

# **MSP Steel & Power Limited**

## **Annual Report 2013-2014**

Bringing our strengths together.  
With vision. With values.

**MSP STEEL & POWER LIMITED**  
**ANNUAL REPORT 2013-2014**

#### **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 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. Suresh Kumar Agrawal

### NON EXECUTIVE DIRECTORS

Mr. Manish Agrawal

Mr. Saket Agrawal

### INDEPENDENT DIRECTORS

Mr. Arvind Kumar Saraf

Mr. Navneet Jagatramka

Mr. Amit Mehta

Mr. Ashok Kumar Soin

## COMPANY SECRETARY

Ms. Ruchi Garg

## AUDITORS

M/s. Sunil Kumar Agrawal & Associates

*Chartered Accountants*

## BANKERS

State Bank of India

INGVysa 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

## REGISTERED OFFICE

1, Crooked Lane, Kolkata-700 069

Ph.No. (033)22483795; Fax No. 22481720

## CORPORATE OFFICE

16/S, Block – A, New Alipore,

Kolkata – 700 053

Ph No.: (033) 40057777/23990038/3940

Fax No. 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

## “improving efficiency and focussing on excellence in operations is key for us”

India is a fast-changing economy in the current scenario and challenging at the same time. The country is now concentrating on fully optimising the investments made during the nineties and thereafter. This has paved the way for a an aspirational society that puts its best foot forward backed by knowledge, propelled by vision and strengthened by values.

In view of this, we at MSP Group are improving our operational excellence and emphasis is being laid on integrating and consolidating ourselves to produce final products. Our pellet capacity has been scaled up and implementation of a conveyer system for hot billet transportation has been carried out. These initiatives on our behalf have helped us boost our support systems and grow from strength to strength.

With continuous importance given to enhancing our core competencies, MSP Group with long term strategy and vision is looking forward to a sustainable future. The constant integration of our processes, together with cost-cutting measures will improve our efficiencies. We also still hold true by our commitment to responsibly participate in India’s economic development and give back to society to make our dreams a reality.

## A Glimpse of MSP Steel & Power Ltd.

At MSP Steel and Power Limited (MSP), we are amongst the forerunners 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 in 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

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	120.85	126.62

## SPONGE IRON

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	156.51	84.55

## MS INGOTS/BILLETS

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	250.28	145.00

## TMT BARS

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	281.45	294.01

## STRUCTURAL PRODUCTS

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	194.39	140.70

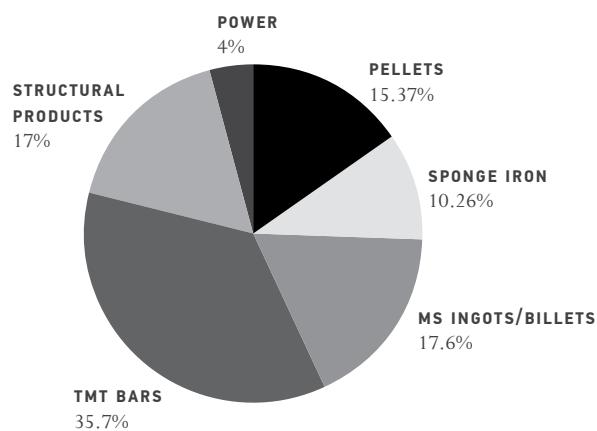
## POWER

DIVISIONS	FY 13-14	FY 12-13
Sales (Rs in Cr)	32.97	32.59

## CAPACITY UTILIZATION RATE (%)

PRODUCT	FY 13-14
Pellets	75.96
Sponge Iron	95.63
MS Ingot/Billets	88.48
TMT Bars	98
Structural Products	48.42
Power	77.72

## SALES DISTRIBUTION OF PRODUCTS



## CONTRIBUTION TO REVENUE (%) IN THE YEAR 2013-2014



### FROM LEFT TO RIGHT (IN %)

1 PELLETS	9.83	4 TMT BARS	22.90
2 SPONGE IRON	12.73	5 STRUCTURAL PRODUCTS	15.82
3 MS INGOTS/BILLETS	20.36	6 POWER	2.68
7 OTHERS	15.68		

**“Our continuous ability to innovate enables us to enhance our execution and service delivery. The growing level of dedication and passion to excel gives us the confidence to meet our desired growth objectives”**

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**DEAR SHAREHOLDERS,**

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The financial year 2013-14 has shown that there was slow but steady recovery in several major economies, mainly U.S and Europe. Though there were signs of this recovery in the short term, there will be challenges in the medium term, as there is overcapacity in China and Europe, which can be corrected with sustained growth in demand in the medium and long term.

During the financial year under review world-wide annual steel production increased by 3.5% as compared to the previous year, where as the World steel demand grew by 6.1% which is higher than that which was forecast by the World Steel Association due to stronger than expected demand in the developed world in the second half of the year. The emerging economies however continues to struggle with structural issues and financial market volatility. At present global steel demand recovery continues but growth is stabilising at a lower rate with continued volatility and uncertainty in the many emerging economies leading to a challenging environment for steel companies. But higher growth in worldwide steel demand augurs well for the steel sector as a whole.



India remained the 4th largest steel producing country in the world, behind China, Japan, and the United States. US. Crude steel production in India grew by 4.6% to 81.2 million tonnes whereas steel demand grew by 1.8%. Construction sector accounts for around 60 percent of the Country's total steel demand while the automobile industry consumes 15%. Both the sectors were plagued by a slowdown in the economy which grew 4.9% in 2013-14, against the growth rate of 4.5% in 2012-13. Hence demand slowdown from key consuming industries, affected sales volumes and also led to a softening in overall sales realization of Indian Steel producers. On the other hand, input costs remained at high levels, notwithstanding a moderation in international coking coal prices, leading to a reduction in the operating profitability of steel players in the sector. Besides lower operating margins, high capital charges too have dented their net margins. India's GDP growth has slowed down to 5% in 2013 on account of rising inflation and tight monetary controls. This has led to weak domestic steel demand, which grew by 3.3% in 2013 in spite of rise in demand in the last quarter. This growth in steel production in India and increase in worldwide of steel, resulted in India becoming the net exporter of steel in Financial Year 2013-14 after a gap of six years. Total steel exports by India during the Financial Year stood at 5.59 million tonnes, as against imports of 5.44 million tonnes as per the report issued by Joint Plant Committee (JPC), a unit of the steel ministry. In spite of the above mentioned problems due to slowdown in the economy our company managed to excel in all the fields. The plants at the factory operated at higher capacity and the Company achieved a higher sales turnover.

The Company's plant is proximate to raw material resources and it progressively secured its raw material requirement, which substitutes the need to make large capital investment with relatively moderate capacities that can be progressively scaled, commissioned projects ahead of schedule and created a business model that represent a balance of revenues and margin growth. As a result of this business way across the Company expects to enhance stakeholder value in a sustainable way across the foreseeable future.

Our team's dynamic and professional mindset has further enabled us to meet the untold challenges. Our continuous ability to innovate enables us to enhance our execution and service delivery. The growing level of dedication and passion to excel gives us the confidence to meet our desired growth objectives. 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*

# Bringing our Support Systems Together.

## With Commitment.

## With Expertise.

This year at MSP, the initiatives undertaken are a reflection of our growing expertise in the field as well as our commitment to survive the challenging environment that we operate in. We have not only established our capacities in the pellet plant, coal washery, power plant and steel melting shop plant but also ensured timely execution and production at the optimal level.

As seen before, we make products across the value chain:

Pellets | Sponge Iron | Billets and Ingots | TMT Bars |  
Structural Products | Power

The complete integration of our steel plant from top to bottom gives us renewed hope and we are highly optimistic about creating a sustainable future.

### OUR PERFORMANCE OVER THE LAST FEW YEARS.

(₹ in Crores)

PARAMETRES	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Turnover	395.85	519.75	751.77	1015.35	1308.56
Cash Profit	44.62	86.42	62.77	66.4	75.79
Profit after tax	32.05	50.21	26.03	20.12	21.00
Gross Block	292.22	555.27	580.66	1016.81	1184.97
EPS (₹)	5.52	8.62	4.39	2.96	2.38
Gearing Ratio (x)	2.06	2.12	2.33	1.58	1.48
Book Value per share (₹)	34.65	42.1	67.88	62.75	77.39

# Bringing our Capabilities Together. With Strategy. With Action.

In the business of Steel and Power, vertical integration is an important process in the security of raw materials and plays a major role in creating constant value. This value chain is enhanced with technological prowess, cost-reducing measures and network efficiency. Therefore at MSP, we are using these strengths to make the most of industry opportunities

## **COST EFFICIENCY**

Coal gasification plant to convert coal to hot gas which is used further to generate electricity. This helped us to reduce fuel cost and decrease carbon emissions.

