.54
Interest cost	27.46	20.98	10.13	6.97
Expected return on plan assets	(16.21)	(12.24)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses/(gains)	(114.49)	(51.50)	(25.85)	(11.38)
<b>Net benefit expense</b>	<b>(17.54)</b>	<b>41.00</b>	<b>(7.44)</b>	<b>31.13</b>

Net Liability recognized in the balance sheet as at respective dates are as follows:-

(₹ in lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Defined benefit obligation	298.36	304.89	101.74	113.41
Fair value of plan assets	213.40	160.22	-	-
<b>Net liability</b>	<b>84.96</b>	<b>144.67</b>	<b>101.74</b>	<b>113.41</b>

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

(₹ in lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Opening defined benefit obligation	304.89	257.57	113.41	86.80
Interest cost	27.46	20.98	10.13	6.97
Current service cost	85.70	83.76	8.28	35.54
Benefit paid	(6.33)	(6.49)	(4.23)	(4.52)
Actuarial losses/(gains)	(113.36)	(50.93)	(25.85)	(11.38)
<b>Closing defined benefit obligation</b>	<b>298.36</b>	<b>304.89</b>	<b>101.74</b>	<b>113.41</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2015	As at 31st March, 2014
Opening fair value of plan assets	160.22	149.24
Expected return on plan assets*	16.21	12.24
Contribution by the Company	42.17	4.66
Benefits paid	(6.33)	(6.49)
Actuarial gains / (loss)	1.13	0.57
<b>Closing fair value of plan assets</b>	<b>213.40</b>	<b>160.22</b>

\* Determined based on government bond rate.

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2015	As at 31st March, 2014
Debt Funds	213.40	160.22
<b>Total</b>	<b>213.40</b>	<b>160.22</b>

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

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Discount rate (%)	7.91	9.10
Return on Plan Assets (Gratuity Scheme) (%)	7.91	9.10
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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

(₹ in lacs)

Particulars	Gratuity				
	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011
Defined benefit obligation	298.36	304.89	257.57	191.14	144.38
Fair value of plan assets	213.40	160.22	149.24	105.33	63.56
Deficit	84.96	144.67	108.33	85.81	80.82
Experience adjustments on plan liabilities – (gains)/ losses	(29.03)	0.43	(29.82)	(25.56)	(25.56)
Experience adjustments on plan assets	1.13	0.57	1.03	Nil	Nil

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

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

Particulars	2014-15	2013-14
Provident Fund	190.96	105.43

### 29. Segment Information

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

#### Information for Secondary Geographical Segments

(₹ in lacs)

Particulars	2014-15	2013-14
Domestic Revenues (Net of Excise Duty and Trade Discount)	1,03,274.32	1,12,061.13
Export Revenues (Including Export Benefits)	5,933.49	7,215.25
<b>Total</b>	<b>1,09,207.81</b>	<b>1,19,276.38</b>

The Company has common fixed assets for producing goods for domestic and overseas markets which are located at only one place i.e. Raigarh. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. Export debtors at the year end amounts to ₹ 176.49 lacs (₹ 974.74 lacs).

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 30. Related Party Disclosures

**Related parties where control exists: -**

<b>Subsidiary Companies</b>	:	MSP Cement Limited AA ESS Tradelinks Private Limited MSP Group International Singapore ( PTE) Ltd*
<b>Jointly Controlled Entity</b>	:	Madanpur South Coal Company Limited
<b>Directors and their Relatives</b>	:	Puran Mal Agrawal - Chairman Saket Agrawal - Managing Director Manish Agrawal - Director Suresh Kumar Agrawal - (father of Managing Director) Kiran Agrawal (wife of Chairman) Nisha Agrawal (mother of Managing Director) Ekta Agrawal (wife of Saket Agrawal) Richa Agrawal (wife of Manish Agrawal)
<b>Key Management Personnel and their relatives</b>	:	Kamal Kumar Jain - CFO Ruchi Garg -CS
<b>Enterprises over which Key Management Personnel and or relatives have significant influence</b>	:	Adhunik Gases Limited B.S. Confin Private Limited Chaman Metallics Limited Dexo Trading Private Limited* Emerald Tradelink Private Limited High Time Holding Private Limited Howrah Gases Limited Ilex Private Limited K.C.Texofine Private Limited* Larigo Investment Private Limited* MSP Energy Limited MSP Ferro & Power Limited MSP Infotech Private Limited* MSP Metallics Limited MSP Mines and Minerals Limited MSP Power Limited MSP Properties (India) Limited* MSP Sponge Iron Limited Prateek Mines & Minerals Private Limited Raj Securities Limited Rajnath Vyapaar Private Limited Rama Alloys Pvt Ltd Sampat Marketing Company Pvt Ltd Shree Khatupati Mercantiles Pvt Ltd* Sikhar Commodity Pvt Ltd*

\* Not to be considered under the Related Party Disclosure for the Financial year 2014-15 as relation no longer exists.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Sales</b>					
Howrah Gases Limited				1,911.04	1,911.04
				(1,674.06)	(1,674.06)
MSP Metallics Limited				220.23	220.23
				(245.60)	(245.60)
MSP Properties (India) Limited*				-	-
				(1.69)	(1.69)
MSP Sponge Iron Limited				2,922.95	2,922.95
				(2,360.30)	(2,360.30)
<b>Purchase of Raw Material &amp; Components Consumed</b>					
Howrah Gases Limited				872.22	872.22
				(-)	(-)
MSP Metallics Limited				8,419.86	8,419.86
				(17,456.71)	(17,456.71)
Rama Alloys Pvt Ltd				7.65	7.65
				(-)	(-)
MSP Sponge Iron Limited				4,701.91	4,701.91
				(3,381.62)	(3,381.62)
<b>Contractual Services Paid</b>					
MSP Mines and Minerals Limited				14.77	14.77
				(21.07)	(21.07)
<b>Directorial Remuneration</b>					
Puran Mal Agrawal			22.40		22.40
			(36.00)		(36.00)
Suresh Kumar Agrawal			18.67		18.67
			(30.00)		(30.00)
Saket Agrawal			11.42		11.42
			(-)		(-)
<b>Key Managerial Remuneration</b>					
Kamal Kumar Jain			10.71		10.71
			(-)		(-)
Ruchi Garg			4.02		4.02
			(-)		(-)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Professional Charges Paid</b>					
MSP Mines and Minerals Limited				18.23	18.23
				(28.31)	(28.31)
<b>Expenses Reimbursed</b>					
Howrah Gases Limited				15.90	15.90
				(29.81)	(29.81)
Madanpur South Coal Company Limited		-			-
		(0.43)			(0.43)
MSP Cement Limited	-				-
		(0.06)			(0.06)
MSP Infotech Private Limited*				-	-
				(0.05)	(0.05)
MSP Metallics Limited				-	-
				(0.11)	(0.11)
MSP Sponge Iron Limited				4.16	4.16
				(6.26)	(6.26)
MSP Mines and Minerals Limited				1.72	1.72
				(3.45)	(3.45)
<b>Rent Paid</b>					
Ekta Agrawal			8.52		8.52
			(8.52)		(8.52)
Shree Khatupati Mercantile Private Limited*				-	-
				(9.00)	(9.00)
MSP Properties (India) Limited*				-	-
				(2.04)	(2.04)
Richa Agrawal			6.72		6.72
			(6.72)		(6.72)
<b>Other Income</b>					
MSP Metallics Limited				-	-
				(0.38)	(0.38)
MSP Sponge Iron Limited				-	-
				(7.15)	(7.15)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Allotment of Shares (Including Share premium)</b>					
B.S.Confin Private Limited				-	-
				(2,400.00)	(2,400.00)
Dexo Trading Private Limited*				-	-
				(2,700.00)	(2,700.00)
High Time Holdings Private Limited				-	-
				(2,400.00)	(2,400.00)
Ilex Private Limited				-	-
				(1,800.00)	(1,800.00)
Sikhar Commotrade Private Limited*				-	-
				(2,700.00)	(2,700.00)
<b>Acquisition of Shares</b>					
MSP Cement Limited	-				-
	(53.07)				(53.07)
Madanpur South Coal Company Limited		-			-
		(9.16)			(9.16)
<b>Loans &amp; Advances Given</b>					
AA ESS Tradelinks Private Limited	511.93				511.93
	(1,559.07)				(1,559.07)
MSP Sponge Iron Limited				-	-
				(288.83)	(288.83)
<b>Repayment of Loans &amp; Advances Given</b>					
Chaman Metallics Limited				-	-
				(848.00)	(848.00)
MSP Cement Limited	-				-
	(1.20)				(1.20)
Kamal Kumar Jain			3.00		3.00
			(-)		(-)
MSP Sponge Iron Limited				288.83	288.83
				(-)	(-)
MSP Power Limited				-	-
				(3.20)	(3.20)
Prateek Mines & Minerals Private Limited				-	-
				(2.05)	(2.05)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				-	-
				(1,892.50)	(1,892.50)
K.C. Texofine Private Limited*				-	-
				(250.00)	(250.00)
Larigo Investment Private Limited*				-	-
				(250.00)	(250.00)
MSP Infotech Private Limited*				-	-
				(150.00)	(150.00)
Raj Securities Limited				-	-
				(470.00)	(470.00)
Sampat Marketing Company Pvt Ltd				1,700.00	1,700.00
				(-)	(-)
Sikhar Commodity Private Limited*				-	-
				(300.00)	(300.00)
<b>Repayment of Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				100.00	100.00
				(-)	(-)
MSP Infotech Private Limited*				-	-
				(140.00)	(140.00)
MSP Properties (India) Limited*				-	-
				(55.00)	(55.00)
MSP Sponge Iron Limited				-	-
				(131.17)	(131.17)
Raj Securities Ltd				470.00	470.00
				(-)	(-)
<b>Guarantee obtained</b>					
Puran Mal Agrawal				219.32	219.32
				(210.21)	(210.21)
Suresh Kumar Agrawal				227.02	227.02
				(229.25)	(229.25)
Manish Agrawal				263.40	263.40
				(254.73)	(254.73)
Saket Agrawal				261.53	261.53
				(244.14)	(244.14)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Guarantee given on behalf of</b>					
AA ESS Tradelinks Private Limited	2,812.50				2,812.50
	(4,218.67)				(4,218.67)
Madanpur South Coal Company Limited		-			-
		(660.75)			(660.75)
<b>Repayment of Other Receivables</b>					
Chaman Metallics Limited				-	-
				(61.42)	(61.42)
<b>Refund of Share Application Money Received</b>					
Ilex Private Limited				-	-
				(900.00)	(900.00)
<b>Other Liabilities Paid</b>					
Chaman Metallics Limited				-	-
				(0.14)	(0.14)
Ilex Private Limited				380.00	380.00
				(-)	(-)
<b>Loans &amp; Advances (Closing balance)</b>					
AA ESS Tradelinks Private Limited	2,308.61				2,308.61
	(1,796.67)				(1,796.67)
Kamal Kumar Jain			1.99		1.99
			(-)		(-)
Madanpur South Coal Company Limited		2.00			2.00
		(2.00)			(2.00)
MSP Cement Limited	0.01				0.01
	(0.01)				(0.01)
MSP Group International Singapore (PTE) Limited*	-				-
	(11.33)				(11.33)
MSP Metallics Limited				118.28	118.28
				(-)	(-)
MSP Mines and Minerals Limited				1.63	1.63
				(1.63)	(1.63)
MSP Sponge Iron Limited				262.82	262.82
				(377.66)	(377.66)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Trade Receivables (Closing balance)</b>					
Howrah Gases Limited				152.55	152.55
				(402.80)	(402.80)
MSP Properties (India) Limited*				-	-
				11.81	11.81
<b>Trade Payable (Closing balance)</b>					
Howrah Gases Limited				423.40	423.40
				(-)	(-)
<b>Other Liabilities (Closing balance)</b>					
Ilex Private Limited				-	-
				(380.00)	(380.00)
MSP Mines and Minerals Limited				10.38	10.38
				(5.75)	(5.75)
<b>Advance from Customers (Closing balance)</b>					
MSP Metallics Limited				-	-
				(38.68)	(38.68)
<b>Loans &amp; Advances Taken (Closing balance)</b>					
Adhunik Gases Limited				1,792.50	1,792.50
				(1,892.50)	(1,892.50)
BS Confin Private Limited				300.00	300.00
				(300.00)	(300.00)
High Time Holding Private Limited				300.00	300.00
				(300.00)	(300.00)
K.C.Texofine Private Limited*				-	-
				(250.00)	(250.00)
Larigo Investment Private Limited*				-	-
				(1,205.00)	(1,205.00)
MSP Infotech Private Limited*				-	-
				(190.00)	(190.00)
MSP Properties (India) Limited*				-	-
				(50.00)	(50.00)
Raj Securities Limited				-	-
				(470.00)	(470.00)
Sampat Marketing Private Limited				1700.00	1700.00
				(-)	(-)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
Sikhar Commodity Private Limited*				-	-
<b>Investments</b>					
AA ESS Tradelinks Private Limited	2,500.18				2,500.18
	(2,500.18)				(2,500.18)
Howrah Gases Limited				15.91	15.91
				(15.91)	(15.91)
Madanpur South Coal Company Limited		232.28			232.28
		(232.28)			(232.28)
MSP Group International Singapore (PTE) Limited*	-				-
	(0.33)				(0.33)
MSP Cement Limited	58.07				58.07
	(58.07)				(58.07)
MSP Metallics Limited				402.00	402.00
				(402.00)	(402.00)
MSP Power Limited				0.80	0.80
				(0.80)	(0.80)
MSP Properties (India) Limited*				-	-
				(0.75)	(0.75)
MSP Sponge Iron Limited				49.50	49.50
				(49.50)	(49.50)

(Figures in bracket are related to previous year.)