Conveyers replacing manual system to transfer hot billets to rolling mill helped reduce emissions and logistical costs

## **NETWORK EFFICIENCY**

Our wide network of pan-India distributors help us reach out to customers across Madhya Pradesh, Chhattisgarh, Delhi, Maharashtra, Haryana, and Gujarat. Besides, we also export our products to Nepal and Bangladesh.

## **TECHNOLOGICAL PROWESS**

We used high-technology, computer-aided testing facilities with respect to size, structure, elongation, proof stress, bendability, ovality, and weldability.

We have license to use Thermex quenching system and technology of M/s Henningsdorfer Stahl Engineering GmbH, Germany in our rolling mill to produce high-strength Thermex Quenched and Self Tempered (QST) rebars

**“The Management with a view to modernize and expand the existing facilities at its plant at Raigarh has decided to take up a new project which includes setting up a Brick Making Plant, Expansion of Rolling and Structural Rolling Mill”.**

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**DEAR SHAREHOLDERS,**

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Steel is at the core of a green economy, in which economic growth and environmental responsibility exist as a mutually beneficial partnership that serves the entire globe. Steel demand in India is expected to grow by 3.3% to 76.2 Mt in 2014, following 1.8% growth in 2013, due to an improved outlook for the construction and manufacturing sectors, even though this will be constrained by high inflation and structural problems. With a 3.3% increase in demand in 2014, followed by an even better 4.5% in 2015 citing expectations of structural reforms implemented by a new government.

**FINANCIAL PERFORMANCE** Despite Financial Year 2013-14 being a challenging year, the Company achieved a turnover of ₹ 1308.56 crores which marks a growth of nearly 29% as compared from previous year. The company reported EBITDA of ₹ 195.28 crores and a net profit after tax of ₹ 21.00 crores at the end of the financial year resulting in EPS of ₹ 2.38 per share.



**FUTURE STEPS** The Management with a view to modernize and expand the existing facilities at its plant at Raigarh has decided to take up a new project which includes setting up a Brick Making Plant, Expansion of Rolling and Structural Rolling Mill, setting up of hot billet charging system in Rolling & Structural Rolling Mill and some other modifications. With the above, the capacity of rolling mill will increase by 25,000 tonnes and structural Rolling Mill by 40,000 tonnes. The company will save substantial cost in the manufacture of TMT Bars with this increase in capacity. The Company is planning to consolidate and optimise the existing resources in the best possible way.

**STRATEGY** Over the upcoming year, we shall be focusing on stabilising our operations to achieve our goal. We are further focusing on improving our efficiencies at all the levels. We expect the steel demand in India to pick up gradually. 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, realises its responsibility towards the society in which it operates and contributes towards the society and environment. The Company has been engaged in various kinds of social work such as providing clean drinking water to the areas in and around the plant location, renovation of schools, building of concrete roads, providing medical help to the poor, etc.

Today, we are confident of achieving our planned objective on time, with our vibrant and dynamic human resource. The Management is looking forward towards a great year ahead for your company.

Best Wishes,

**SURESH KUMAR AGRAWAL**

Managing Director

# Bringing our Community Together. With Duty. With Engagement.

We at MSP firmly believe that continuous social enrichment is essential for the balance between the community and the industry. We aim to make a positive contribution to the under privileged sectors of the society by undertaking a broad range of socio-economic, infrastructural, educational, safety, environment and health activities.

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**OUR INITIATIVES OVER THE PAST YEARS INCLUDE:**

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**COMMUNITY WELFARE**

Installed deep tube wells and motors in Jamgaon and made water tanks available in the village and adjoining areas. We also undertake regular cleaning and dredging of ponds and provide free bus service from the village to Raigarh

**INFRASTRUCTURAL DEVELOPMENT**

We have constructed a *pucca* road and built school boundary and playgrounds.

**EDUCATION**

Running an English medium school in Jamgaon Village, where uniforms and school books are provided to the children free of cost. We also sponsor teachers in various government schools of Raigarh.

**HEALTH AND SAFETY**

Provided the village with regular medical check-ups, 24 hour ambulance service, eye operation camps, and fire fighter tanks, in addition to fire safety equipment.

**ENVIRONMENT**

Regularly undertake beautification and gardening activities to maintain a green belt. This includes activities such as planting trees and plants in the surrounding villages and adjoining areas.

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**EVERY YEAR, WE AIM TO GO A STEP FURTHER. NEW CSR ACTIVES THIS YEAR INCLUDE:**

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**DEVELOPMENT OF SURROUNDING AREAS**

A concrete road, 9m wide and 330m long, was built to enable villagers to reach the state highway very quickly and easily. Prior to this, during monsoons the people of Mahapali village had to use the broken path causing great discomfort. The project was completed in August 2013.

**RENOVATION OF PUBLIC UTILITIES**

As part of its initiatives, MSP renovated the village pond at Mahapali so villagers can use it in the most efficient manner. The pond has been constructed in a way that it can now store enough water for use throughout the year for the villagers. Concrete steps have also been constructed in four regions around the pond.





# Director's Report

To the Members of

**MSP STEEL & POWER LIMITED**

Your directors have pleasure in placing before you the 45th Annual Report along with Audited Annual Statement of Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS		(₹ in Lacs)
PARTICULARS	YEAR ENDED	
	March 31, 2014	March 31, 2013
Revenue from Operations (Gross)	1,30,856.20	1,01,535.62
Profit before depreciation and Tax	8653.05	7,647.40
Less: Depreciation	5,479.61	4,627.92
Profit Before Tax	3,173.44	3,019.48
Less: Provision for Income Tax ( <i>Including earlier years</i> )	25.86	-
Less: Provision for Deferred Tax	1,047.23	1,006.96
Net Profit	2,100.34	20,12.52
Add: Balance brought forward	23,501.96	20,972.69
Less: Appropriations	—	29.08
<b>SURPLUS CARRIED TO BALANCE SHEET</b>	<b>25,602.30</b>	<b>23,501.96</b>

**DIVIDEND** The Board of directors have not recommended dividend for the Financial year ended 31st March, 2014 on equity shares as well as for 6% Non Cumulative Redeemable Preference Shares.

**EXPANSION PROJECT** The Management with a view to modernize and expand the existing facilities at its plant at Raigarh has decided to take up a new project which includes setting up of one new Induction Furnace, Brick Making Plant, Expansion of Rolling and Structural Rolling Mill, Setting up of hot billet charging system in Rolling & Structural Rolling Mill

and some other modifications. With the above the capacity of rolling mill will add to the topline and margin of the company.

**CREDIT RATING** The Company's rating is the "BBB+" rating for long-term/medium-term debt and various bank facilities sanctioned and/or availed by the Company. Facilities with "BRICKWORK BBB+" rating are considered to offer moderate safety for timely servicing of debt obligation. Such facilities carry moderate credit risk.

The Rating Committee reaffirmed the 'PR2' (PR Two) rating for short-term debt/facilities sanctioned and/or availed by the Company. Facilities with this rating will have an adequate capacity for timely payment of short-term debt obligation and carry higher credit risk.

The above rating continues to draw strength from promoters' experience, operational efficiency by virtue of having an integrated plant, production of value-added products fetching higher margins, increasing profit levels and moderate its financial position.

**SHARE CAPITAL** During the year under review the Company has allotted on 14th August, 2013, 1,20,00,000, 6% Non-cumulative redeemable preference shares on preferential basis to its promoters group companies at an issue price of ₹100/- each (including a premium of ₹ 90/- each), by reorganizing its authorised share capital by cancelling 60,00,000 equity shares of ₹10 each and creating in lieu of 60,00,000 preference shares of ₹10/- each.

After the said allotment the Authorised Capital of the Company stood at ₹1,17,00,00,000/- divided into 9,60,00,000 equity shares of ₹10/- each and 2,10,00,000, 6% Non-cumulative redeemable preference shares of Rs 10/- each. And the paid up share capital has increased from ₹ 96,89,40,000/- to ₹1,088,940,000/-

Further more the Company has increased the authorised share capital of the Company from ₹ 117,00,00,000 to ₹ 1,32,00,00,000 by passing a special resolution via postal ballot. The result of the postal was declared on 14th July, 2014 at the corporate office of the Company by Mr. Puran Mal Agrawal, Chairman of the Company.