\* Not to be considered under the Related Party Disclosure for the Financial year 2014-15 as relation no longer exist.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 31. Operating Lease Company as Lessee

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

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

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Within one year	55.66	45.66

### 32. Interest in Joint Venture

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

The Company's interest in this Joint Venture is reported as Non-Current Investment (Refer Note 13) and is stated at cost (net of provision for other than temporary diminution in value). The Company's share of the assets and liabilities related to its interest in this Joint Venture as at the respective Balance Sheet dates is as follows:-

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Share Capital	16.62	16.62
Reserve & Surplus	102.13	215.34
Non Current Liabilities	0.89	0.89
Current Liabilities	0.65	0.21
Non Current Assets	51.14	161.52
Current Assets	69.15	71.54
Revenue	4.80	0.18
Other Expenses	117.84	0.17
Tax Expenses	0.18	-
Profit/(Loss) After Tax	(113.22)	0.01

The Company's proportionate share of the capital commitments in this Joint Venture amounts to ₹ Nil (₹ 8.91 lacs)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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### 33. Impairment of Assets

On the basis of physical verification of assets and cash generation capacity of those assets, in the management perception, there is no impairment of assets as on 31st March 2015.

### 34. Disclosures for AS 29, 'Provisions, Contingent Liabilities and Contingent Assets' issued by ICAI:

(₹ in lacs)

Particulars	Provision for Doubtful Debts		Provision for Advances	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Carrying amount- beginning of the year	321.30	321.96	19.40	19.40
Additional provision during the year	-	-	-	-
	321.30	321.96	19.40	19.40
Less:written back during the year	18.69	0.66	-	-
Carrying amount- end of the year	302.61	321.30	19.40	19.40

### 35. Contingent Liabilities not Provided for in Respect of:

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Excise Matters under dispute/ appeal	2,103.52	1,890.97
Sales Tax & VAT Matters under dispute/ appeal	400.28	130.14
Income Tax Matters under dispute/ appeal	0.55	0.55
CDR Related Liability (Right to Recompense)	278.01	-
Corporate Guarantees given*	2,812.50	4,879.42

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

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

\*The Company has given guarantee to ICICI Bank in respect of loan taken by AA ESS Tradelinks Private Limited amounting to ₹ 7500 lacs (₹ 7500 lacs) on 31st May 2011. The management believes that the terms of the guarantee given are not prejudicial to the interest of the Company.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 36. Capital and Other Commitments

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ NIL (₹ 1138.64 lacs))	-	1,446.39
Export obligation under EPCG scheme with respect to custom duty savings in import of equipments and spares parts	-	2,899.49

### 37. Derivative instruments and unhedged foreign currency exposure

Derivative contracts outstanding as at the Balance sheet date:-

Particulars	Purpose
<b>Forward contract to buy US \$</b> US\$ 24,03,846.16 (31st March 2014 : US\$ NIL) (₹ 1,500 (31st March 2014 : ₹ NIL))	Hedge of foreign currency loan
<b>Forward contract to buy Singapore Dollar (SGD)</b> SGD 78,75,000 (31st March 2014: SGD 13,125,000) (₹ 3,601.03 lacs (31st March 2014: ₹ 6,227.32 lacs))	Hedge of foreign currency loan
Interest rate swaps on SGD loan of SGD 78,75,000 (31st March 2014 : SGD 13,125,000) (₹ 3,601.03 lacs (31st March 2014: ₹ 6,227.32 lacs))	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m SOR plus spread of 2.05% on the notional amount

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

Particulars	Amount
Trade payables (including acceptances)	US \$ 48,15,706 (31st March 2014: US \$ 77,82,513) ₹ 2,985.74 lacs Nil (31st March 2014: ₹ 4,677.06 lacs)
Foreign Currency Loans From Banks	US\$ 24,03,846.16 (31st March 2014 : US\$ NIL) (₹ 1,500 (31st March 2014 : ₹ NIL))
Interest accrued but not due on borrowings	US \$ Nil (31st March 2014: US\$ NIL) ₹ Nil (31st March 2014: ₹ NIL)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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### 38. Disclosure in terms of clause 32 of the Listing Agreement:-

(Loan and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested)

(₹ in lacs)

Name of the Company	Relation	Category	31st March 2015	31st March 2014	Maximum Amount outstanding during the year	
					2014-15	2013-14
AA ESS Tradelinks Private Limited	Subsidiary	Repayable on demand	2,308.61	1,796.67	2,308.61	1,796.67
Madanpur South Coal Company Limited	Jointly Controlled Entity	Repayable on demand	2.00	2.00	2.00	2.00
MSP Sponge Iron Limited	Company in which directors are interested	Repayable on demand	-	288.83	288.83	288.83
Prateek Mines & Minerals Private Limited	Company in which directors are interested	Repayable on demand	-	-	-	2.05
MSP Mines & Minerals Limited	Company in which directors are interested	Repayable on demand	1.63	1.63	1.63	16.76
Chaman Metallics Limited	Company in which directors are interested	Repayable on demand	-	-	-	984.17
MSP Cement Limited	Subsidiary	Repayable on demand	0.01	0.01	-	1.20
MSP Power Limited	Company in which directors are interested	Repayable on demand	-	-	-	3.20

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 39. Value of Imports (calculated on CIF basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Capital Goods	-	371.09
Stores, Spares and Consumables	46.37	131.19
Raw Materials	13,150.31	9,584.45

### 40 (a). Expenditure in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest	339.81	828.55
Travelling	0.69	1.23

### 40 (b). Earning in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
FOB Value of Exports [excluding sales made in Indian rupees ₹ 1940.42 lacs (₹ 1082.44 lacs)]	3,915.19	5,968.55

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

Particulars	Raw Materials		Stores and Spares Consumed	
	₹ in lacs	%	₹ in lacs	%
Indigenous	79,438.46	87.86	5,876.32	99.11
	(64,101.87)	(83.81)	(3,741.34)	(89.33)
Imported	10,971.37	12.14	52.64	0.89
	(12,381.72)	(16.19)	(446.83)	(10.67)
<b>Total</b>	<b>90,409.84</b>	<b>100.00</b>	<b>5,928.96</b>	<b>100.00</b>
	(76,483.59)	(100.00)	(4,188.17)	(100.00)

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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### **42. Corporate debt restructuring:**

1. MSP Steel & Power Limited (MSPL), as the borrower has availed various financial facilities from the secured lenders. At the request of the Borrower, the Corporate Debt Restructuring Proposal ('CDR Proposal') of the Borrower was referred to Corporate Debt Restructuring Cell ("CDR Cell") by the consortium of senior lenders led by the State Bank of India (Monitoring Institution). The CDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are members of CDR Cell hereinafter referred to as the 'CDR Lenders' was approved by CDR Empowered Group ('CDR EG') on March 18, 2015 and communicated vide Letter of Approval dated March 23, 2015, as amended/ modified time to time. The cutoff date for CDR Proposal was October 01, 2014. The Master Restructuring Agreement ('MRA') between the Borrowers and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cutoff date of October 01, 2014.

#### **2. The key features of the CDR Proposal are as follows:**

- a. Repayment of Restructured Term Loans of ₹ 502.98 Crores ('RTL') after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- b. Conversion of various irregular portions of Working Capital Limits of ₹149.72 Crores into Working Capital Term Loan ('WCTL-I'). Repayment of WCTL-I after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- c. Conversion of devolved financial facilities of ₹ 63.13 Crores into Working Capital Term Loan ('WCTL-II'). Repayment of WCTL-II after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- d. Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year
- e. Interest accrued but not paid on various financial facilities till cutoff date (i.e., 1st October, 2014) shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL, WCTL-I and WCTL-II during moratorium period of 8 quarters from cutoff date also shall be converted to FITL. The repayment of FITL of ₹ 161.52 Crores should be made in 24 structured quarterly ballooning instalments commencing from December 2016 to September 2022.
- f. Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA
- g. Lenders with the approval of CDR EG shall have the right to recompense the reliefs/ sacrifices/waivers extended by the respective CDR lenders as per CDR Guidelines.
- h. Contribution of ₹ 28.14 Crores in the Company by promoters in lieu of bank sacrifice in the form of share application/ unsecured loans which needs to be converted into equity shares/preference shares latest by 30.09.2015.

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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i. Rate of Interest on various facilities in the range of 10.75% to 12% in a stepped manner is as under:

Facilities	Existing TL	New TL-1	New TL-2	WCTL-1	WCTL-2	FITL
2014-15	10.75%	12.00%	12.00%	10.75%	10.75%	10.75%
2015-16	10.75%	12.00%	12.00%	10.75%	10.75%	10.75%
2016-17	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2017-18	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2018-19	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2019-20	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2020-21	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2021-22	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2022-23	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
2023-24	12.00%	12.00%	12.00%	12.00%	12.00%	-
2024-25	12.00%	12.00%	12.00%	12.00%	12.00%	-

j. Repayment on various facilities is as under:

Facilities	Existing TL	New TL-1	New TL-2	WCTL-1	WCTL-2	FITL
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	4%	4%	-	4%	4%	4%
2017-18	8%	8%	8%	8%	8%	8%
2018-19	10%	10%	10%	10%	10%	15%
2019-20	10%	10%	10%	10%	10%	15%
2020-21	13%	13%	13%	13%	13%	20%
2021-22	13%	13%	13%	13%	13%	20%
2022-23	14%	14%	14%	14%	14%	18%
2023-24	14%	14%	14%	14%	14%	-
2024-25	14%	14%	18%	14%	14%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Notes to the Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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3. In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.
4. The Borrowers and the CDR Lenders executed a MRA during the year. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the MRA is approximately ₹ 112.57 Crores for the Company.

### 43. Valuation of Current Assets, Loans & Advances and Current Liabilities

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

44. As per information available with the Company, there are no suppliers covered under "Micro, Small and Medium Enterprise Development Act, 2006". As a result, no interest provision/payment has been made by the Company to such creditors, if any, and no disclosure thereof is made in the accounts.
45. The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required. No amount has been written back / written off during the year in respect of due to / from related parties.
46. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.
47. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Bifurcation of assets and liabilities into Non-Current and Current for preparation of financial statements has been made by the management.

As per our report of even date.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

**Date: 6th June, 2015**  
**Place: Kolkata**

For and on behalf of Board of Directors

**Puran Mal Agrawal**  
*Chairman*  
**Saket Agrawal**  
*Managing Director*

**Kamal Kumar Jain**  
*Chief Financial Officer*  
**Ruchi Garg**  
*Company Secretary*

# Independent Auditors' Report

## On Consolidated Financial Statement

**To Members of  
MSP STEEL & POWER LIMITED**

### **1. REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of **MSP Steel & Power Limited** (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a jointly controlled company comprising of the consolidated Balance Sheet as at 31st March, 2015, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **2. MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013(hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interest in Joint Ventures). The respective Board of Directors of the companies included in the Group and of its jointly controlled company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled company and for preventing and detecting frauds and other irregularities, the selection and

application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **3. AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **4. OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled company as at 31st March, 2015, and their consolidated loss, and their consolidated cash flows for the year ended on that date.

#### **5. OTHER MATTER**

We did not audit the financial statement of Madanpur South Coal Company Limited (a Jointly Controlled Company) whose financial statement reflect total assets (net) of ₹ 807.26 lacs as at 31st March, 2015 and total loss (net) of ₹ 759.83 lacs for the year then ended. This financial statement has been audited by other auditor whose report has been furnished to us by the management, and our opinion, in so far as it relates to the amounts included in respect of the Jointly Controlled Company, is based solely on the reports of the other auditor.

Our opinion on the Consolidated Financial Statements and our Report on the other legal & regulatory

requirements below is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

#### **6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company, its subsidiary companies and a jointly controlled company incorporated in India, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by sub-sections 3 of Section 143 of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
  - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its Jointly Controlled Company, none of the directors are disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group and its Jointly Controlled Company have disclosed the impact of pending litigations on the consolidated financial position in the consolidated financial statements –Refer Note 36 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts – Refer Note 47 to the consolidated financial statements;

iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Group and its Jointly Controlled Company.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

Date: 6th June, 2015  
Place: Kolkata

**The Annexure referred to in our report on Consolidated Financial Statements to the members of MSP Steel & Power Limited ('the Holding Company') for the year ended 31st March 2015. We report that:**

- (i)**
  - (a) The Holding Company, its subsidiary companies and jointly controlled company have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the fixed assets of the Holding Company have not been physically verified by the management during the year but there is a regular programme of verification which is reasonable having regard to the size of the company and nature of its assets. As informed, no material discrepancies have been noticed on such verification. All the assets of the subsidiary companies and jointly controlled entity have been physically verified by the respective management which is reasonable having regard to the size of the company and nature of their assets and no material discrepancies were noticed on such verification.
- (ii)**
  - (a) The part of the inventory of the Holding Company has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of such verification is reasonable. The inventory of subsidiary company has been physically verified by the management and the frequency of such verification is reasonable. The jointly controlled entity does not hold any inventory.
  - (b) The procedures of physical verification of inventories followed by the management as referred to above are reasonable and adequate in relation to the size of the respective Company and the nature of their business.
  - (c) The Holding Company, its subsidiary companies and jointly controlled company are maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks

and the book records were not material.

- (iii)**
  - (a) The Holding Company, its subsidiary company have granted loans to a party covered in the register maintained under Section 189 of the Act. The maximum amount outstanding during the year was ₹ 291.55 lacs and the year end balance of loan given to such parties was ₹ NIL. The jointly controlled company has not granted loans to a party covered in the register maintained under Section 189 of the Act.
  - (b) The principal amounts and interest are being received regularly as per stipulations.
  - (c) In respect of the aforesaid Loans, there is no overdue amount more than ₹ one lacs.
- (iv)**

In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, there is an adequate internal control system in the Holding Company, its subsidiary companies and jointly controlled company commensurate with the size of the respective company and the nature of their business with regard to purchase of inventories and fixed assets and sale of goods and services. During the course of our and the other auditors audit, no major weakness in such internal control system has been observed.
- (v)**

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditor, the Holding Company, its subsidiary companies and jointly controlled company have not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed there under.
- (vi)**

We have broadly reviewed the records maintained by the Holding Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained by the Holding Company. However, we have not made

a detailed examination of the records. As informed to us and the other auditor, the Central Government has not prescribed maintenance of cost records under sub-section 1 of Section 148 of the Act, in respect of the activities carried on by the subsidiary companies and jointly controlled company.

(vii)(a) According to the information and explanations given to and on the basis of the examination of the records of the Holding Company, its subsidiary companies and jointly controlled company by their respective statutory auditors, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Professional tax, Employees' state insurance, Income tax, Sales tax, Value added tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues, as applicable, have been regularly deposited during the year by each of these companies with the appropriate authorities.

According to the information and explanations given to the statutory auditors of the Holding Company, its subsidiary companies and jointly controlled company, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding, as at 31st March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to the statutory auditors of the Holding Company, its subsidiary companies and jointly controlled company, there are no dues of sales tax, value added tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, except:-

Name of the statute	Nature of dues	Year	Amount (₹ in Lacs)	Forum where dispute is pending
Central and Local Sales Tax Acts(*)	Sales Tax including Non collection of C Forms and disallowance of VAT Credit	2004-2012	400.28	Appellate Authority upto Joint Commissioner Level.
Central Excise Act, 1944	Excise Duty including interest and penalty, if applicable	2004-2012	584.47	Appellate Authority upto Commissioner's level.
Central Excise Act, 1944	Excise Duty including interest and penalty, if applicable	2005-2012	1,519.05	Customs, Excise and Service Tax Appellate Tribunal
Income-tax Act, 1961	Disallowance of TDS	2004-2005	0.55	Deputy/Assistant Commissioner of Income Tax

(\*) ₹ 21.73 lacs deposited under protest against the dues.

(c) According to the information and explanations given to and on the basis of the examination of the records of the Holding Company, its subsidiary companies and jointly controlled company by their respective statutory auditors, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act and Rules made thereunder.

(viii) On a consolidated basis, the Holding Company, its

subsidiary companies and jointly controlled company does not have accumulated losses at the end of the financial year and have incurred cash loss of ₹ 9,917.12 lacs during the financial year covered by our audit and cash loss of ₹ NIL in the immediately preceding financial year.

(ix) In their opinion and according to the information and explanations given to the statutory auditors of the Holding Company, its subsidiary companies and jointly controlled company, there is no continuing default in

repayment of installments and interest dues to financial institutions and banks as on the balance sheet date.

- (x) According to the information and explanations given to the statutory auditors of the Holding Company, its subsidiary companies and jointly controlled company, the Group and jointly controlled company has not given any guarantee for loans taken by others outside of the Group and jointly controlled company from banks or financial institutions during the year.
- (xi) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the Term Loans have been applied by the Holding Company, its subsidiary companies and jointly controlled company for the purpose for which they were raised.
- (xii) According to the information and explanations given to the statutory auditors of the Holding Company, its

subsidiary companies and jointly controlled company, no instances of material fraud on or by the company has been noticed or reported during the course of our audit.

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

**CA Sunil Kumar Agrawal**  
*Partner*  
 Membership No: 057731

Date: 6th June, 2015  
 Place: Kolkata

# Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2015

(₹ in lacs)

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	NOTES	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	10,691.90	10,691.90
Reserves and Surplus	4	48,925.79	59,336.64
		<b>59,617.69</b>	<b>70,028.54</b>
<b>Share Application Money Pending Allotment</b>	5	<b>1,882.50</b>	<b>1,882.50</b>
<b>Minority Interest</b>		<b>2,001.40</b>	<b>2,001.60</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	6	91,432.69	59,563.42
Deferred Tax Liabilities (Net)	7	1,010.02	5,862.19
Long Term Provisions	8	188.93	241.89
Other Long Term Liabilities	11	213.57	119.61
		<b>92,845.21</b>	<b>65,787.11</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	9	23,314.64	38,689.06
Trade Payables	10	11,500.85	15,522.60
Other Current Liabilities	11	11,618.75	19,514.04
Short Term Provisions	8	3.62	587.47
		<b>46,437.86</b>	<b>74,313.17</b>
<b>TOTAL</b>		<b>202,784.66</b>	<b>214,012.92</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12 A	114,017.42	99,978.84
Intangible Assets	12 B	367.79	310.55
Capital Work-In-Progress	13	11,054.96	18,210.79
Deferred Tax Assets (net)	7	0.02	0.21
Non Current Investments	14	7,529.97	4,783.55
Long-Term Loans and Advances	15	6,376.00	12,323.34
Other Non-Current Assets	16	390.50	1,180.56
		<b>139,736.66</b>	<b>136,787.84</b>
<b>Current Assets</b>			
Inventories	17	32,154.81	29,553.50
Trade Receivables	18	10,206.32	19,111.93
Cash and Bank Balances	19	2,062.71	2,175.35
Short-Term Loans and Advances	15	17,941.21	25,545.23
Other Current Assets	16	682.95	839.07
		<b>63,048.00</b>	<b>77,225.08</b>
<b>TOTAL</b>		<b>202,784.66</b>	<b>214,012.92</b>
Summary of Significant Accounting Policies	2		

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

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

Date: 6th June, 2015  
Place: Kolkata

For and on behalf of Board of Directors

**Puran Mal Agrawal**  
*Chairman*

**Saket Agrawal**  
*Managing Director*

**Kamal Kumar Jain**  
*Chief Financial Officer*

**Ruchi Garg**  
*Company Secretary*

# Consolidated Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2015

(₹ in lacs)

	NOTES	2014-15	2013-14
<b>INCOME</b>			
Revenue from Operations (Gross)	20	121,077.49	130,872.12
Less: Excise Duty		11,856.74	11,579.82
<b>Revenue from Operations (Net)</b>		<b>109,220.75</b>	<b>119,292.30</b>
Other Income	21	551.15	3,643.95
<b>Total (I)</b>		<b>109,771.90</b>	<b>122,936.25</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components Consumed	22	90,409.84	73,305.48
Purchase of Traded Goods	23	4,087.92	12,966.66
Changes in Inventories of Finished Goods,			
Work-in-Progress and Traded Goods	24	(2,727.99)	1,607.56
Employee Benefits Expenses	25	3,172.22	3,041.53
Other Expenses	26	13,814.94	12,456.68
Depreciation and Amortization Expenses	12A	5,293.97	5,479.67
Finance Costs	27	10,932.09	10,875.28
<b>Total (II)</b>		<b>124,982.99</b>	<b>119,732.86</b>
<b>Profit Before Tax (I-II)</b>		<b>(15,211.09)</b>	<b>3,203.39</b>
<b>Tax Expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		-	664.50
Less: MAT Credit Entitlement		-	(638.45)
Deferred Tax		(4,852.00)	1,047.23
<b>Total Tax Expense</b>		<b>(4,852.00)</b>	<b>1,073.28</b>
<b>Profit for the year before Share of Minority Interest</b>		<b>(10,359.09)</b>	<b>2,130.11</b>
<b>Minority Interest</b>		<b>(0.20)</b>	<b>0.06</b>
<b>Profit for the year</b>		<b>(10,358.89)</b>	<b>2,130.05</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>	28		
Basic (₹)		(12.02)	2.47
Diluted (₹)		(12.02)	2.47
Summary of Significant Accounting Policies	2		

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

For **Sunil Kumar Agrawal & Associates**

Firm Registration No: 323133E

Chartered Accountants

**CA Sunil Kumar Agrawal**

*Partner*

Membership No: 057731

Date: 6th June, 2015

Place: Kolkata

For and on behalf of Board of Directors

**Puran Mal Agrawal**

*Chairman*

**Saket Agrawal**

*Managing Director*

**Kamal Kumar Jain**

*Chief Financial Officer*

**Ruchi Garg**

*Company Secretary*

# Consolidated Cash Flow Statement

For the year ended 31<sup>st</sup> March, 2015

(₹ in lacs)

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	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before taxes</b>	<b>(15,211.09)</b>	<b>3,203.39</b>
Adjustments for :		
Depreciation	5,293.97	5,479.67
Unrealised (Gain) on Foreign Exchange Fluctuation/Forward	-	(145.94)
Profit on Sale of Investments	(4.89)	-
Irrecoverable Debts, Deposits and Advances written off	106.22	32.20
Liabilities no longer required written back	-	(66.14)
Loss on sale of fixed assets	1.40	2.97
Preliminary Expenses written off	0.28	0.05
Interest on loans, deposits etc.	(526.93)	(544.57)
Interest Expenses	10,570.21	9,715.60
Other Finance Expenses	352.68	213.47
Dividend Income	(0.15)	(0.21)
<b>Operating Profit before working capital changes</b>	<b>581.70</b>	<b>17,890.49</b>
Movement in Working Capital for:		
(Increase)/Decrease in Trade Receivables	8,799.39	(6,485.56)
(Increase)/Decrease in Loans and Advances	13,521.58	12,666.42
(Increase)/Decrease in Other Assets	947.04	1,084.11
(Increase)/Decrease in Inventories	(2,601.31)	1,201.49
Increase/(Decrease) in Trade Payables	(4,021.75)	812.30
Increase/(Decrease) in Other Liabilities	(7,801.33)	1,708.66
Increase/(Decrease) in Provisions	(636.81)	218.03
<b>Cash generated from Operations</b>	<b>8,788.51</b>	<b>29,095.94</b>
Direct Taxes Paid	-	1,575.82
<b>Net Cash generated from Operating Activities</b>	<b>8,788.51</b>	<b>27,520.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(12,258.69)	(18,351.52)
Discard / Sale of Fixed Assets	7.75	55.31
Loss on Sale of Fixed Assets	(1.40)	(2.97)
Profit on Sale of Investments	4.89	-
Purchase of Investments	(2,761.42)	(15.00)
Sale/ Write off of Investments	15.00	50.00
Fixed Deposits (with maturity period of more than three months)	1,776.96	(1,403.05)
Interest received	526.93	485.76
Dividends received	0.15	0.21
<b>Net cash used in investing activities</b>	<b>(12,689.83)</b>	<b>(19,181.26)</b>

## Consolidated Cash Flow Statement

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

	2014-15	2013-14
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend and dividend distribution tax paid	-	(3.00)
Proceeds from preferential issue of Equity Shares	-	945.72
Share application money refund	-	(900.00)
Long Term Borrowings Received	38,990.31	14,615.87
Long Term Borrowings Repaid	(7,121.04)	(12,694.18)
Short Term Borrowings Received/ (Paid) (Net)	(100.00)	(264.20)
Cash credit and working capital received/ (Paid) (Net)	(15,274.42)	277.06
Interest Paid	(10,570.21)	(10,164.52)
Other Finance Expenses Paid	(352.68)	(213.47)
<b>Net cash generated in financing activities</b>	<b>5,571.96</b>	<b>(8,400.72)</b>
<b>D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>	<b>(5.18)</b>	<b>1.97</b>
<b>Net (Decrease) in Cash and Cash equivalents (A+B+C+D)</b>	<b>1,665.46</b>	<b>(59.89)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>196.48</b>	<b>256.37</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>1,861.94</b>	<b>196.48</b>

(₹ in lacs)

	2014-15	2013-14
<b>* Components of Cash and Cash equivalents</b>		
Cash on hand	18.64	33.88
Cheques in hand	-	-
With Scheduled Banks on Current Account	1,843.30	162.21
Fixed Deposits with original maturity period being three months or less	-	0.39
	<b>1,861.94</b>	<b>196.48</b>

As per our report of even date

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

For and on behalf of Board of Directors

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

**Puran Mal Agrawal**  
*Chairman*

**Saket Agrawal**  
*Managing Director*

Date: 6th June, 2015  
Place: Kolkata

**Kamal Kumar Jain**  
*Chief Financial Officer*

**Ruchi Garg**  
*Company Secretary*

# Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015

## MSP STEEL & POWER LIMITED SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate Information

MSP Steel & Power Limited ('the Company') is a public company domiciled in India and is listed on the BSE Limited and the National Stock Exchange of India Limited (NSE). The Company is engaged in the manufacture and sale of iron and steel products and generation and sale of power. The Company has manufacturing plant in Raigarh, Chhattisgarh.

### 2. Summary of Significant Accounting Policies

#### (a) Principles of Consolidation

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

Name of the Subsidiaries/ Joint Venture (JV)	Country of Incorporation	Proportion of ownership/interest	
		As at 31st March, 2015	As at 31st March, 2014
MSP Group International (Singapore) Pte. Ltd.	Singapore	-	100.00%
MSP Cement Limited	India	100.00%	100.00%
AA ESS Tradelinks Private Limited	India	52.32%	52.32%
Madanpur South Coal Company Limited (JV)	India	14.90%	14.90%

#### Consolidation Procedure

(i) The Financial Statements of the Group have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances and intra group transactions have been eliminated. The group's interest in the joint venture is accounted using proportionate consolidation.

(ii) The Consolidated Financial Statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances, unless otherwise stated.

(iii) The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

(iv) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the shareholders of the company. The excess of loss over the minority interest in the equity, if any, is adjusted in majority interest.

(v) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(vi) Investments other than in subsidiaries and joint ventures have been accounted as per AS - 13, 'Accounting for Investments'.

#### (b) Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements of the company have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The consolidated financial statements are presented in Indian rupees rounded off to the nearest rupees in lacs.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### (c) Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### (d) Tangible and Intangible Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment if any. The cost of acquisition comprises of purchase price inclusive of duties (net of Cenvat / VAT), taxes, incidental expenses, erection/commissioning/trial run expenses and borrowing cost etc., up to the date the assets are ready for intended use. Borrowing costs relating to acquisition of fixed assets for the period of time for it to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment, is expected to be irregular, are capitalized and depreciated prospectively over the residual life of the respective assets.