**LISTING OF SHARES** The shares of the Company continues to be listed on the National Stock Exchange of India Limited and the BSE Limited, having nationwide terminal to facilitate easy and convenient trading to our valued shareholders. Further the Company had paid the annual listing fees to both the Stock Exchanges as mentioned above for the financial year 2014-15.

**DIRECTORS** With the notification of Section 149 of the Companies Act, 2013 and the rules made there under and the recent amendment under Clause 49 of the Stock Exchanges, which is applicable from 1st October, 2014, the Company has to appoint a Women Director on the Board. Consequently the Board of Directors in their meeting held on 14th August, 2014 had proposed to appoint Ms. Priyanka Tiwari (DIN: 06944383) as Non-Executive Independent Director of the Company.

In accordance of the Articles of Association and section 152 of the Companies Act, 2013 and the rules made thereunder, Mr. Manish Kumar Agrawal (DIN: 00129240), Director of the Company is liable to retire by rotation and being eligible offers himself to be re-appointed in the ensuing Annual General Meeting of the Company.

Further as per the section 149 read with schedule IV and section 152 of the Companies Act, 2013, the rules made thereunder and the Listing Agreement with the Stock Exchanges, Company needs to appoint Independent Directors for a period of five (5) years from the date of appointment. Since Mr. Amit Mehta (DIN: 01197047), Mr. Navneet Jagatramka (DIN: 01579357), Mr. Ashok Kumar Soin (DIN: 02986145) and Mr. Arvind Kumar Saraf (DIN: 00395155) have already been appointed as Non-executive Independent Directors in accordance with the Listing agreement with the Stock Exchanges and Companies Act, 1956, which was in force then. Out of them Mr. Arvind Kumar Saraf and Mr. Navneet Jagatramka are liable to retire by rotation in the ensuing Annual General Meeting in accordance with the provisions of Companies Act, 1956.

As required under section 149 read with schedule IV of the Companies Act, 2013 and the relevant rules made thereunder, Company has received a declaration

of independence from the Independent Directors.

Your Board of Directors at their meeting held on 14th August, 2014 has recommended to re-appoint all the independent directors at the ensuing Annual General Meeting as Non-executive Independent Director not liable to retire by rotation, for a term of five (5) years w.e.f ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held for the financial year ending 31st March, 2019, in term of the Companies Act, 2013, the rules made there under and the Listing Agreement with the Stock Exchanges.

Necessary resolution for members approval for their reappointment form part of the notice of the Annual General Meeting.

Your directors recommend their re-appointment

**AUDITORS** The Company has appointed M/s Sunil Kumar Agrawal & Associates, Chartered Accountants as the Statutory Auditors of the Company w.e.f Board Meeting held on 24th April, 2014 and that they shall hold the office of the statutory auditors of the Company until the conclusion of the ensuing Annual General Meeting, and that they shall, inter alia, conduct the statutory audit for the financial year ended 31st March, 2014. The members via postal ballot notice dated 30th May, 2014 ratified the said appointment. The said office of Statutory Auditor will vacate at the conclusion of the ensuing Annual General Meeting, so Board propose to re-appoint M/s. Sunil Agrawal & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the date of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

**AUDITORS' REPORT** The observations made in the Auditors' Report read with Notes to Accounts are self-explanatory and therefore, do not call for any further elucidation.

**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, 2015

**DIRECTORS' RESPONSIBILITY STATEMENT** Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that:

- (i) In the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards were followed and no material departures were made from the same;
- (ii) The Directors 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 Company's state of the affairs at the end of the financial year ended 31st March, 2014 and the Company's profits for that period;
- (iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting frauds and other irregularities;
- (iv) The Directors prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE** Your Company has complied with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges and report on Corporate Governance in terms of the said clause along with the auditor's certificate for the same and a Management and discussion report has been attached to this report.

**CORPORATE SOCIAL RESPONSIBILITY** Your Company recognizes that its business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders. The Company is committed to continuously improving its social responsibilities, environment and economic practices to make positive impact on the society.

**SUBSIDIARIES & JOINT VENTURE** The Consolidated financial statements prepared by the Company include financial information of its subsidiaries and joint venture prepared in compliance with applicable Accounting Standards.

In accordance with the general exemption pro-

vided by the Ministry of Corporate Affairs vide its general circular No 2/2011 dated 8th February, 2011, Company is not attaching the balance sheet, profit & loss account and the notes thereon and documents of the Subsidiaries Companies to the Balance Sheet of the Company. Further in terms of abovementioned Circular the annual accounts of the subsidiary companies will be made available for inspection by any shareholders in the corporate office of the holding company and that of the subsidiary companies concerned upto the date of the Annual General Meeting of the Company. The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and subsidiary companies seeking such information at any point of time.

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

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

**PARTICULARS OF EMPLOYEES** As on 31st March, 2014 there are no employee whose particulars of remuneration is paid in excess of limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**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

**Place:** Kolkata

Sd/-

**Date:** 14th August, 2014

**Puranmal Agrawal**

*Chairman*

**THE ANNEXURE to the  
DIRECTOR'S REPORT**

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2014.

**(i) CONSERVATION OF ENERGY:**

**A | Energy conservation measures taken:** 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.

**B | Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

1. Installation of MV drive for Boiler Feed Pump and ID Fan in CPP for reduction of electrical energy consumption. This project is under implementation.
2. Proposal for installation of LV,VFD for BFP, CWP and CT fan in CPP.

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

1. Thermal Energy Consumption of Rolling Mill and Structure Mill has been reduced.
2. Auxiliary consumption of power plant shall be reduced after installation of MV drive

**(ii) TECHNOLOGY ABSORPTION:**

No major technology has been adopted by the company during the year.

**(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

**TOTAL FOREIGN EXCHANGE USED AND EARNED: (₹ in Lacs)**

PARTICULARS	2013-14	2012-13
<b>Foreign Exchange earnings</b>		
Export sales	7,106.7	3,592.68
<b>Foreign Exchange Outgo</b>		
Import: Consumable (stores)	131.19	269.44
Capital goods	371.09	5.16
Raw Materials	12,381.71	5,677.56
Travelling and others	1.23	10.42
Interest	828.55	439.96
Foreign Membership Fees	--	16.27

**FORM A: Disclosure of particulars with respect to Conservation of energy**

PARTICULARS	2013-14	2012-13
<b>Power and fuel consumption</b>		
Purchased		
Units in KWH	28,90,000	14,52,000
Total amount (In lacs)	471.57	373.88
Rate/unit (Rs.)	16.32	25.75
<b>Electricity – own generation</b>		
Through Diesel Generator		
Units generated (KWH)	19,125	9,460
Total cost (₹ in lacs)	11.87	2.28
Unit/Ltrs of Diesel (units)	1.01	1.97
Cost/Unit (₹ in Lacs.)	62.09	24.06
<b>Through steam turbine generator:</b>		
Units generated (KWH)	46,78,15,100	41,87,47,168
Cost/unit (Rs.)	1.94	3.11
<b>Coal and coke</b>		
Quantity (MT)	8,21,179	8,60,458
Total cost (₹ In lacs)	22,513.97	15,090.47
Cost/unit (Rs.)	2,741.66	1,753.77
[Coal is used in the manufacturing process as reductant]		
<b>Consumption per unit (MT) of production</b>		
Particulars		
<b>a) Electricity</b>		
For sponge iron (in KWH)	84	97
For billets/ ingot (in KWH)	916	952
For TMT (in KWH)	103	97
For Pellet (in KWH)	66	70
For Structural	93	100
<b>b) Coal</b>		
For sponge iron (MT)	1.22	1.83

**FORM B:**

**FORM FOR DISCLOSURE OF PARTICULARS WITH**

**RESPECT TO ABSORPTION:** The company has so far not carried out any major Research and Development work. The Company shall however undertake Research and Development work as and when required to improve the quality of its products. The company has not incurred any expenditure on this account so far. The Company, however, has a full-fledged laboratory at its integrated steel plant for testing of raw materials and also of the finished products.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

**(i) Efforts, in brief, made towards technology absorption, adaption and innovation:**

No major technology has been absorbed during the year.