All direct expenditure and administrative costs relating to construction/erection of the project for bringing it to the working conditions for intended use are capitalized as "Pre-operative & Trial Run Expenses (pending allocation)".

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

### (e) Depreciation/Amortization of Fixed Assets

The classification of Plant and Machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided on a pro-rata basis on the straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

Cost of leasehold land is amortized over the period of lease.

The intangible assets are amortized over the useful economic life of the respective assets.

### (f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as 'Operating Leases'. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### (g) Impairment of Fixed 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 impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'value in use' of the assets. In assessing value in use, the estimated future cash flows are discounted to their present value.

### (h) Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction/erection or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are charged to revenue.

### (i) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

### (j) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as 'Current Investments'. All other investments are classified as 'Long-term Investments'.

On initial recognition, all investments are measured at cost. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. Provision for diminution in value is recognized when there is an 'other than temporary' decline in the value of the investments.

### (k) Inventories

Raw materials, Components, Stores and Spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products for which they will be used are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on 'First in First out' basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on annual average basis.

Saleable scrap and by-products are valued at net realizable value.

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

### (l) Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognized to the extent that it is probable that the

# Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

economic benefits will flow to the Company and the revenue can be reliably measured.

## Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which generally coincides with delivery.

## Sale of Power

Revenue from sale of power is recognized on transmission of power to the customers from the grid.

## Sale of Carbon Credits

Revenue is recognized when carbon credit units are sold to third parties and there is no significant uncertainty as regards the collection thereof.

## Export Incentives

Export Incentives under the Duty Drawback scheme are recognized when such incentive accrues upon export of goods provided that there is reasonable certainty of receiving the credit and its quantification can be assessed. Income is recognized at lower of the estimated credit receivable and estimated net realisable value.

## Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

## Dividend

Dividend income on investments is recognised when the right to receive dividend is established.

## Insurance Claims

Insurance Claims are accounted depending on the certainty of receipts on settlement.

## (m) Foreign Currency Transactions and Balances

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary items are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded are recognized as income or expenses in the year in which they arise except for fixed assets.

The premium/ discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts at the reporting date are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

## (n) Employee Benefits

Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.

Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

The Company's contribution to the Provident Fund and the Family pension fund are charged to Statement of Profit and Loss.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### (o) Income taxes

Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates.

Current Tax represents the amount of Income Tax payable in respect of taxable income for the reporting period. Provision for Current Tax is made on the basis of estimated taxable income for the period at the rates prevailing under the Income-tax Act, 1961. Current Tax is net of credit for entitlement for Minimum Alternate Tax (MAT).

Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years. Deferred Tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of credit to Statement of Profit & Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### (p) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present

obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

### (q) Derivative Instruments

Derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

### (r) Excise Duty

Excise Duty and Cess on manufacturing goods is accounted for at the time of their clearances from the factory. Excise Duty and Cess in respect of stock of finished goods and scrap awaiting clearance from the factory at the year-end are considered for valuation of inventory.

### (s) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders are divided with the weighted average number of shares outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 3. Share Capital

(₹ in lacs)

	As at 31st March, 2015	As at 31st March, 2014
<b>Authorised Shares</b>		
96,000,000 (96,000,000) Equity Shares of ₹ 10/- each	9,600.00	9,600.00
36,000,000 (21,000,000) 6% Non Cumulative Redeemable Preference Shares of ₹ 10/- each	3,600.00	2,100.00
	<b>13,200.00</b>	<b>11,700.00</b>
<b>Issued, Subscribed and Fully Paid-up Shares</b>		
86,200,000 (86,200,000) Equity Shares of ₹ 10/- each, Fully Paid up	8,620.00	8,620.00
20,719,000 (20,719,000) 6% Non Cumulative Redeemable Preference Shares of ₹ 10/- each, Fully Paid up	2,071.90	2,071.90
<b>Total issued subscribed and fully paid-up share capital</b>	<b>10,691.90</b>	<b>10,691.90</b>

### Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	As at 31st March, 2015		As at 31st March, 2014	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	88,100,000	8,810.00	88,100,000	8,810.00
Issued during the year	-	-	-	-
Elimination on account of consolidation *	(1,900,000)	(190.00)	(1,900,000)	(190.00)
<b>Outstanding at the end of the year</b>	<b>86,200,000</b>	<b>8,620.00</b>	<b>86,200,000</b>	<b>8,620.00</b>

Preference Shares	As at 31st March, 2015		As at 31st March, 2014	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	20,794,000	2,079.40	8,794,000	879.40
Issued during the year	-	-	12,000,000	1,200.00
Elimination on account of consolidation *	(75,000)	(7.50)	(75,000)	(7.50)
<b>Outstanding at the end of the year</b>	<b>20,719,000</b>	<b>2,071.90</b>	<b>20,719,000</b>	<b>2,071.90</b>

\* AA ESS Tradelink Private Limited, one of the subsidiaries of Company is holding 1,900,000 (1,900,000) equity shares and 75,000 (75,000) Preference Shares in the Company, which has been eliminated on consolidation in terms of Accounting Standard 21.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### Terms/ rights attached to equity shares

The company has only one class of Equity Shares having a nominal value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

### Terms/rights attached to preference shares

The company has only one class of preference shares (i.e. 6% non cumulative redeemable preference shares) having a nominal value of ₹10/- per share. The preference

shareholders shall have the right to vote on any resolution of the Company directly affecting their rights. The company declares and pays preferential dividends in Indian rupees.

The preference share of the Company are non cumulative in nature and therefore in case the Company does not declare dividend in any particular year, dividend right gets lapsed and is not eligible for carry forward in future years.

Preference shares are redeemable within 20 years from the date of allotment at a price to be decided by the Board of Directors at the time of redemption.

In the event of liquidation of the Company, the holders of Preference Shares will be entitled to receive assets of the company, before its distribution to Equity shareholders. The distribution will be in proportion to the number of Preference Shares held by the Preference Shareholders.

### Details of shareholders holding more than 5% shares in the company

Equity Shares of ₹ 10/- each fully paid	As at 31st March, 2015		As at 31st March, 2014	
	No.	% holding in the class	No.	% holding in the class
MSP Infotech Pvt Ltd	7,229,760	8.39%	7,229,760	8.39%
Adhunik Gases Ltd.	5,554,000	6.44%	5,554,000	6.44%
MSP Sponge Iron Limited	24,736,500	28.70%	24,736,500	28.70%

Preference Shares of ₹ 10/- each fully paid	As at 31st March, 2015		As at 31st March, 2014	
	No.	% holding in the class	No.	% holding in the class
BS Confin Pvt. Ltd.	2,450,000	11.82%	2,450,000	11.82%
Jai K Leasing and Commercial Investment Pvt. Ltd.	1,540,000	7.43%	1,540,000	7.43%
Dexo Trading Pvt. Ltd.	3,920,000	18.92%	3,920,000	18.92%
High Time Holdings Pvt. Ltd.	2,450,000	11.82%	2,450,000	11.82%
M.A. Hire Purchase Pvt. Ltd.	1,105,000	5.33%	1,105,000	5.33%
Ilex Pvt. Ltd.	1,800,000	8.69%	1,800,000	8.69%
Sikhar Commotrade Pvt. Ltd.	3,635,000	17.54%	3,635,000	17.54%

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>4. Reserves and surplus</b>	<b>As at 31st March, 2015</b>	<b>As at 31st March, 2014</b>
Securities Premium Account		
Balance as per the last financial statements	33,702.69	22,902.69
Add : Received during the year	-	10,808.70
Less : Elimination on account of consolidation	-	(8.70)
Closing Balance	<b>33,702.69</b>	<b>33,702.69</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial statements	25,631.33	23,501.28
Profit for the year	(10,358.89)	2,130.05
Less : Elimination on account of consolidation	29.79	-
<b>Less: Appropriations</b>		
Depreciation Adjustment	16.99	-
<b>Surplus</b>	<b>15,225.66</b>	<b>25,631.33</b>
<b>Foreign Currency Translation Difference Account</b>	(2.56)	2.62
<b>Total reserves and surplus</b>	<b>48,925.79</b>	<b>59,336.64</b>

During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013. Accordingly depreciation of ₹ 16.99 lacs on account of assets whose useful life is already exhausted on 1<sup>st</sup> April, 2014 has been adjusted against Surplus in statement of Profit and Loss.

### 5. Share Application money pending allotment

#### Terms and Conditions relating to Share Application Money pending allotment

- The Company is proposing to issue Equity Shares in its subsidiary.
- The Equity Shares so issued and allotted in its subsidiary shall rank pari passu in all respects including voting & dividend with the existing Equity Shares of its subsidiary.
- The subsidiary of the company proposes to increase the authorised share capital by obtaining the shareholders approval to facilitate the above issue of Equity Shares.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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6. Long Term Borrowings	Non-current portion		Current maturities	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>				
<b>Term loans</b>				
<b>From Banks</b>				
Indian Rupee Loan	75,385.63	46,247.35	2,343.75	7,744.79
Foreign Currency Loan	2,700.34	3,736.26	2,400.69	2,491.06
<b>Finance Lease Obligation</b>				
From Banks	17.57	27.17	20.46	18.64
From Body Corporates	-	10.28	10.28	30.79
<b>Unsecured</b>				
Inter Corporate Deposits	8,967.76	4,584.86	-	-
Loans and Advances from related parties	4,361.39	4,957.50	-	-
	<b>91,432.69</b>	<b>59,563.42</b>	<b>4,775.18</b>	<b>10,285.28</b>
<b>The above amount includes :</b>				
Secured borrowings	78,103.54	50,021.06	4,775.18	10,285.28
Unsecured borrowings	13,329.15	9,542.36	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note no. 11)	-	-	(4,775.18)	(10,285.28)
<b>Net amount</b>	<b>91,432.69</b>	<b>59,563.42</b>	<b>-</b>	<b>-</b>

(₹ in lacs)

7. Components of Deferred Tax Liability/ (Assets)	As at 31st March, 2015	As at 31st March, 2014
<b>In respect of the Company</b>		
Timing difference in depreciable assets	1,010.02	5,862.19
Expenses allowable in future	-	-
<b>Deferred Tax Liability ( Net )</b>	<b>1,010.02</b>	<b>5,862.19</b>
<b>In respect of the components</b>		
Timing difference in depreciable assets	0.02	0.21
Expenses allowable in future	-	-
<b>Deferred Tax Assets ( Net )</b>	<b>0.02</b>	<b>0.21</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

8. Provisions	Long-term		Short-term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Provision for Employee Benefits</b>				
For Gratuity (Refer Note No. 29)	84.96	142.83	-	-
For Leave Benefits	103.97	95.47	-	-
	<b>188.93</b>	<b>238.30</b>	-	-
Other Provisions				
For Tax on Proposed Equity Dividend	-	-	-	-
<b>For Taxation (Net of Advance Tax ₹ Nil (₹110.87 lacs))</b>	<b>-</b>	<b>3.59</b>	<b>3.62</b>	<b>587.47</b>
	<b>188.93</b>	<b>241.89</b>	<b>3.62</b>	<b>587.47</b>

(₹ in lacs)

9. Short-Term Borrowings	As at 31st March, 2015	As at 31st March, 2014
<b>Secured</b>		
<b>Rupee Loan from Banks</b>		
Cash Credit Facility	23,108.72	37,887.04
Short Term Loan	-	500.00
<b>Unsecured</b>		
<b>From Body Corporates</b>		
Inter Corporate Deposits	205.92	302.02
	<b>23,314.64</b>	<b>38,689.06</b>
<b>The above amount includes</b>		
Secured Borrowings	23,108.72	38,387.04
Unsecured Borrowings	205.92	302.02

### Terms and conditions attached to Short term borrowings

Cash Credit and Short Term Loan facilities and Foreign Currency Loans from Banks are secured by hypothecation charge of entire current assets of the company both present and future on pari passu basis with other consortium member banks, second charge on the entire fixed assets of the Company ranking pari passu with other member banks of the consortium and personal guarantees of Puran Mal Agrawal, Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Promoters of the Company).

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

10. Trade Payables	Current	
	As at 31st March, 2015	As at 31st March, 2014
Trade Payables (including acceptances) (Refer note no. 43)	11,500.85	15,522.60
	<b>11,500.85</b>	<b>15,522.60</b>

(₹ in lacs)

11. Other Liabilities	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Advance From Customers	-	-	4,052.40	3,710.92
Retention / Security Deposit	212.32	118.36	88.75	136.55
Current Maturities of Long-Term Borrowings				
(Refer note no. 6)	-	-	4,775.18	10,285.28
Interest accrued and due on borrowings	-	-	138.80	568.52
Interest accrued but not due on borrowings	-	-	20.43	126.79
Other Payables on capital Purchases	-	-	1,714.31	1,800.66
Share Application Money Pending Refund	-	-	3.00	3.00
Unpaid Dividend*	-	-	2.52	3.66
Others (including Statutory Dues payable)	1.25	1.25	823.36	2,878.66
	<b>213.57</b>	<b>119.61</b>	<b>11,618.75</b>	<b>19,514.04</b>

\*As per the relevant provisions of the Companies Act, there is no amount required to be transferred to the Investor Education and Protection Fund at the year end.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### Term Loans from Banks and Financial Institutions

Particulars	Repayment terms			
	Outstanding including current maturities		Date of Maturity with respect to 31st March,2015	Rate of interest (%)
	No. of Installment	₹ in lacs		
<b>From Banks</b>				
Indian rupee loan (Quarterly installments)*	32	69,683.81	September'2024	10.75%
	24	5,233.07	September'2022	10.75%
	5**	2,812.50	June, 2016	14.00%
<b>Total (A)</b>		<b>77,729.38</b>		
Foreign currency loan External Commercial Borrowing (Half yearly installments)*	3	3,601.03	June,2016	8.80% (After considering the hedge effect)
FCNRB (Quarterly installments)*	32	1,500.00	September'2024	5.28 %
<b>Total (B)</b>		<b>5,101.03</b>		

### Finance lease obligation (Monthly installments)\*\*\*

From banks	15-43	38.03	June,2016 - October, 2018	9.72 % - 10.65%
From body corporate	3-5	10.28	June, 2015 - August, 2015	11.00% -12.51%
<b>Total (C)</b>		<b>48.31</b>		

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

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

- First hypothecation charge on plant, machinery, fixed assets, and other movable assets, both present and future of the company, on pari-passu basis with all term lenders and equitable mortgage of factory land & building on pari passu basis with all Term Lenders.
- Second charge on entire current assets of the company ranking pari passu with other member banks of the consortium.
- Pledge of 100% of Promoter's Shareholding representing 71.90% of the paid up capital of the company as on 30.09.2014 has been executed in favour of the CDR lenders.
- Lien on all Bank Accounts including the Trust and Retention Account.

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

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

Registered mortgage of 150.50 acres of segregated agricultural land. As per valuation report of December 2014, realisable value of the property is ₹ 12.41 Crores. The said land shall be converted into industrial land by 31.03.2016 failing which alternate security will be provided by the Company.

Irrevocable, unconditional Corporate Guarantee of Ilex Private Limited.

\*\*The Bank has exclusive charge on entire current assets of the borrower, entire movable fixed assets of the borrower both present and future, escrow account and all the rights, title approvals and clearance of the borrower under the agreement.

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

## 12 A - Tangible Assets

Description	Gross Block (at cost)						Depreciation				Net Block As at 31st March 2014
	As at 1st April 2013	Additions * Deletions	Borrowing Cost **	As at 31st March 2014	As at 1st April 2013	For the year	Less : On Deletions	As at 31st March 2014	Retained Earning Adjustment		
Freehold Land	983.04	-	-	983.04 (a)	-	-	-	-	-	983.04	
Factory Building	12,449.79	1,111.63	-	120.19	13,681.61	1,028.39	432.84	-	1,461.23	- 12,220.38	
Other Building	1,545.22	2,375.45	-	-	3,920.67	59.28	41.21	-	100.49	- 3,820.18	
Plant and Machinery	85,938.86	11,880.71	48.41	1,319.05	99,090.21	11,654.37	4,928.18	1.31	16,581.24	- 82,508.97	
Vehicles	700.00	63.22	9.62	-	753.60 (b)	319.58	69.91	4.97	384.52	- 369.08	
Office Equipment	39.80	0.75	0.69	-	39.86	5.57	2.53	0.28	7.82	- 32.04	
Furniture and Fixture	85.82	-	-	-	85.82	35.67	5.00	-	40.67	- 45.15	
<b>Total</b>	<b>101,742.53</b>	<b>15,431.76</b>	<b>58.72</b>	<b>1,439.24</b>	<b>118,554.81</b>	<b>13,102.86</b>	<b>5,479.67</b>	<b>6.56</b>	<b>18,575.97</b>	<b>- 99,978.84</b>	

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

Description	Gross Block (at cost)						Depreciation			Net Block	
	As at 1 <sup>st</sup> April 2014	Additions *	Deletions	Borrowing Cost **	As at 31 <sup>st</sup> March 2015	As at 1 <sup>st</sup> April 2014	For the year	Less : On Deletions	As at 31 <sup>st</sup> March 2015	Retained Earnings Adjustment	As at 31 <sup>st</sup> March 2015
Freehold Land	983.04	285.17	-	-	1,268.21 (a)	-	-	-	-	-	1,268.21
Factory Building	13,681.61	-	-	-	13,681.61	1,461.23	429.79	-	1,891.02	-	11,790.59
Other Building	3,920.67	3,854.67	-	221.27	7,996.61	100.49	215.05	-	315.54	-	7,681.07
Plant and Machinery	99,090.21	14,162.33	-	812.95	114,065.49	16,581.24	4,542.25	-	21,123.49	-	92,942.00
Vehicles	753.60	15.54	7.03	-	762.11 (b)	384.52	88.41	4.64	468.29	16.99	276.83
Office Equipment	39.86	0.15	0.47	-	39.54	7.82	11.44	0.40	18.86	-	20.68
Furniture and Fixture	85.82	-	0.25	-	85.57	40.67	7.03	0.18	47.52	-	38.05
<b>Total</b>	<b>118,554.81</b>	<b>18,317.86</b>	<b>7.75</b>	<b>1,034.22</b>	<b>137,899.14</b>	<b>18,575.97</b>	<b>5,293.97</b>	<b>5.22</b>	<b>23,864.72</b>	<b>16.99</b>	<b>114,017.42</b>

### Notes :

a) Freehold Land includes ₹ 10.86 lacs (₹ 10.86 lacs), being the cost of land which is yet to be registered in the name of the Company.  
 b) Vehicles includes cars taken of finance lease :

(₹ in lacs)

Gross Block	As at 31 <sup>st</sup> March, 2015			As at 31 <sup>st</sup> March, 2014	
	Original Cost	762.11	753.60	Depreciation charge	88.41
Accumulated Depreciation		468.29	384.52		
Retained Earnings Adjustment		16.99	-		
<b>Net Book Value</b>		<b>276.83</b>	<b>369.08</b>		

c) Depreciation of ₹ 16.99 lacs on account of assets whose useful life is already exhausted on 1<sup>st</sup> April, 2014 has been adjusted against surplus in Statement of Profit and Loss pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of the Companies Act, 2013.(Refer Note 4)  
 \*Includes ₹ 18,017.01 lacs (₹ 15,367.80 lacs) capitalised from Capital Work in progress (CWP)  
 \*\* Represents the amount of borrowing cost transferred from CWP

## 12 B - Intangible Assets

Description	Gross Block (at cost)			Amortization			Net Block
	As at 1st April 2014	Additions during the year	Deductions during the year	As at 31st March 2015	As at 1st April 2014	For the year	
Goodwill arising on consolidation	310.55	57.24	-	367.79	-	-	367.79
<b>Total</b>	<b>310.55</b>	<b>57.24</b>		<b>367.79</b>			<b>367.79</b>

Description	Gross Block (at cost)			Amortization			Net Block
	As at 1st April 2013	Additions during the year	Deductions during the year	As at 31st March 2014	As at 1st April 2013	For the year	
Goodwill arising on consolidation	310.74	-	0.19	310.55	-	-	310.55
<b>Total</b>	<b>310.74</b>	<b>-</b>	<b>0.19</b>	<b>310.55</b>			<b>310.55</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

13 - Capital Work-in-Progress	As at 31st March, 2015	As at 31st March, 2014
Buildings **	3,588.63	6,485.68
Plant and Machinery	18,072.82	21,863.99
Capital Goods in Stock [including in transit ₹ 12.55 lacs (₹ 64.55 lacs)]	287.54	305.30
Less: Written Off during the year (Refer Note No. 26)	103.60	-
Less: Capitalised during the year	17,428.27	14,410.03
	<b>4,417.12</b>	<b>14,244.94</b>
Preoperative and Trial Run expenses (Pending Allocation)	6,637.84	3,965.85
	<b>11,054.96</b>	<b>18,210.79</b>
<b>Details of Pre-Operative and Trial Run expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	3,965.85	4,108.01
<b>Raw Materials Consumed</b>		3,178.11
Finished Goods Consumed	291.00	7,146.15
<b>Personnel Cost</b>		
Salary, Wages and Bonus	15.42	35.25
Contribution to Provident and Other Funds	1.07	1.51
Staff Welfare	0.83	0.04
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	0.62	0.21
Power and Fuel	13.34	32.97
Repairs and Maintenance		
- Plant and Machinery	10.65	6.61
- Others	1.23	-
Material Handling Charges	0.78	0.61
Travelling and Conveyance	0.02	0.08
Vehicle Running and Maintenance Expense	0.06	20.56
Insurance Charges	2.99	1.49
Printing and Stationary	0.16	1.41
Postage and Communication	0.31	0.74
Legal and Professional Charges	8.32	57.77
Rent and Hire Charges	1.81	13.80
Rates and Taxes	0.35	0.00
Miscellaneous Expenses	14.19	14.72
<b>Borrowing Cost</b>		
Interest on term loans	1,528.80	2,036.72
Finance Charges	1.25	112.90
	<b>5,859.05</b>	<b>16,769.65</b>
Add: Transferred from Durgapur Metaliks Limited (Refer Note No. 44)	2,738.69	-
<b>Less:</b>		
Material Transferred to Finished Goods (Refer Note No. 24)	279.72	-
Material Transferred for Captive Consumption (Refer note no. 24)	-	10,406.81
Capitalised during the year	1,680.18	2,396.99
<b>Total</b>	<b>6,637.84</b>	<b>3,965.85</b>

\*\* Includes ₹ NIL (₹ 216.50 lacs) transferred from Changes in Inventories (refer note no. 24).

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

14 - Non Current Investments	Number of Shares / Units As at 31st March 2015	Number of Shares / Units As at 31st March 2014	Face Value per Share / Units	As at 31st March, 2015	As at 31st March, 2014
<b>Long Term Investments in</b>					
<b>(a) Trade Investments - Unquoted</b>					
<b>Investments in Equity Instruments :</b>					
MSP Metallics Limited	1,441,000	1,441,000	₹ 10	1,408.60	1,408.60
MSP Properties (India) Limited	101,070	97,500	₹ 10	12.25	9.75
MSP Sponge Iron Limited	584,250	584,250	₹ 10	147.70	147.70
MSP Power Limited	8,000	8,000	₹ 10	0.80	0.80
Adhunik Gases Ltd.	20,000	20,000	₹ 10	4.50	4.50
Larigo Investment Pvt. Ltd.	79,500	79,500	₹ 10	8.95	8.95
Ram Rajya Lefin Pvt. Ltd.	40,040	16,200	₹ 10	1,205.38	13.38
Digvijay Tracon Private Limited	23,840	-	₹ 10	1,192.00	-
MSP Infotech (P) Ltd.	264,000	264,000	₹ 10	8.50	8.50
Mod Commodeal Pvt Ltd.	5,000	5,000	₹ 10	5.00	5.00
Rai Securities Ltd.	600,000	250,000	₹ 10	180.00	5.00
Metalite Fuel Industries Ltd	129,500	129,500	₹ 10	2.59	2.59
Ravi Business Services Pvt Ltd	16,650	16,650	₹ 10	1.66	1.66
BS Confin Pvt Ltd .	13,560	13,560	₹ 10	22.20	22.20
High Time Holding Pvt Ltd .	134,600	134,600	₹ 10	13.46	13.46
K.C.Texofine Pvt. Ltd.	29,400	-	₹ 10	199.92	-
Kamyabi Vanijya Pvt Ltd.	361,000	361,000	₹ 10	12.80	12.80
Nairit Tieup Pvt Ltd.	101,000	101,000	₹ 10	5.05	5.05
Nivedan Vyapaar Pvt Ltd.	195,000	195,000	₹ 10	9.75	9.75
Mohit Vyapaar Pvt Ltd	600,000	600,000	₹ 10	3,000.00	3,000.00
SK Fintex Pvt Ltd	12,600	12,600	₹ 10	63.00	63.00
				7,504.11	4,742.69
<b>(b) Non Trade Investments - Quoted</b>					
<b>(i) Investments in Equity Instruments</b>					
Howrah Gases Limited	111,263	111,263	₹ 10	20.18	20.18
Ashirwad Steel and Industries Limited	2,500	2,500	₹ 10	0.25	0.25
Nageshwar Investment Limited	11,000	11,000	₹ 10	0.61	0.61
Indian Overseas Bank	2,900	2,900	₹ 10	0.70	0.70
IDFC Limited	5,201	5,201	₹ 10	1.77	1.77
Arihant Enterprises Ltd.	7,100	7,100	₹ 10	0.89	0.89
Bakra Pratishtan Ltd.	3,000	3,000	₹ 10	0.36	0.36
Ginni Filaments Ltd.	2,000	2,000	₹ 10	0.70	0.70
Reliance Power Limited	250	250	₹ 10	0.40	0.40
				25.86	25.86
<b>(ii) Units of Mutual Fund</b>					
(at lower of cost and market value)					
In Reliance Liquid Fund Treasury Plan - Daily Dividend Option	-	981.2	₹ 10	-	15.00
				-	15.00
<b>TOTAL</b>				<b>7,529.97</b>	<b>4,783.55</b>

Cost and market value of quoted and unquoted long term investments:

(₹ in lacs)

	As at 31st March, 2015		As at 31st March, 2014	
	Cost	Market Value	Cost	Market Value
-Quoted	25.86	39.53	40.86	61.97
-Unquoted	7,504.11	NA	4,742.69	NA
<b>Total</b>	<b>7,529.97</b>		<b>4,783.55</b>	