**(ii) Benefits derived as a result of the above efforts:** N.A.

For and on behalf of the board

**Place:** Kolkata

Sd/-

**Date:** 14th August, 2014

**Puran Mal Agrawal**

*Chairman*

# Report on Corporate Governance

(pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

## Company's philosophy on CORPORATE GOVERNANCE

The Company believes that its true success lies in how it maintains its professionalism combined with practice of good ethics. 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 continuously strives for implementation of policies as responsible management.

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.

### BOARD OF DIRECTORS

At present the Board of Directors of the Company compromises of 8 directors headed by Mr. Puran Mal Agrawal, Executive Promoter Director. The Board consists of two executive promoter directors, two promoter non-executive director and four non executive independent directors. Thus the composition of the Board is in accordance of clause 49 of the listing agreement and the provisions of the Companies Act, 2013.

At the ensuing Annual General Meeting of the Company the Board recommends the appointment of Smt. Priyanka Tiwari (DIN: 06944383) as Non-Executive Independent Director, for whom a members intending to propose her as a director had given a notice signifying her candidature for the Directorship of the Company.

During the year under review the Board of Director met nine times on the following dates: 4th April, 2013; 28th May, 2013; 17th June, 2013; 6th July, 2013; 14th August, 2013; 1st October, 2013; 14th November, 2013, 3rd January, 2014 and 14th February, 2014.

**COMPOSITION** The composition of the Board of Directors as on 31st March, 2014, attendance of each Director at Board Meeting, last AGM & Directorship/ Chairmanship of Committee of each Director in other Companies are as under:

NAME OF DIRECTOR	CATEGORY	ATTENDANCE		DIRECTORSHIP IN OTHER COMPANIES	COMMITTEE POSITIONS IN OTHER COMPANIES AS	
		Board meeting	Last AGM		Chairman	Member
Mr. Puranmal Agrawal	C(epd)	8	Yes	10	-	-
Mr. Suresh Kumar Agrawal	MD(epd)	9	No	9	-	-
Mr. Manish Agrawal	NEPD	8	Yes	11	-	-
Mr. Saket Agrawal	NEPD	8	Yes	12	-	-
Mr. Amit Mehta	NEID	4	No	2	-	-
Mr. Navneet Jagatramka	NEID	5	No	-	-	-
Mr. Arvind Kumar Saraf	NEID	7	Yes	-	-	-
Mr. Ashok Kumar Soin	NEID	6	No	-	-	-

C: Chairman, EPD: Executive Promoter Director, NEPD: Non-Executive Promoter Director,

NEID: Non- Executive Independent Director, MD: Managing Director

The directorship in other companies do not include private companies, limited liability partnership companies and section 8 companies under Companies Act, 2013 (Companies with charitable object).

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 Companies Act, 2013 and the rules made thereunder. Mr. Puran Mal Agrawal and Mr. Suresh Kumar Agrawal are brothers and Mr. Manish Agrawal is son of Mr. Puran Mal Agrawal and Mr. Saket Agrawal is son of Mr. Suresh Kumar Agrawal.

Membership/Chairmanship of only the Audit Committees' and Shareholders' / Investors' Grievance Committees in all Public Limited Companies (excluding MSP Steel and Power Limited) have been considered.

#### BOARD COMMITTEES

The Board of directors of the Company has constituted following Committees:

- **Audit Committee**
- **Nomination & Remuneration Committee**  
(former Remuneration Committee)
- **Stakeholders' Relationship Committee**  
(Former Shareholder & Investors Grievance Committee cum Share Transfer Committee)
- **Corporate Social Responsibility Committee**

**AUDIT COMMITTEE** The Board constituted an audit committee in accordance with the Listing Agreement and section 292A of the Companies Act, 1956 (then in force). After the introduction of Companies Act, 2013 the Board has taken suitable measures to comply with the requirements mentioned in section 177 of the Companies Act, 2013 and the rules made there under.

As on date the Committee is headed by an Independent Director, Mr. Arivind Kumar Saraf. The committee consists of two Independent Directors (including the chairman) and one Non-Executive Promoter Director, having considerable financial experience and expertise. Ms. Ruchi Garg, Company Secretary of the company act as the Secretary of the Committee.

The primary objective of the Audit Committee is to monitor and effectively supervise the Compa-

ny's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

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

28th May, 2013, 17th June, 2013, 14th August, 2013, 14th November, 2013 and 14th February, 2014

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

NAME	NO. OF MEETINGS	
	held	attended
Mr. Arvind Kumar Saraf (Chairman)	5	5
Mr. Navneet Jagatramka (Member)	5	4
Mr. Saket Agrawal (Member)	5	5

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 accordance 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 (2AA) of section 217 of the Companies Act, 1956
  - B** | Changes, if any, in accounting policies and practices and reasons for the same
  - C** | Major accounting entries involving estimates based on the ex-

ercise 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** 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.

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

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

**8** 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.

**9** Discussion with internal auditors any significant findings and follow up there on.

**10** 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.

**11** 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.

**12** 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.

**13** To review the functioning of the Whistle Blower mechanism, in case the same is existing.

**14** 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 qualifications, experience & background, etc. of the candidate.

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

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

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

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.

#### **NOMINATION AND REMUNERATION COMMITTEE**

**(FORMER REMUNERATION COMMITTEE)** The Board has constituted a Remuneration Committee in terms of the Listing Agreement and the provisions of the Companies Act, 1956 (then in force). Post Companies Act, 2013 and the rules prescribed under it, the Board in its meeting held on 30th May, 2014 reconstituted the committee as Nomination and Remuneration Committee. The Committee is headed by a Non Executive Independent Director, Mr. Arvind Kumar Saraf and consists of 2 Non Executive Independent Directors (including the Chairman) and a Non Executive Promoter Director. The term of reference of the Committee is as follows:

**1** 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 carry out evaluation of every director's performance.

**2** 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.

**3** ensure that the 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.

**4** Any fixation/change in remuneration of Whole time Directors/Managing Directors.

**5** Any fixation/change in sitting fees payable to Board/Committee members for attending meeting

**6** To review the existing remuneration to the executives (GM level and above) and to approve any changes thereof.

**7** 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.

There was no meeting of the Committee during the financial year 2013-14. The Committee was reconstituted on 30th May, 2014 and met twice on 30th May, 2014 and 14th August, 2014 which was attended by all the members.

NAME	NO. OF COMMITTEE MEETINGS DURING F.Y 2013-14	
	held	attended
Mr. Arvind Kumar Saraf (Chairman— <i>independent</i> )	-	-
Mr. Navneet Jagatramka (Member— <i>independent</i> )	-	-
Mr. Saket Agrawal (Member— <i>non-executive</i> )	-	-

The Board has decided the term of reference of the Committee in accordance with the Listing Agreements with the Stock Exchanges and the provisions of the Companies Act, 2013 and the rules made thereunder.

The Nomination and Remuneration Policy had been formulated by Board of Director considering the recommendations of the Committee.

**REMUNERATION** The Company paid remuneration by way of salary, perquisites and allowances to its Managing Director and Executive Director within the limit specified under Schedule XIII and approved by the Board and Shareholders of the Company. The remuneration paid to executive Directors is during the year-ended 31st March, 2014

NAME	SALARY (Per month; Rs. in Lacs)	PERIOD OF CONTRACT FROM	PERIOD OF CONTRACT TO
Mr. Puranmal Agrawal (Chairman)	3	08.07.12	07.07.17
Mr. Suresh Kumar Agrawal (Managing Director)	2.50	08.07.12	07.07.17

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 directors is as follows:

NAME OF DIRECTOR	NO. OF SHARES HELD
Mr. Saket Agrawal ( <i>Non-Executive director</i> )	2,04,000
Mr. Manish Agrawal ( <i>Non-Executive director</i> )	3,09,000

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

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE (FORMER SHAREHOLDER & INVESTORS GRIEVANCE COMMITTEE CUM SHARE TRANSFER COMMITTEE)**

In accordance with the Listing Agreement with the Stock Exchange and the Companies Act, 2013 and the rules prescribed under it, the Board in its meeting held on 30th May, 2014 changed the nomenclature of the said Committee as Stakeholders' Relationship Committee, the Committee was constituted with Mr. Arvind Kumar Saraf (Independent Director) as a Chairman, Mr. Manish Agrawal (Non Executive Director) and Mr. Saket Agrawal (Non Executive Director) as the members 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.: 28th May, 2013, 14th August, 2013,

14th November, 2013 and 14th February, 2014. The attendance of the Shareholders' / Investors Grievance Committee is:

NAME	NO. OF COMMITTEE MEETINGS DURING F.Y 2013-14	
	held	attended
Mr. Arvind Kumar Saraf (Chairman: Independent)	4	4
Mr. Manish Agrawal (Member: Non-Executive)	4	3
Mr. Saket Agrawal (Member: Non-Executive)	4	4

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, 2014:**

**A** | No. of complaints received during the year ended 31st March, 2014: **10**

**B** | No. of complaints resolved during the year ended 31st March, 2014: **10**

**C** | No. of pending Share Transfers as on 31st March, 2014: **NIL**

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.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

**COMMITTEE** 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 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,
- 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	CATEGORY	POSITION
Mr. Saket Agrawal	Non- Executive Director	Chairman
Mr. Manish Agrawal	Non- Executive Director	Member
Mr. Arvind Kumar Saraf	Non-Executive Independent Director	Member

Since the Committee was constituted on 30th May, 2014, there was no meeting of the Committee during the financial year 2013-14. The committee met once on 30th May, 2014 which was attended by all the members.