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

15. Loans and Advances	Non-current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
<b>Loans to Bodies Corporate</b>	-	-	1,812.06	1,690.85
(A)	-	-	<b>1,812.06</b>	<b>1,690.85</b>
<b>Capital Advances</b>	17.79	7,632.74	-	-
(B)	<b>17.79</b>	<b>7,632.74</b>	-	-
<b>Security Deposit</b>	661.67	104.03	0.00	1.47
(C)	<b>661.67</b>	<b>104.03</b>	<b>0.00</b>	<b>1.47</b>
<b>Advances Recoverable in Cash or Kind</b>				
Considered Good	1,501.53	1.45	14,970.54	20,446.36
Considered Doubtful	19.40	19.40	-	-
	1,520.93	20.85	14,970.54	20,446.36
Less: Provision for Doubtful Advances	19.40	19.40	-	-
(D)	<b>1,501.53</b>	<b>1.45</b>	<b>14,970.54</b>	<b>20,446.36</b>
<b>Other Loans and Advances</b>				
MAT Credit Entitlement (*)	4,195.01	4,198.57	-	
Advance Income Tax & TDS (Net of Provision of ₹ 2062.37 lacs (₹ 1386.88 lacs)	-	-	50.15	24.66
Share application Money Pending Allotment	-	377.50	-	
Prepaid Expenses	-	-	44.39	62.85
Loans and Advances to Employees	-	-	12.91	41.30
Export Incentive Receivable	-	-	106.54	127.74
Balances with Statutory/Government Authorities	-	6.34	942.98	1,161.07
(E)	<b>4,195.01</b>	<b>4,582.41</b>	<b>1,156.97</b>	<b>1,417.62</b>
<b>Loans and Advances to Related Parties</b>	-	2.72	1.64	1,988.94
(F)	-	<b>2.72</b>	<b>1.64</b>	<b>1,988.94</b>
<b>Total (A+B+C+D+E+F)</b>	<b>6,376.00</b>	<b>12,323.34</b>	<b>17,941.21</b>	<b>25,545.23</b>
<b>Advances Recoverable in Cash or Kind include</b>				
Dues from officers	-	-	8.50	41.30
<b>Loans and Advances to Related Parties include</b>				
Dues from companies include enterprises over which Key Management Personnel / Relatives have significant influence.	-	-	1.64	1,988.94

During the current year, the Company has recognized MAT credit entitlement of ₹ NIL lacs (₹ 638.45 lacs) in terms of Section 115JAA of the Income Tax Act, 1961. Based on future profitability projections, the Company is certain that there would be sufficient taxable income in the future, to claim the above tax credit.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

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16. Other assets	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Deposits with Banks (Refer Note No. 19)	63.62	64.73	-	-
(A)	<b>63.62</b>	<b>64.73</b>	-	-
<b>Unamortized Expenditure</b>				
Unamortized Preliminary Expenses	0.28	0.82	0.28	-
(B)	<b>0.28</b>	<b>0.82</b>	<b>0.28</b>	-
<b>Others</b>				
Interest Accrued on Fixed Deposits and Others	-	-	29.48	95.51
Gain Receivable on Forward Exchange Contract	326.60	1,115.02	653.19	743.56
(C)	<b>326.60</b>	<b>1,115.02</b>	<b>682.67</b>	<b>839.07</b>
<b>Total (A)+(B)+(C)</b>	<b>390.50</b>	<b>1,180.56</b>	<b>682.95</b>	<b>839.07</b>

(₹ in lacs)

17. Inventories (valued at lower of cost and net realisable value)	As at 31st March, 2015	As at 31st March, 2014
Raw Materials and Components [includes in transit ₹ 4712.93 lacs (31 <sup>st</sup> March 2014 : ₹ 1325.34 lacs)]	17,008.27	17,828.57
Work - in - Progress	2,314.79	2,808.93
Finished Goods	6,485.73	4,606.90
Trading Goods	0.28	0.28
Stores and Spares [includes in transit ₹ 79.89 lacs (31 <sup>st</sup> March 2014 : ₹ 95.42 lacs)]	2,921.32	2,216.43
By Products (at Net Realisable Value)	3,424.42	2,092.40
	<b>32,154.81</b>	<b>29,553.50</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

18. Trade receivables	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured, Considered Good Unless Otherwise Stated</b>				
Outstanding for a period exceeding six months from the date they became due for payment :				
Considered Good	-	-	5,011.85	203.67
Considered Doubtful	302.61	321.30	-	-
Less: Provision for Doubtful Receivables	(302.61)	(321.30)	-	-
(A)	-	-	<b>5,011.85</b>	<b>203.67</b>
Other Receivables	-	-	5,194.47	18,908.26
(B)	-	-	<b>5,194.47</b>	<b>18,908.26</b>
<b>Total (A)+(B)</b>	-	-	<b>10,206.32</b>	<b>19,111.93</b>
<b>Trade receivables include:</b> Dues from companies include enterprises over which Key Management Personnel /Relatives have significant influence.	-	-	435.32	414.61

(₹ in lacs)

19. Cash and Bank Balances	Non Current		Current	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Cash and Cash Equivalents</b>				
<b>Balance with Banks:</b>				
On Current Accounts	-	-	1,843.30	162.21
Unpaid Dividend Accounts	-	-	2.52	3.66
Fixed Deposits with original maturity of less than three months*	-	-	-	0.39
Cash on Hand	-	-	18.64	33.88
	-	-	<b>1,864.46</b>	<b>200.14</b>
<b>Other bank balances</b>				
Fixed Deposits with Original Maturity for more than 12 months*	63.62	64.73	30.27	55.84
Fixed Deposits with Original Maturity for more than 3 months but less than 12 months*	-	-	167.98	1,919.37
	<b>63.62</b>	<b>64.73</b>	<b>198.25</b>	<b>1,975.21</b>
Amount Disclosed under Other Non-Current Assets (Refer Note No. 16)	(63.62)	(64.73)	-	-
	-	-	<b>2,062.71</b>	<b>2,175.35</b>

\* Fixed deposits with a carrying amount of ₹ 189.73 lacs (₹ 1984.56 lacs) are used towards security given against the Bank Guarantees & Company's Letter of Credits (LC's) issued by the banks and ₹ 5.74 lacs (₹ 5.74 lacs) as security deposit issued to sales tax department on behalf of the Company.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>20. Revenue from Operations</b>	<b>2014-15</b>	<b>2013-14</b>
Sale of Products		
Finished Goods	112,582.05	111,812.39
Power	3,267.92	3,297.39
Traded Goods	4,256.37	13,730.36
Other Operating Revenue		
Scrap Sales and By Products	902.63	1,246.75
Sale of Raw Materials	-	673.14
Export Incentives	68.52	108.55
Others	-	3.53
	121,077.49	130,872.12
<b>Details of product sold</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Finished Goods Sold</b>		
Pellet	14,937.22	13,578.33
Sponge Iron	19,244.16	17,585.93
MS Billets	20,100.97	27,377.04
TMT Bar	33,151.61	31,541.60
Structural Steel	25,042.75	21,729.49
Conveyor Belt Spares	102.43	-
Fly Ash Bricks	2.91	-
	<b>112,582.05</b>	<b>111,812.39</b>
<b>Traded Goods Sold</b>		
M.S. Wire	-	74.05
TMT Bar	-	2,476.13
Steel Round	1,248.30	4,903.28
M.S.Angle	-	1,045.69
M.S.Channel	-	84.53
Coal	2,680.28	1,674.08
M.S.Round	-	4.25
Steel Flat	205.02	643.61
M.S.Flat	-	190.86
C.R. Sheet	-	952.97
H.R. Sheet	-	104.48
M.S. Pipe	109.83	1,313.09
M.S. Wire Rod	-	114.60
Industrial Oxygen Gas	12.94	15.91
Grain Oriented Electrical Steel Sheet	-	132.83
	<b>4,256.37</b>	<b>13,730.36</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>2014-15</b>	<b>2013-14</b>	
<b>Interest income on</b>		
Loans, Fixed Deposits,etc	526.93	544.57
<b>Dividend Income on</b>		
Long-Term Investments	0.15	0.21
Profit on sale of Investments	4.89	-
Liability no longer required written back	-	66.14
Long Term Capital Gain	-	0.27
Other Non-Operating Income	19.18	3,032.76
	<b>551.15</b>	<b>3,643.95</b>

(₹ in lacs)

<b>2014-15</b>	<b>2013-14</b>	
Inventory at the beginning of the year	17,828.57	20,689.99
Add : Purchases	89,589.54	70,444.06
Less : Inventory at the end of the year	17,008.27	17,828.57
	<b>90,409.84</b>	<b>73,305.48</b>

(₹ in lacs)

<b>2014-15</b>	<b>2013-14</b>	
Coal and Coke (including fines)*	35,270.56	28,039.80
Iron Ore (including fines)	25,867.10	22,748.25
Dolomite/Limestone	354.66	318.04
Silico Manganese	1,991.86	1,523.81
Sponge/Pig Iron/Scrap	18,789.66	12,701.69
MS Billets/Ingots	6,792.76	4,805.55
Iron Ore Pellets	1,343.24	3,168.34
	<b>90,409.84</b>	<b>73,305.48</b>

\* Includes consumption relating to power plant

(₹ in lacs)

<b>2014-15</b>	<b>2013-14</b>	
<b>Raw materials and components</b>		
Coal and Coke	13,911.50	11,857.42
Iron Ore (including fines)	2,524.63	5,600.76
Dolomite/Limestone	27.32	44.61
Sponge/Pig Iron	219.54	265.67
Others	325.28	60.11
	<b>17,008.27</b>	<b>17,828.57</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>23. Purchase of Traded Goods</b>	<b>2014-15</b>	<b>2013-14</b>
M.S. Wire	-	67.71
TMT Bar	-	2,407.71
Steel Round	1,169.39	4,588.30
M.S.Angle	-	985.82
M.S.Channel	-	79.59
Coal	2,612.45	1,592.43
M.S.Round	-	4.25
Steel Flat	193.78	601.55
C.R. Sheet	-	879.36
H.R. Sheet	-	98.86
M.S. Pipe	105.51	1,242.61
M.S. Wire Rod	-	104.96
M.S. Flat	-	182.27
Industrial Oxygen Gas	6.79	8.47
Grain Oriented Electrical Steel Sheet	-	122.77
	<b>4,087.92</b>	<b>12,966.66</b>

(₹ in lacs)

<b>24. Changes in Inventories</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Inventories at the end of the period</b>		
By-Products	3,424.42	2,092.40
Work-in-Progress	2,314.79	2,808.93
Finished Goods	6,485.73	4,606.90
Trading Goods	0.28	0.28
	<b>12,225.22</b>	<b>9,508.51</b>
Transfer from Trial Run - Finished Goods (Refer Note no. 12)	279.72	10,406.81
Transfer to CWIP - Finished Goods (Refer Note no. 12)	-	216.40
	<b>279.72</b>	<b>10,623.21</b>
<b>Inventories at the beginning of the period</b>		
By-Products	2,092.40	1,133.63
Work-in-Progress	2,808.93	2,336.15
Finished Goods	4,606.90	4,601.74
Trading Goods	0.28	0.28
	<b>9,508.51</b>	<b>8,071.80</b>
Finished Goods transferred to Trial Production (Refer Note no. 12)	291.00	7,146.15
<b>(Increase)/Decrease in Inventories</b>		
By-Products	(1,332.02)	(958.77)
Work-in-Progress	494.14	(472.77)
Finished Goods	(1,890.11)	3,039.10
Trading Goods	-	-
	<b>(2,727.99)</b>	<b>1,607.56</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>Details of Inventories</b>	<b>2014-15</b>	<b>2013-14</b>
<b>By-Products</b>		
Coal Fines	1,325.49	286.24
Dolochar	2,076.22	1,795.07
Coal Tar	22.71	11.09
	<b>3,424.42</b>	<b>2,092.40</b>
<b>Work-in-Progress</b>		
Iron Ore Pellet	1,449.61	2,160.79
Sponge Iron	120.40	204.65
M.S. Billets	227.20	219.29
Others	517.58	224.20
	<b>2,314.79</b>	<b>2,808.93</b>
<b>Finished Goods</b>		
Iron Ore Pellet	1,996.12	1,366.10
Sponge Iron	266.90	212.65
M.S. Billets	639.49	382.66
TMT Bar	596.17	1,096.50
Structural Steel	2,986.38	1,548.99
Conveyor Belts	0.67	-
	<b>6,485.73</b>	<b>4,606.90</b>
<b>Traded Goods</b>		
Industrial Oxygen Gas	0.28	0.28
	<b>0.28</b>	<b>0.28</b>

(₹ in lacs)

<b>25. Employee Benefits Expenses</b>	<b>2014-15</b>	<b>2013-14</b>
Salaries, Wages and Bonus	2,955.15	2,877.65
Contribution to Provident and Other Fund	189.89	103.92
Staff Welfare Expenses	27.19	59.96
	<b>3,172.22</b>	<b>3,041.53</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>26. Other Expenses</b>	<b>2014-15</b>	<b>2013-14</b>
Consumption of Stores and Spares	5,928.34	4,187.96
Increase of Excise Duty on Inventory	187.49	18.93
Power and Fuel	1,222.29	1,371.40
Power and Fuel generated from Trial run	-	-
Rent	54.71	70.85
Rates and Taxes	281.01	266.07
Insurance	44.67	58.24
<b>Repairs and Maintenance</b>		
Plant and machinery	1,023.51	581.11
Buildings	57.76	40.61
Others	49.33	77.72
Material Handling Charges	1,481.86	1,327.76
Vehicle Running Expense	528.82	590.05
Cash Discount	236.01	169.61
Advertising and Sales Promotion	51.34	40.12
Freight Outward	1,137.29	1,640.41
Sales Commission	214.69	322.62
Legal and Professional charges	220.16	145.60
Charity and Donations	19.02	12.87
Payment to Auditors (Refer details below)	13.39	12.73
Exchange Differences (net)	93.50	572.95
Irrecoverable Debts, Deposits and Advances Written Off	124.91	32.86
Less : Adjusted with provisions	18.69	106.22
Provision for Doubtful Debts and Advances	18.69	-
Less : Written back	(18.69)	-
Loss on Disposal/discard of Fixed Assets (net)	1.40	2.97
Loss on Project Abandonment	-	-
Prior Period Expenses (net)	0.03	1.82
Miscellaneous Expenses	758.22	912.03
Capital WIP written off (refer note-13)	103.60	-
Preliminary Expenses Written Off	0.28	0.05
<b>Total</b>	<b>13,814.94</b>	<b>12,456.68</b>

(₹ in lacs)

<b>Payment to Auditors</b>	<b>2014-15</b>	<b>2013-14</b>
<b>As Auditors:</b>		
Statutory Audit fee	9.24	9.25
Limited Review	3.00	1.00
Other Services (certification fees)	0.55	0.50
Taxation matters	0.30	-
Reimbursement of expenses	0.30	1.98
	<b>13.39</b>	<b>12.73</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

<b>27. Finance Costs</b>	<b>2014-15</b>	<b>2013-14</b>
Interest Expenses	10,570.21	9,715.60
Other Finance Charges	352.68	527.35
Net (gain)/ loss on foreign currency transactions and translation	9.20	632.33
	<b>10,932.09</b>	<b>10,875.28</b>

(₹ in lacs)		
<b>28. Earnings Per Share (EPS)</b>	<b>2014-15</b>	<b>2013-14</b>
Earnings Per Share has been computed as under:		
Profit after tax	(10,358.89)	2,130.05
Less : Dividends on non cumulative Preference Shares and tax thereon	-	-
<b>Net profit for calculation of Basic and Diluted EPS</b>	<b>(10,358.89)</b>	<b>2,130.05</b>
	<b>No.</b>	<b>No.</b>
Weighed average number of equity shares in calculating Basic & Diluted EPS(after eliminating the shares held in the group)	86,200,000	86,200,000
<b>Earnings Per Share</b>		
<b>Basic (₹)</b>	<b>(12.02)</b>	<b>2.47</b>
<b>Diluted (₹)</b>	<b>(12.02)</b>	<b>2.47</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 29. Gratuity and Other Post Retirement Benefit Plans

The Company provides gratuity benefits which are funded with Life Insurance Corporation of India in the form of qualifying insurance policy. Leave encashment benefits is an unfunded plan of the Company.