The CSR Policy had been formulated by Board of Director considering the recommendations of the CSR Committee.

**GENERAL BODY MEETING** Details of previous Annual General Meetings are as follow:

SL. NO	ANNUAL GENERAL MEETING	DATE	VENUE	NO. OF SPECIAL RESOLUTIONS PASSED
1	42nd Annual General Meeting	19.09.2011	Rotary Sadan 94/2 Chowringhee Road, Kolkata – 700 020	—
2	43rd Annual General Meeting	18.09.2012	Rotary Sadan 94/2 Chowringhee Road, Kolkata – 700 020	3
3	44th Annual General Meeting	26.09.2013	Rotary Sadan 94/2 Chowringhee Road, Kolkata – 700 020	—

**Postal Ballot** During the year, the Company had conducted voting through Postal Ballot approved in the board meeting held on 6th July 2013. The Company complied with the procedures for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballots) Rules, 2001 and the amendments thereto. M/s PS & Associates, Practicing Company Secretaries acted as scrutinizer for postal ballot and the results of the same were announced on 14th August, 2013 and voting pattern for the resolutions was as under:

The resolutions were passed with overwhelming majority.

SL. NO	DATED	NATURE OF RESOLUTION	VOTES CAST (%)	
			For	Against
1	14/08/13	Ordinary resolution U/s 16, 94 of Companies Act 1956 for reorganization of existing Authorized Share Capital of the Company by canceling 60,00,000 Equity Shares of ₹ 10/- each and creating in lieu thereof 60,00,000 Preference Shares of Rs.10/- each	99.99	0.01

#### **Procedure for voting by Postal Ballot**

The Postal Ballot Forms and the draft Resolution(s) along with the Explanatory Statement pertaining the said Resolution(s) explaining in detail the material facts and the self-addressed postage prepaid envelope, are sent to all members, under Certificate of Posting.

The members are required to carefully read the instructions printed in the Postal Ballot Form, give their assent or dissent on the resolution(s) at the end of the form and sign the same as per the specimen signatures available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Forms received after this date are strictly treated as if the form has not received from the members.

The scrutinizer appointed for the purpose scrutinizes

the postal ballots received and submit his 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 date of dispatch of the postal ballot notice. A resolution is deemed to have been passed, if votes cast in favor are more than the votes cast against.

The Company had passed the following resolutions through Postal Ballot notice dated 30th May, 2014:

- 1 a special resolution under Special Resolution under Section 13,61, of The Companies Act, 2013 for alteration of authorized share capital of the Company by increasing from ₹ 1,17,00,00,000 to Rs. 132,00,00,000 and accordingly to change Clause V of the Memorandum of Association.
- 2 Ordinary resolution under section 139 of the Companies Act, 2013 for appointing M/s. Sunil Kumar Agrawal & Associates, Chattered Accountants as Statutory Auditors of the Company w.e.f Board meeting held on 24.04.2014 and that they shall hold office of the statutory auditors of the Company until the conclusion of the ensuing Annual General Meeting, and that they shall, inter alia, conduct the statutory audit for the financial year ended 31st March, 2014.

As per the recent amendments in the Clause 35B of the Listing Agreement with the Stock Exchanges and Sec 108 and all other applicable provisions, if applicable, 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.

In addition to the mentioned resolution the Company may pass any other necessary resolutions through postal ballot as mandated by the Companies Act, 2013 and the Rules made thereof.

#### **DISCLOSURE**

**Related Party Transactions** The Company has not entered into any materially significant transactions with its promoters, Directors or their relatives that may have conflict with the interests of 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 Accounts. 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://www.mspsteel.com). All the members of the Board and Senior Management Personnel have affirmed compliances of the Code of Conduct.

**Code of Conduct for Prevention of Insider Trading** As per SEBI (prohibition of Insider Trading) Regulations, 1992, the Company has a code of conduct for prevention of Insider trading in the shares of the Company. The Code inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to Company.

**Subsidiary Companies** The Company has one foreign wholly-owned subsidiary namely MSP Group International Singapore (PTE) Limited and one Indian wholly owned subsidiary namely MSP Cement Limited & a Indian subsidiary namely AAESS Tradelinks Private Limited. The Management Audit Report of the subsidiary companies are placed and reviewed by the Audit Committee.

**Whistle Blower Policy** Transparency forms an in-

tegral 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 recent amendments in Clause 49 of 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 and the Directors believes in sustainable growth of the eco-system. The Company has always in past undertaken various initiatives for upgrading of the under developed areas of the society.

During the year under review i.e, financial year 2013-14, your Company has undertaken various such initiatives towards eradication illiteracy such as renovation and repair of local public school, construction of school buildings, providing faculty. Providing medical help to the society by construction of Health care centre, proving medicines, ambulance service to the under-served section of the society. Apart from contribution to the education and health, your Company has constructed in concrete roads, bridge, community halls, ponds, in rural areas. Arrangement of drinking water in and around Company's Plants.

#### **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. These results are 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, Ekdin, Newz Bangla, Kalantar, Duranta Bharta in Bengali during the year under review.

- In addition to this the Company regularly updates the quarterly/half yearly\y 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).
- Furthermore periodic compliances are 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 ands 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 is maintaining 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

#### **GENERAL SHAREHOLDER INFORMATION**

##### **1 45th Annual General Meeting (AGM)**

**(i)** Day, Date and Time: Friday, 26th September, 2014 at 2:30 P.M

**(ii)** Venue: Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700 020

**2 Date of Book Closure:** 18th September, 2014 to 26th September, 2014 (*both days inclusive*)

**3 Dividend Payment:** Date N.A

##### **4 Financial Calendar for 2014-15 Financial results for:**

**First Quarter:** On or before 14th August, 2014

**Second Quarter:** On or before 14th November, 2014

**Third Quarter:** On or before 14th February, 2014

**Annual Results:** On or before 30th May, 2015

##### **5 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 Annexure to the Notice of the ensuing Annual General Meeting.

##### **6 Management Discussion & Analysis Report**

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

##### **7 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:

NSE- MSPL | BSE- 532650

The Company paid annual listing fee for 2014-15 to The BSE Limited and the National Stock Exchange of India Limited and annual custody fee to National Securities Depository Limited and Central Depository Services (India) Limited

##### **8 Share Transfer System**

Karvy Computer Share Pvt. Ltd, the Registrars of the Company register 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.