Expenses recognized in the statement of profit and loss / Pre-operative and Trial run expenses (Pending allocation) for respective years are as follows: –

(₹ in lacs)

Particulars	Gratuity		Leave	
	2014-15	2013-14	2014-15	2013-14
Current service cost	85.70	83.76	8.28	35.54
Interest cost	27.46	20.98	10.13	6.97
Expected return on plan assets	(16.21)	(12.24)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses/(gains)	(114.49)	(51.50)	(25.85)	(11.38)
<b>Net benefit expense</b>	<b>(17.54)</b>	<b>41.00</b>	<b>(7.44)</b>	<b>31.13</b>

Net Liability recognized in the balance sheet as at respective dates are as follows:-

(₹ in lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Defined benefit obligation	298.36	304.89	101.74	113.41
Fair value of plan assets	213.40	160.22	-	-
<b>Net liability</b>	<b>84.96</b>	<b>144.67</b>	<b>101.74</b>	<b>113.41</b>

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

(₹ in lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Opening defined benefit obligation	304.89	257.57	113.41	86.80
Interest cost	27.46	20.98	10.13	6.97
Current service cost	85.70	83.76	8.28	35.54
Benefit paid	(6.33)	(6.49)	(4.23)	(4.52)
Actuarial losses/(gains)	(113.36)	(50.93)	(25.85)	(11.38)
<b>Closing defined benefit obligation</b>	<b>298.36</b>	<b>304.89</b>	<b>101.74</b>	<b>113.41</b>

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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The details of fair value of plan assets as on the Balance Sheet date are as follows: (₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2015	As at 31st March, 2014
Opening fair value of plan assets	160.22	149.24
Expected return on plan assets*	16.21	12.24
Contribution by the Company	42.17	4.66
Benefits paid	(6.33)	(6.49)
Actuarial gains / (loss)	1.13	0.57
<b>Closing fair value of plan assets</b>	<b>213.40</b>	<b>160.22</b>

\* Determined based on government bond rate.

The details of plan assets as on the Balance Sheet date are as follows: (₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2015	As at 31st March, 2014
Debt Funds	213.40	160.22
<b>Total</b>	<b>213.40</b>	<b>160.22</b>

The principal assumptions used in determining gratuity and leave liability are as shown below: (₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Discount rate (%)	7.91	9.10
Return on Plan Assets (Gratuity Scheme) (%)	7.91	9.10
Mortality Rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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

(₹ in lacs)

Particulars	Gratuity				
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	298.36	304.89	257.57	191.14	144.38
Fair value of plan assets	213.40	160.22	149.24	105.33	63.56
Deficit	84.96	144.67	108.33	85.81	80.82
Experience adjustments on plan liabilities – (gains)/ losses	(29.03)	0.43	(29.82)	(25.56)	(25.56)
Experience adjustments on plan assets	1.13	0.57	1.03	Nil	Nil

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

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

Payment to Auditors	2014-15	2013-14
Provident Fund	190.96	105.43

# Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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## 30. Related Party Disclosures

### Related parties where control exists: -

Directors and their Relatives and their relatives	:	Puran Mal Agrawal - Chairman
		Saket Agrawal - Managing Director
		Manish Agrawal - Director
		Suresh Kumar Agrawal - (Father of Saket Agrawal)
		Kiran Agrawal (wife of Chairman)
		Nisha Agrawal (Mother of Managing Director)
		Ekta Agrawal (wife of Saket Agrawal)
Key Management Personnel and their relatives	:	Richa Agrawal (wife of Manish Agrawal)
		Kamal Kumar Jain - CFO
Enterprises over which Key Management Personnel and or relatives have significant influence	:	Ruchi Garg -CS
		Adhunik Gases Limited
		BS Confin Private Limited
		Chaman Metallics Limited
		Dexo Trading Private Limited*
		Emerald Tradelink Private Limited
		High Time Holding Private Limited
		Howrah Gases Limited
		Ilex Private Limited
		K.C.Texofine Private Limited
		Larigo Investment Private Limited
		MSP Energy Limited
		MSP Ferro & Power Limited
		MSP Infotech Private Limited
		MSP Metallics Limited
		MSP Mines and Minerals Limited
		MSP Power Limited
		MSP Properties (India) Limited
		MSP Sponge Iron Limited
		Prateek Mines & Minerals Private Limited
		Raj Securities Limited
		Rajnath Vyapaar Private Limited
		Rama Alloys Pvt Ltd
		Sampat Marketing Company Pvt Ltd
		S.K.Fintex Private Limited
		Shree Khatupati Mercantiles Pvt Ltd*
		Sikhar Commodity Pvt Ltd*

\* Not to be considered under the Related Party Disclosure for the Financial year 2014-15 as relation no longer exists.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
<b>Sales</b>					
Howrah Gases Limited				1,911.04	1,911.04
				(1,674.06)	(1,674.06)
MSP Metallics Limited				220.23	220.23
				(245.60)	(245.60)
MSP Properties (India) Limited				-	-
				(1.69)	(1.69)
MSP Sponge Iron Limited				2,922.95	2,922.95
				(2,360.30)	(2,360.30)
<b>Purchase of Raw Material &amp; Components Consumed</b>					
Howrah Gases Limited				872.22	872.22
				(-)	(-)
MSP Metallics Limited				8,419.86	8,419.86
				(17,456.71)	(17,456.71)
Rama Alloys Pvt Ltd				7.65	7.65
				(1.44)	(1.44)
MSP Sponge Iron Limited				4,701.91	4,701.91
				(3,381.62)	(3,381.62)
<b>Contractual Services Paid</b>					
MSP Mines and Minerals Limited				14.77	14.77
				(21.07)	(21.07)
<b>Directorial Remuneration</b>					
Puran Mal Agrawal				22.40	22.40
				(36.00)	(36.00)
Suresh Kumar Agrawal				18.67	18.67
				(30.00)	(30.00)
Saket Agrawal				11.42	11.42
				(-)	(-)
<b>Key Managerial Remuneration</b>					
Kamal Kumar Jain				10.71	10.71
				(-)	(-)
Ruchi Garg				4.02	4.02
				(-)	(-)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Professional Charges Paid</b>					
MSP Mines and Minerals Limited				18.23	18.23
				(28.31)	(28.31)
<b>Expenses Reimbursed</b>					
Howrah Gases Limited				15.90	15.90
				(29.81)	(29.81)
MSP Infotech Private Limited				-	-
				(0.05)	(0.05)
MSP Metallics Limited				-	-
				(0.11)	(0.11)
MSP Sponge Iron Limited				4.16	4.16
				(6.26)	(6.26)
MSP Mines and Minerals Limited				1.72	1.72
				(3.45)	(3.45)
<b>Rent Paid</b>					
Ekta Agrawal				8.52	8.52
				(8.52)	(8.52)
Shree Khatupati Mercantile Private Limited*				-	-
				(9.00)	(9.00)
MSP Properties (India) Limited				-	-
				(2.04)	(2.04)
Richa Agrawal				6.87	6.87
				(6.87)	(6.87)
<b>Other Income</b>					
MSP Metallics Limited				-	-
				(0.38)	(0.38)
MSP Sponge Iron Limited				-	-
				(7.15)	(7.15)
Manish Agrawal				-	-
				(0.18)	(0.18)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
<b>Allotment of Shares (Including Share Premium)</b>					
BS Confin Private Limited				-	-
				(2,400.00)	(2,400.00)
Dexo Trading Private Limited*				-	-
				(2,700.00)	(2,700.00)
High Time Holdings Private Limited				-	-
				(2,400.00)	(2,400.00)
Ilex Private Limited				-	-
				(1,800.00)	(1,800.00)
Sikhar Commodity Private Limited*				-	-
				(2,700.00)	(2,700.00)
<b>Loans and Advances Given</b>					
MSP Sponge Iron Limited				-	-
				(288.83)	(288.83)
<b>Repayment of Loans &amp; Advances Given</b>					
Chaman Metallics Limited				-	-
				(848.00)	(848.00)
Manish Agrawal			2.72		2.72
			(-)		(-)
Kamal Kumar Jain			3.00		3.00
			(-)		(-)
MSP Sponge Iron Limited				288.83	288.83
				(-)	(-)
MSP Power Limited				-	-
				(3.20)	(3.20)
Prateek Mines & Minerals Private Limited				-	-
				(2.05)	(2.05)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				-	-
				(1,892.50)	(1,892.50)
K.C. Texofine Private Limited*				-	-
				(250.00)	(250.00)
Ilex Private Limited				82.50	82.50
				(-)	(-)
Larigo Investment Private Limited				-	-
				(250.00)	(250.00)
MSP Sponge Iron Limited				1.10	1.10
				(8.00)	(8.00)
MSP Infotech Private Limited				-	-
				(150.00)	(150.00)
Raj Securities Limited				470.00	470.00
				(470.00)	(470.00)
Sampat Marketing Company Pvt Ltd				1,792.00	1,792.00
				(-)	(-)
Sikhar Commodity Private Limited*				-	-
				(300.00)	(300.00)
<b>Repayment of Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				100.00	100.00
				(-)	(-)
MSP Infotech Private Limited				-	-
				(140.00)	(140.00)
MSP Properties (India) Limited				-	-
				(55.00)	(55.00)
MSP Sponge Iron Limited				-	-
				(131.17)	(131.17)
Raj Securities Ltd				470.00	470.00
				(-)	(-)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Guarantee Obtained</b>					
Puran Mal Agrawal			219.32		219.32
			(210.21)		(210.21)
Suresh Kumar Agrawal			227.02		227.02
			(229.25)		(229.25)
Manish Agrawal			263.40		263.40
			(254.73)		(254.73)
Saket Agrawal			261.53		261.53
			(244.14)		(244.14)
<b>Repayment of Other Receivables</b>					
Chaman Metallics Limited				-	-
				(61.42)	(61.42)
<b>Refund of Share Application Money Received</b>					
Ilex Private Limited				-	-
				(900.00)	(900.00)
<b>Other Liabilities Paid</b>					
Chaman Metallics Limited				-	-
				(0.14)	(0.14)
Ilex Private Limited				380.00	380.00
				(-)	(-)
<b>Loans &amp; Advances (Closing balance)</b>					
Kamal Kumar Jain			1.99		1.99
			(-)		(-)
Manish Agrawal			-		-
			2.72		2.72
MSP Metallics Limited				118.28	118.28
				(-)	(-)
MSP Mines and Minerals Limited				1.63	1.63
				(1.63)	(1.63)
MSP Sponge Iron Limited				262.82	262.82
				(377.66)	(377.66)
<b>Trade Receivables (Closing balance)</b>					
Howrah Gases Limited				152.55	152.55
				(402.80)	(402.80)
MSP Properties (India) Limited				-	-
				11.81	11.81

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Trade Payable (Closing balance)</b>					
Howrah Gases Limited				423.40	423.40
				(-)	(-)
<b>Other Liabilities (Closing balance)</b>					
Ilex Private Limited				-	-
				(380.00)	(380.00)
MSP Mines and Minerals Limited				(10.38)	(10.38)
				(5.75)	(5.75)
<b>Advance from Customers (Closing balance)</b>					
MSP Metallics Limited				3,093.50	3,093.50
				(3,132.18)	(3,132.18)
MSP Sponge Iron Limited				16.20	16.20
				(15.10)	(15.10)
<b>Loans &amp; Advances Taken (Closing balance)</b>					
Adhunik Gases Limited				1,792.50	1,792.50
				(1,892.50)	(1,892.50)
BS Confin Private Limited				300.00	300.00
				(300.00)	(300.00)
High Time Holding Private Limited				300.00	300.00
				(300.00)	(300.00)
Ilex Private Limited				82.50	82.50
				(-)	(-)
K.C. Texofine Private Limited				-	-
				(250.00)	(250.00)
Larigo Investment Private Limited				-	-
				(1,205.00)	(1,205.00)
MSP Infotech Private Limited				-	-
				(190.00)	(190.00)
MSP Properties (India) Limited				-	-
				(50.00)	(50.00)
Raj Securities Limited				470.00	470.00
				(470.00)	(470.00)
Sampat Marketing Private Limited				1,792.00	1,792.00
				(-)	(-)
Sikhar Commodity Private Limited*				-	-
				(300.00)	(300.00)

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
<b>Investments</b>					
Adhunik Gases Limited				4.50	4.50
				(4.50)	(4.50)
BS Confin Private Limited				22.20	22.20
				(22.20)	(22.20)
High Time Holdings Private Limited				13.46	13.46
				(13.46)	(13.46)
Howrah Gases Limited				20.18	20.18
				(20.18)	(20.18)
K.C. Texofine Private Limited				199.92	199.92
				(-)	(-)
Larigo Investment Private Limited				8.95	8.95
				(8.95)	(8.95)
MSP Infotech Private Limited				8.50	8.50
				(8.50)	(8.50)
MSP Metallics Limited				1,408.60	1,408.60
				(1,408.60)	(1,408.60)
MSP Power Limited				0.80	0.80
				(0.80)	(0.80)
MSP Properties (India) Limited				12.25	12.25
				(9.75)	(9.75)
Raj Securities Limited				180.00	180.00
				(5.00)	(5.00)
MSP Sponge Iron Limited				147.70	147.70
				(147.70)	(147.70)

(Figures in bracket are related to previous year.)