##### **9 Registrar and Transfer Agent:**

M/s. Karvy Computershare Pvt. Ltd  
46, Avenue 4, Street No. 1, Banjara Hills,  
Hyderabad 500 034, T: (040)-23312454/23320251-53  
F: (040)-23311968, E-mail: [msipo@karvy.com](mailto:msipo@karvy.com)

**Unclaimed Dividend** 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.

**10 Distribution of Shareholding as on 31st March, 2014**

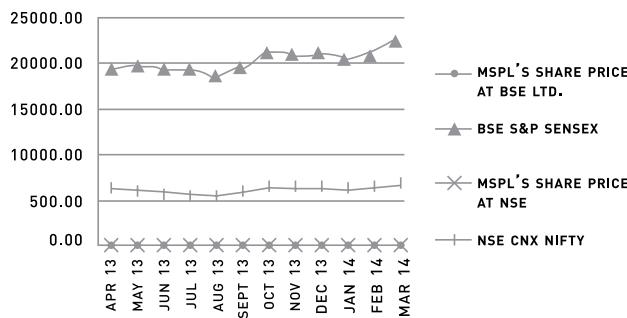
CATEGORY	CASES	% OF CASES	NO. OF SHARES	% SHAREHOLDING
upto 1–5000	9,710	82.06	1,713,600	1.95
5001–10000	1,054	8.91	901,517	1.02
10001–20000	499	4.22	800,728	0.91
20001–30000	173	1.46	447,957	0.51
30001–40000	69	0.58	249,896	0.28
40001–50000	65	0.55	309,058	0.35
50001–100000	114	0.96	855,500	0.97
100001–above	149	1.26	82,821,744	94.01
<b>TOTAL</b>	<b>11,833</b>	<b>100.00</b>	<b>88,100,000</b>	<b>100.00</b>

**11 Shareholding Pattern for the year ended 31st March, 2014**

CATEGORY	CATEGORY WISE TOTAL HOLDING	
	No. Of Shares Held	% of Holding
<b>A   PROMOTER'S HOLDING</b>		
<b>1 PROMOTERS</b>		
Indian Promoters	6,33,43,500	71.90
<b>SUB TOTAL:</b>	<b>6,33,43,500</b>	<b>71.90</b>
<b>B   PUBLIC HOLDING</b>		
<b>1 INSTITUTIONAL INVESTORS</b>		
Mutual Funds and UTI	00	00
Banks, Financial Institutions, Insurance Companies (Central State Govt. Institutions/ Non-Govt. Institutions)	2,54,990	0.29
FII's	00	00
<b>SUB TOTAL:</b>	<b>2,54,990</b>	<b>0.29</b>
<b>2 OTHER</b>		
Bodies Corporate	1,75,11,384	19.88
Indian Public	67,95,720	7.71
Any Other	0	00
Clearing Members	40,231	0.05
Non-Resident Indians	1,54,175	0.18
<b>SUBTOTAL:</b>	<b>2,45,01,510</b>	<b>27.81</b>
<b>GRAND TOTAL</b>	<b>8,81,00,000</b>	<b>100</b>

**12 Stock price data**

MONTH	BSE LIMITED		NATIONAL STOCK EXCHANGE OF INDIA LIMITED	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Apr–13	24.00	18.75	22.00	18.10
May–13	22.30	19.15	22.10	19.20
Jun–13	21.85	18.55	21.95	18.55
Jul–13	21.85	16.05	21.45	16.05
Aug–13	18.85	11.60	17.85	11.50
Sep–13	16.80	13.05	16.35	13.05
Oct–13	19.70	14.00	20.20	14.80
Nov–13	19.50	16.05	20.00	15.55
Dec–13	20.70	14.70	18.95	15.05
Jan–14	19.80	12.75	18.35	13.75
Feb–14	16.93	14.00	16.70	14.00
Mar–14	16.19	13.20	15.80	12.25



*Share price performance in comparison to broad based indices NSE CNX Nifty and BSE S&P Sensex*

**13 Dematerialization of shares**

The shares of the Company are compulsorily traded in demat form in both the depository system of both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2014 8,80,36,695 equity shares out of 8,81,00,000 equity shares representing 99.92% of the total equity shares, are held in dematerialized form. Out of the demat equity shares 8,58,76,653 equity shares are held with the National Securities Depository Limited (NSDL) and 21,60,042 equity shares are held with Central Depository Services (India) Limited (CDSL)

Under the depository system the International Securi-

ty Identification number (ISIN) allotted to the equity shares of the Company is INE752G01015

DESCRIPTION	NO. OF SHARE HOLDERS	NO. OF SHARES	% OF TOTAL SHARES
Shares held in dematerialized form: NSDL	7,957	8,58,76,653	97.48
Shares held in dematerialized form: CDSL	3,844	21,60,042	2.45
Shares held in physical form	32	63,305	0.07
<b>TOTAL</b>	<b>11,833</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, Chattisgarh,

**16 Address for Correspondence:****Corporate Office**

16/S Block- A  
 New Alipore  
 Kolkata- 700053  
 T: 033-23990038/3940/40057777  
 F: 033-23982239/40057788

**Registered Office**

1, Crooked Lane,  
 Kolkata – 700 069  
 T: 033-22483795  
 F: 033-22481720

**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, training of Board Members and mechanism for evaluation of Non – Executive Board Members, etc. will be implemented by the Company as and when required.

For and on behalf of the Board

**Place:** Kolkata

Sd/-

**Date:** 14th August, 2014

**Puranmal Agrawal**

*Chairman*

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of

**MSP STEEL & POWER LIMITED**

We have examined the compliance of conditions of Corporate Governance by MSP Steel and Power Limited ('the Company'), for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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.

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

Sd/-

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

**Place:** Kolkata  
**Date:** 14th August, 2014

**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 Stock Exchanges, in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2014.

**Place:** Kolkata

**Date:** 14th August, 2014

**Puran Mal Agrawal**

*Chairman*

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**CEO AND CFO CERTIFICATION**

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**THE BOARD OF DIRECTORS**

**MSP STEEL AND POWER**

1, Crooked Lane

Kolkata- 700 069

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In pursuance of provisions of Clause 49 (v) of the Listing Agreement, we, Puranmal Agrawal, Chairman, Suresh Kumar Agrawal, Managing Director, responsible for the finance function certify that:

**(i)** We have reviewed the financial statements and cash flow statements for the year ended 31st March, 2014 and to the best of our knowledge and belief:

**A |** These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.

**B |** 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.

**(ii)** There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct.

**(iii)** 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.

**(iv)** We indicated to the auditors and the audit committee that:-

**A |** There have been no significant changes in internal control over financial reporting during the year.

**B |** There have been no significant changes in accounting policies during the year.

**C |** There have been no instances of significant fraud of which we have become aware.

**Place:** Kolkata

**Date:** 14th August, 2014

**PURAN MAL AGRAWAL**

*Chairman*

**SURESH KUMAR AGRAWAL**

*Managing Director*

# Management Discussion and Analysis Report

## INDIAN ECONOMIC SCENARIO

The global economy began its modest recovery in FY 2013-14 with improved demand from OECD economies in the second half of 2013. While the trend is expected to accelerate in the current year, the positive outlook is subdued by the potential consequences of tapering. Emerging market like India faced multiple challenges, capital outflows, intense exchange rate pressures and volatile current account movement. The financial year 2013-14 turned out to be a challenging one for the Indian economy.

In the context where the International Monetary Fund (IMF) has predicted around 4% global growth for calendar years 2014-18, CRISIL's 6.5% growth estimate for India appears pretty decent. Of the 188 countries that the IMF has forecasts for, 151 are expected to lag India over the next five years. However, the fiscal and monetary initiatives taken by the Indian Government and Reserve Bank of India helped stabilise financial market conditions, but the domestic macro environment still remains challenging.

An improvement in investment efficiency, which has fallen drastically over the last two years, is expected to kick in with faster project clearances, implementation of stalled infrastructure projects and resumption of mining activities. This, in turn, will support investment growth, especially when demand – both domestic and global – begins to rebound, improving capacity utilisation, thus laying the foundation for India's entry into a phase of healthier growth. So the task before the new government is laid out clearly – the focus has to be on improving the efficiency of the economy by debottlenecking it.

Prime Minister Narendra Modi, who took oath to office on May 26 with the strongest parliamentary majority in 30 years, has vowed to engineer a turnaround by stepping up investment and clearing regulatory hurdles

for businesses. The new government is without doubt in a very strong position to push through reforms.

The performance of the economy has been mixed so far in F.Y 2014–15 with a stable rupee, strong stock market performance, rising inflation, stagnant industrial production and narrowing trade deficit. Further, there have been developments across the globe with signs of recovery in the US, continued stimulus by the ECB to foster growth in the Euro region and most recent Iraq crisis which triggered off a spike in oil prices.

## GLOBAL STEEL INDUSTRY

Global growth picked up in the second half of 2013, averaging 3.67% from the 2.33% recorded during the previous six months partly driven by increases in inventory. This brings overall growth in 2013 to 3% for the global economy with advanced economies growing by 1.3% and emerging markets by 4.7%. Advanced economies accounted for much of the pickup, whereas growth in emerging markets increased only modestly. The strengthening in activity was mirrored in global trade and industrial production. IMF suggests a slight moderation in global growth in the first half of 2014. Overall, global growth is projected to strengthen to 3.6% in 2014 and 3.9% in 2015.

A major impulse to global growth came from USA where the economy grew at 3.25% in the second half of 2013. Some of this was due to strong export growth and temporary increases in inventory demand. This was also backed up by accommodative monetary conditions as well as the real estate sector, higher household wealth and easier bank lending conditions.

**ECONOMICS** Growth in the EURO region is projected to reach only 1.2% in 2014 and 1.50% in 2015. This would be a turnaround from negative growth in 2012 and 2013. In Germany, supportive monetary conditions, robust labour market conditions, and improved confidence have resulted in a pickup in domestic demand which has gone along with a tentative revival in investment and housing. This has been supported by a sharp reduction in the pace of fiscal tightening from about 1% of GDP in 2013 to 0.25%. However, growth in demand is expected to remain sluggish, given continued financial fragmentation, tight

credit and a high corporate debt burden. Past credit supply shocks in some economies have been not yet fully reversed and are still weighing on credit and growth.

In Japan, growth is expected in private investment and exports, given increased partner country growth and the substantial Yen depreciation. Nevertheless, activity overall is projected to slow moderately in response to a tightening fiscal policy stance in 2014–15. The tightening is the result of a two-step increase in the consumption tax rate to 8% from 5% in the second quarter of 2014 and then to 10% in the fourth quarter of 2015—and to the unwinding of reconstruction spending and the first stimulus package of the Abenomics program.

**THE EMERGING MARKETS SCENARIO** In emerging markets and developing economies, growth picked up slightly in the second half of 2013 but was weaker than that in advanced economies reflecting two factors:

**A** | Exports increased on account of stronger activity in advanced economies and currency depreciation while fiscal policies are projected to be broadly neutral. **B** | Continued weakness in investment as external funding and domestic financial conditions tightened. Supply-side and other structural constraints on investment and potential output are issues in some economies.

Overall, however, emerging market and developing economies continue to contribute more than two-thirds of global growth, and their growth is projected to increase from 4.7% in 2013 to 4.9% in 2014 and 5.3% in 2015.

The forecast for China is that growth will remain broadly unchanged at about 7.5% in 2014–15 which is a marginal decline from 2012–13. This projection is predicated on the assumption that the authorities gradually rein in rapid credit growth and make progress in implementing their reform blue-print so as to put the economy on a more balanced and sustainable growth path.

For India, real GDP growth is projected to strengthen to 5.4% in 2014 and 6.4% in 2015, assuming that government efforts to revive investment growth succeed and export growth strengthens after the recent rupee depreciation.

Elsewhere in emerging and developing Asia,

growth is expected to remain at 5.3% in 2014 because of tighter domestic and external financial conditions before rising to 5.7% in 2015, helped by stronger external demand and weaker currencies.

Looking to the overall scenario of the world, demand of steel is expected to improve in the current fiscal year.

## BUSINESS OVERVIEW

**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. The Company's overall operational performance has been satisfactory during the year. Its brief financial performance for 2013-14 is given below:

PARTICULARS	(₹ in Lacs)	
	31.03.2014	31.03.2013
Revenue from operations (gross)	1,30,856.20	1,01,535.62
PBDIT	19,528.31	16,698.03
Interest and financial charges	10,875.26	9,050.63
Cash profit	7,579.97	6,640.44
Depreciation	5,479.61	4,627.92
Tax expenses	1,073.09	1,006.96
Net profit	2,100.34	2,012.52

The company is working towards optimum utilization of manpower, machine & money during the current tough economic situation. With the mix of above strategy, the company is trying to consolidate its operations & financials and trying to optimize its profitability. EBIDTA level has improved in the FY 2013-14 in comparison to FY 2012-13 and it has been well positioned to capture the maximum benefit of turnaround vowed by Prime Minister Narendra Modi by stepping up investment and clearing regulatory hurdles for businesses.

## RISK MANAGEMENT AND CONCERNs

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

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

Identified risks are grouped into five types, namely strategic, financial, operational, employment risk 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.
- Financial risk causes direct or indirect financial losses to the Company.
- Operational risks can lead to loss on the back of a failure or inadequacy in the quality control of the business process.
- Various events, such as work accidents, health hazards, remuneration issues, lack of potential employee and even the terminating of working relationship can lead to employment risks. Environmental risks cause environmental degradation, pollution, social disruption, and other issues, in turn adversely impacting the Company's reputation.

MSP's focus is on the risks that threaten the achievement of business objectives of the group over the short to medium term. An overview of these risks is provided hereafter, including the action taken 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 maintain a financial

framework to ensure that it is able to maintain an appropriate level of financial capacity.

- Interest Rate Risk—MSP borrows funds in the domestic market to meet fund requirements.
- MSP 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**

- Protection for the environment lies at the core of all operations at MSP 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 dedusting 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.

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

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

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

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

available to the Board. It emphasises on:

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

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

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

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

#### **FINANCIAL MANAGEMENT**

The senior management personnel periodically monitors the capital budgeting and subsequent progress of the under-implemented projects. The projects are funded by borrowing from a consortium of banks at competitive rates; the balance is covered by internal accruals and promoter contribution. During the year, the Company issued 1,20,00,000, 6% Non Cumulative Redeemable Preference shares of ₹ 10 each at a premium of ₹ 90 per share.

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.

#### FINANCIAL PERFORMANCE

During 2013-14, the Company performed satisfactorily, commissioning its 1,17,000 Mt of Steel Melting Shop, 25,000 Mt of Rolling Mill and 40,000 Mt of Light Structural Rolling Mill is under construction. Going forward, the Company expects that revenues from the newly commissioned projects to improve the overall margins and increase profitability. Besides, incremental capacity utilisations from other existing projects are also likely to help improve the revenues and EBITDA margins in the years to come.

#### 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

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

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

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

For and on behalf of the Board

**Place:** Kolkata

Sd/-

**Date:** 14th August, 2014

**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, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS** The Management is responsible for 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 Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. 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 auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Management, 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.

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## 5 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

(i) As required by the Companies (Auditors' Report) Order 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the order.

(ii) As required by the Section 227(3) of the Act, we report that: **A** | We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; **B** | In our opinion proper books of accounts as required by the law have been kept by the

Company so far as appears from our examination of those books; **C** | The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts; **D** | In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and **E** | On the basis of written representations received from the directors as on the 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For **SUNIL KUMAR AGRAWAL & ASSOCIATES**  
*Chartered Accountants*  
 Firm Registration No. - 323133E

**CA SUNIL KUMAR AGRAWAL**  
*Partner*  
 Membership No: 057731

**PLACE:** Kolkata  
**DATE:** 30th May, 2014

**THE ANNEXURE** referred to in our report to the members of MSP STEEL & POWER LIMITED ('THE COMPANY') for the **YEAR ENDED 31ST MARCH 2014**

(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 keeping in mind the size of the Company and nature of its assets. As informed, no material discrepancies were noticed on such verification. **C** | There was

no substantial disposal of fixed assets during the year.

**(ii) A** | As informed to us, a part of the inventory has been physically verified by the management during the year. 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 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 1198.25 lacs and the year end balance of loans given to such parties was ₹ 288.83 lacs. **B** | In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loan as aforesaid are not *prima facie* prejudicial to the interest of the Company. **C** | The above loans are stated to be repayable on demand. As informed, the repayment of above loans, to the extended demanded from the borrowers, during the year had been received by the Company and thus, there has been no default on the part of the borrower. The payment of interest with respect to such loans is stated to be regular. **D** | According to the information and explanations given to us, all loans given are repayable on demand and accordingly there is no overdue amount of loans granted to such parties. **E** | The Company has taken loans from nine parties (including interest free loan from seven parties) covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 5,175.76 lacs and the year end balance of loans taken from such parties was ₹ 4,957.50 lacs. **F** | In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are *prima facie* not prejudicial to the interest of the Company. **G** | As informed, the loan taken and interest thereon (wherever applicable) is payable after

one year, and thus, there has been no default on part of the Company in repayment of loan and interest.

**(iv)** In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have neither observed nor have been informed of any major weaknesses in the said internal control system.

**(v)** **A** | According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered. **B** | In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the period under audit, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**(vi)** No deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under have been accepted by the Company.

**(vii)** The Company has an internal audit system commensurate with the size and nature of the Company.

**(viii)** As informed to us, the Company has made and maintained cost records as prescribed by the Central Government under Section 209(1) (d) of the Act. We have not made a detailed examination of such records. However, we have broadly reviewed the records maintained and are of the opinion, that *prima facie*, the prescribed accounts and records have been maintained.