\*Not to be considered under the Related Party Disclosure for the Financial year 2014-15 as relation no longer exist.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 31. Segment Information

#### Geographical Segment:

The following table shows the distribution of the Company's Sales and assets by geographical market:

(₹ in lacs)

Payment to Auditors	2014-15	2013-14
Domestic Revenues (Net of Excise Duty and Trade Discount)	1,03,287.26	1,12,077.05
Oversea	5,933.49	7,215.25
<b>Total</b>	<b>1,09,220.75</b>	<b>1,19,292.30</b>

The Company has common fixed assets for producing goods for domestic and overseas markets which are located at only one place i.e. Raigarh. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. Export debtors at the year end amounts to ₹ 176.49 lacs (₹ 974.74 lacs).

### 32. Operating Lease Company as Lessee

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

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

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Within one year	55.66	45.66

### 33. Interest in Joint Venture

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

The Company's share of the assets and liabilities related to its interest in this Joint Venture as at the respective Balance Sheet dates is as follows:-

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Share Capital	16.62	16.62
Reserve & Surplus	102.13	215.34
Non Current Liabilities	0.89	0.89
Current Liabilities	0.65	0.21
Non Current Assets	51.14	161.52
Current Assets	69.15	71.54
Revenue	4.80	0.18
Other Expenses	117.84	0.17
Tax Expenses	0.18	-
Profit/(Loss) After Tax	(113.22)	0.01

The Company's proportionate share of the capital commitments in this Joint Venture amounts to ₹ Nil (₹ 8.91 lacs).

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 34. Impairment of Assets

On the basis of physical verification of assets and cash generation capacity of those assets, in the management perception, there is no impairment of assets as on 31<sup>st</sup> March 2015.

### 35. Disclosures for AS 29, 'Provisions, Contingent Liabilities and Contingent Assets' issued by ICAI:

(₹ in lacs)

Particulars	Provision for Doubtful Debts		Provision for Advances	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
Carrying amount- beginning of the year	321.30	321.96	19.40	19.40
Additional provision during the year	-	-	-	-
	321.30	321.96	19.40	19.40
Less:written back during the year	18.69	0.66	-	-
Carrying amount- end of the year	302.61	321.30	19.40	19.40

### 36. Contingent Liabilities not Provided for in Respect of:

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Excise Matters under dispute/ appeal	2,103.52	1,890.97
Sales Tax & VAT Matters under dispute/ appeal	400.28	130.14
Income Tax Matters under dispute/ appeal	0.55	0.55
CDR Related Liability (Right to Recompense)	278.01	-
Corporate Guarantees given	-	660.75

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

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

### 37. Capital and Other Commitments

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ NIL (₹ 1138.64 lacs))	-	1,446.39
Export obligation under EPCG scheme with respect to custom duty savings in import of equipments and spares parts	-	2,899.49

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 38. Derivative instruments and unhedged foreign currency exposure

Derivative contracts outstanding as at the Balance sheet date:-

Particulars	Purpose
<b>Forward contract to buy US \$</b> US\$ 24,03,846.16 (31st March 2014 : US\$ NIL) (₹ 1,500 (31st March 2014 : ₹ NIL))	Hedge of foreign currency loan
<b>Forward contract to buy Singapore Dollar (SGD)</b> SGD 78,75,000 (31st March 2014: SGD 13,125,000) (₹ 3,601.03 lacs (31st March 2014: ₹ 6,227.32 lacs))	Hedge of foreign currency loan
Interest rate swaps on SGD loan of SGD 78,75,000 (31st March 2014 : SGD 13,125,000) (₹ 3,601.03 lacs (31st March 2014: ₹ 6,227.32 lacs))	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m SOR plus spread of 2.05% on the notional amount

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

Particulars	Amount
Trade payables (including acceptances)	US \$ 48,15,706 (31st March 2014: US \$ 77,82,153) ₹2,985.74 lacs Nil (31st March 2014: ₹ 4,677.06 lacs)
Foreign Currency Loans from Banks	US\$ 24,03,846.16 (31st March 2014 : US\$ NIL) ₹ 1,500 (31st March 2014 : ₹ NIL)
Interest accrued but not due on borrowings	US \$ Nil (31st March 2014: US\$ NIL) ₹ Nil (31st March 2014: ₹ NIL)

### 39. Value of Imports (calculated on CIF basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Capital Goods	-	371.09
Stores, Spares and Consumables	46.37	131.19
Raw Materials	13,150.31	9,584.45

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 40 (a). Expenditure in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest	339.81	828.55
Travelling	0.69	1.23
Professional Fees	-	1.35
Secretarial Fees	-	0.20
Rates & Taxes	-	0.22
Bank Charges	-	0.02

### 40 (b). Earning in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
FOB Value of Exports [excluding sales made in Indian rupees ₹ 1940.42 lacs (₹ 1082.44 lacs)]	3,915.19	5,968.55

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

Particulars	Raw Materials		Stores and Spares Consumed	
	₹ in lacs	%	₹ in lacs	%
Indigenous	79,438.46	87.86	5,876.32	99.11
	(64,101.87)	(83.81)	(3,741.34)	(89.33)
Imported	10,971.37	12.14	52.64	0.89
	(12,381.72)	(16.19)	(446.83)	(10.67)
<b>Total</b>	<b>90,409.84</b>	<b>100.00</b>	<b>5,928.96</b>	<b>100.00</b>
	(76,483.59)	(100.00)	(4,188.17)	(100.00)

### 42. Corporate debt restructuring:

1. MSP Steel & Power Limited (MSPL), as the borrower has availed various financial facilities from the secured lenders. At the request of the Borrower, the Corporate Debt Restructuring Proposal ('CDR Proposal') of the Borrower was referred to Corporate Debt Restructuring Cell ("CDR Cell") by the consortium of senior lenders led by the State Bank of India (Monitoring Institution). The CDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are

members of CDR Cell hereinafter referred to as the 'CDR Lenders' was approved by CDR Empowered Group ('CDR EG') on March 18, 2015 and communicated vide Letter of Approval dated March 23, 2015, as amended/modified time to time. The cutoff date for CDR Proposal was October 01, 2014. The Master Restructuring Agreement ('MRA') between the Borrowers and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cutoff date of October 01, 2014.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

### 2. The key features of the CDR Proposal are as follows:

- a. Repayment of Restructured Term Loans of ₹ 502.98 Crores ('RTL') after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- b. Conversion of various irregular portions of Working Capital Limits of ₹ 149.72 Crores into Working Capital Term Loan ('WCTL-I'). Repayment of WCTL-I after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- c. Conversion of devolved financial facilities of ₹ 63.13 Crores into Working Capital Term Loan ('WCTL-II'). Repayment of WCTL-II after moratorium of 8 quarters from cutoff date in 32 structured quarterly ballooning instalments commencing from December 2016 to September 2024.
- d. Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year
- e. Interest accrued but not paid on various financial facilities till cutoff date (i.e., 1st October, 2014) shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL, WCTL-I and WCTL-II during moratorium period of 8 quarters from cutoff date also shall be converted to FITL. The repayment of FITL of ₹ 161.52 crores should be made in 24 structured quarterly ballooning instalments commencing from December 2016 to September 2022.
- f. Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA
- g. Lenders with the approval of CDR EG shall have the right to recompense the reliefs/ sacrifices/waivers extended by the respective CDR lenders as per CDR Guidelines.
- h. Contribution of ₹ 28.14 Crores in the Company by promoters in lieu of bank sacrifice in the form of share application/unsecured loans which needs to be converted into equity shares/ preference shares latest by 30.09.2015.

i. Rate of Interest on various facilities in the range of 10.75% to 12% in a stepped manner is as under:

Facilities	Existing TL	New TL-1	New TL-2	WCTL-1	WCTL-2	FITL
2014-15	10.75%	12.00%	12.00%	10.75%	10.75%	10.75%
2015-16	10.75%	12.00%	12.00%	10.75%	10.75%	10.75%
2016-17	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2017-18	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2018-19	11.00%	12.00%	12.00%	11.00%	11.00%	11.00%
2019-20	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2020-21	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2021-22	11.50%	12.00%	12.00%	11.50%	11.50%	11.50%
2022-23	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
2023-24	12.00%	12.00%	12.00%	12.00%	12.00%	-
2024-25	12.00%	12.00%	12.00%	12.00%	12.00%	-

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

j. Repayment on various facilities is as under:

Facilities	Existing TL	New TL-1	New TL-2	WCTL-1	WCTL-2	FITL
2014-15	0%	0%	0%	0%	0%	0%
2015-16	0%	0%	0%	0%	0%	0%
2016-17	4%	4%	0%	4%	4%	4%
2017-18	8%	8%	8%	8%	8%	8%
2018-19	10%	10%	10%	10%	10%	15%
2019-20	10%	10%	10%	10%	10%	15%
2020-21	13%	13%	13%	13%	13%	20%
2021-22	13%	13%	13%	13%	13%	20%
2022-23	14%	14%	14%	14%	14%	18%
2023-24	14%	14%	14%	14%	14%	-
2024-25	14%	14%	18%	14%	14%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

3. In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

4. The Borrowers and the CDR Lenders executed a MRA during the year. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the MRA is approximately ₹ 112.57 crores for the Company.

### 43. Valuation of Current Assets, Loans & Advances and Current Liabilities

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

### 44. List of Assets and Liabilities transferred and vested in favour of AA ESS Tradelinks Private Limited (a subsidiary):-

As per the order of the Hon'ble Company Law Board of Kolkata Bench in the matter of petition No 14 of 2014, it was proposed that the undertaking of Durgapur Metaliks Limited in relation to the railway siding comprising all assets including the approvals, land, capital work in progress and all rights and benefits in relation thereto together with all liabilities and obligations in respect of the said railway siding be transferred and vested in favour of AA ESS Tradelinks Private Limited. As per the order of the Hon'ble Company Law Board, the list of the railway siding assets including subsisting approvals and registrations and the list of the railway siding liabilities including subsisting obligations in relation thereto are as follows:

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015 (Contd.)

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(₹ in lacs)

Particulars	Amount	Amount
<b>Details of Assets</b>		
Freehold Land (8.423 Acres)		285.17
Leasehold Land (14.589 Acres)		
Capital Work In progress		1,214.44
<b>Advances</b>		
Gilbart Merchants Private Limited	750.00	
S.K.Fintex Private Limited	750.00	1,500.00
<b>Non Refundable Deposit</b>		
South Eastern Railway		500.00
<b>Investment in Shares</b>		
Ramrajya Lefin Pvt. Ltd. (23840 Equity Shares of ₹ 10 each)	1,192.00	
Digvijay Tracon Pvt. Ltd. (23840 Equity Shares of ₹ 10 each)	1,192.00	2,384.00
<b>Bank Balance</b>		
Syndicate Bank Barbil - 80183030000020		1.02
At Belkundi- Barbil, Keonjhar		
<b>Total Assets</b>		5,884.63
<b>Details of Liabilities (Railway Siding)</b>		
Liabilities		-
<b>Total Liabilities</b>		-

Note: There was an investment of ₹ 7,408.87 Lacs in Durgapur Metaliks Limited by AA ESS Tradelinks Private Limited (a subsidiary). After taking into consideration the impact of the order of the Hon'ble Company Law Board, the balance amount of ₹ 1,524.24 Lacs has been transferred to Capital Work in Progress.

**45.** As per information available with the Company, there are no suppliers covered under "**Micro, Small and Medium Enterprise Development Act, 2006**". As a result, no interest provision/payment has been made by the Company to such creditors, if any, and no disclosure thereof is made in the accounts.

**46.** The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required. No amount has been written back / written off during the year in respect of due to / from related parties.

**47.** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

## Notes to the Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2015

**48.** The foreign wholly-owned subsidiary of the Company named MSP Group International Singapore (PTE) Limited has been struck off with effect from 20th October, 2014.

**49.** The coal blocks allotted to Madanpur South Coal Company Limited (JV) has been de-allocated by the Ministry of Coal, so the company has charged off the total expenditure incurred till 31.03.2014 to the tune of ₹ 695.24 lacs (Our Share 103.60 Lacs) on account of capital expenditure as the project has been dropped.

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

As per our report of even date

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

**CA Sunil Kumar Agrawal**  
*Partner*  
Membership No: 057731

**Date: 6th June, 2015**  
**Place: Kolkata**

For and on behalf of Board of Directors

**Puran Mal Agrawal**  
*Chairman*

**Saket Agrawal**  
*Managing Director*

**Kamal Kumar Jain**  
*Chief Financial Officer*

**Ruchi Garg**  
*Company Secretary*

## Notes

## Notes





**MSP STEEL & POWER LIMITED**

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