**(ix)** **A** | According to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding, as at 31st March 2014 for a period of more than six months from the date they became payable, except entry tax for ₹ 254.83 lacs. **B** | According to the information and explanations given to us, there are no dues of sales 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 Sales Tax Act, 1956 (*)	Non-collection of 'C' Forms	2004–08	119.75	Appellate, Deputy Commissioner, Commercial Tax
West Bengal Value Added Tax, 2003	Disallowance of VAT credit	2007–08	10.39	Joint Commissioner of Sales Tax, Kolkata
Central Excise Act, 1944	Removal of finished goods without payment of duty	2006–08	38.79	Additional Commissioner of Excise
Central Excise Act, 1944	Removal of finished goods without payment of duty	2005–09	105.23	CESTAT
Central Excise Act, 1944	Sale of Electricity without payment of duty	2005–09	131.90	CESTAT
Central Excise Act, 1944	Sale of Electricity without payment of duty	2010–11	79.84	Additional Commissioner of Excise
Central Excise Act, 1944	Disputed disallowances of cenvat credit and service tax	2005–12	1,220.15	CESTAT
Central Excise Act, 1944	Disputed disallowances of cenvat credit and service tax	2007–08	1.08	Additional Commissioner of Excise
Central Excise Act, 1944	Sale of iron ore and fines without payment of duty	2009–10	31.89	CESTAT
Central Excise Act, 1944	Sale of iron ore and fines without payment of duty	2004–11	278.71	Additional Commissioner of Excise
Central Excise Act, 1944	Sale of iron ore and fines without payment of duty	2008–12	3.38	CCE(A)
Income-tax Act, 1961	Disallowance of TDS	2004–05	0.55	Deputy / Assistant Commissioner of Income Tax

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

**(x)** The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

**(xi)** As per our audit procedures and according to the information and explanations given to us, based on the documents and records produced to us, as on 31st March, 2014, there is no continuing default in repayment of installments and interest dues to financial institutions and banks.

**(xii)** According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

**(xiii)** The Company is not a chit fund or a nidhi/ mutual benefit fund/society.

**(xiv)** In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.

**(xv)** According to the information and explanations given to us, the Company has given guarantees aggregating ₹ 4,879.42 lacs for loan taken by a subsidiary from a Bank and onward guarantee given by a Joint Venture Company to Ministry of Coal, the terms and conditions whereof, in our opinion, based on management representation, are not *prima-facie* prejudicial to the interest of the Company.

**(xvi)** According to the information and explanations given to us, in our opinion, the term loans raised were utilized for the purposes for which they were obtained.

**(xvii)** According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

**(xviii)** The Company has made allotment of preference shares for ₹ 12,000.00 lacs during the year to companies covered in the Register maintained under Section 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is *prima-facie*, not prejudicial to the interest of the Company.

**(xix)** The Company has not issued any debentures during the period under audit.

**(xx)** The Company has not raised any money by public issue during the period under audit.

**(xxi)** According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **SUNIL KUMAR AGRAWAL & ASSOCIATES**

*Chartered Accountants*

Firm Registration No. - 323133E

**CA SUNIL KUMAR AGRAWAL**

*Partner*

Membership No: 057731

**PLACE:** Kolkata

**DATE:** 30th May, 2014

# Balance Sheet *As of 31st March, 2014*

₹ in Lacs

NOTES	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital <b>3</b>	10,889.40	9,689.40
Reserves and Surplus <b>4</b>	59,372.49	46,472.14
Share Application Money Pending Allotment	-	12,900.00
	<b>70,261.89</b>	<b>69,061.54</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings <b>5</b>	57,221.27	50,244.23
Deferred Tax Liabilities (net) <b>6</b>	5,862.19	4,814.97
Other Long Term Liabilities <b>7</b>	118.36	164.78
Long Term Provisions <b>8</b>	256.09	190.50
	<b>63,457.91</b>	<b>55,414.48</b>
<b>Current Liabilities</b>		
Short-Term Borrowings <b>9</b>	38,689.05	38,324.97
Trade Payables <b>10</b>	15,521.26	14,921.33
Other Current Liabilities <b>7</b>	14,524.46	15,925.29
Short Term Provisions <b>8</b>	588.93	1,331.93
	<b>69,323.70</b>	<b>70,503.52</b>
<b>TOTAL</b>	<b>203,043.50</b>	<b>194,979.54</b>
<b>ASSETS</b>		
Non-current Assets		
Tangible Assets <b>11</b>	99,922.27	88,579.63
Capital Work-in-Progress <b>12</b>	15,221.88	16,496.72
Non Current Investments <b>13</b>	3,278.15	3,250.92
Long-Term Loans and Advances <b>14</b>	6,072.68	6,755.57
Other Non-current Assets <b>15</b>	1,179.74	2,054.29
	<b>125,674.72</b>	<b>117,137.13</b>
<b>Current Assets</b>		
Inventories <b>16</b>	29,553.22	30,754.71
Trade Receivables <b>17</b>	19,108.50	12,633.07
Cash and Bank Balances <b>18</b>	2,087.26	707.78
Short-Term Loans and Advances <b>14</b>	25,781.04	33,167.15
Other Current Assets <b>15</b>	838.76	579.70
	<b>77,368.78</b>	<b>77,842.41</b>
<b>TOTAL</b>	<b>203,043.50</b>	<b>194,979.54</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**

For and on behalf of Board of Directors

Firm Registration No: 323133E

Chartered Accountants

**CA SUNIL KUMAR AGRAWAL**

Partner

Membership No: 057731

**PURAN MAL AGRAWAL**

Chairman

**SURESH KUMAR AGRAWAL**

Managing Director

Place: Kolkata

**RUCHI GARG**

Date: 30th May, 2014

Company Secretary

# Statement of Profit & Loss

For the year ended 31st March, 2014

₹ in Lacs

	NOTES	2013-14	2012-13
<b>INCOME</b>			
Revenue from Operations (gross)	19	130,856.20	101,535.62
Less: Excise Duty		11,579.82	9,379.44
<b>Revenue from Operations (net)</b>		<b>119,276.38</b>	<b>92,156.18</b>
Other Income	20	3,629.51	593.99
<b>Total (I)</b>		<b>122,905.89</b>	<b>92,750.17</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	21	73,305.48	52,612.13
Purchase of Traded Goods	22	12,958.19	8,402.81
Changes in Inventories of finished goods, work-in-progress and traded goods	23	1,607.56	(835.34)
Employee Benefits Expense	24	3,054.80	2,502.48
Finance Costs	25	10,875.26	9,050.63
Depreciation	11	5,479.61	4,627.92
Other Expenses	26	12,451.55	13,370.06
<b>Total (II)</b>		<b>119,732.45</b>	<b>89,730.68</b>
<b>Profit Before Tax (I-II)</b>		<b>3,173.44</b>	<b>3,019.48</b>
<b>Tax Expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		660.76	599.16
Less: MAT Credit Entitlement		(634.89)	(599.16)
Deferred Tax		1,047.23	1,006.96
<b>Total Tax Expense</b>		<b>1,073.10</b>	<b>1,006.96</b>
<b>Profit for the period</b>		<b>2,100.34</b>	<b>2,012.52</b>
<b>Earnings per equity share [nominal value of share ₹ 10 each (31st March 2013: ₹ 10 each)]</b>	27		
Basic (₹)		2.38	2.96
Diluted (₹)		2.38	2.96
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 <b>SUNIL KUMAR AGRAWAL &amp; ASSOCIATES</b> Firm Registration No: 323133E Chartered Accountants		For and on behalf of Board of Directors	
<b>CA SUNIL KUMAR AGRAWAL</b> Partner Membership No: 057731		<b>PURAN MAL AGRAWAL</b> Chairman	<b>SURESH KUMAR AGRAWAL</b> Managing Director
Place: Kolkata Date: 30th May, 2014		<b>RUCHI GARG</b> Company Secretary	

# Cash Flow Statement

For the year ended 31st March, 2014

₹ in Lacs

	2013-14	2012-13
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	3,173.44	3,019.48
Adjustments for :		
Depreciation	5,479.61	4,627.92
Unrealised (Gain) on Foreign Exchange Fluctuation/Forward	(145.94)	(31.39)
Profit on Sale of Land	-	(36.74)
Irrecoverable Debts, Deposits and Advances written off	32.20	77.69
Provision for Bad and Doubtful Debts/Advances	-	(24.61)
Liabilities no longer required written back	(52.33)	-
Loss on Sale of Fixed Assets	2.97	-
Loss on Project Abandonment	-	902.82
Interest on loans, deposits etc.	(544.21)	(512.25)
Interest Expenses	9,715.60	8,427.20
Other Finance Expenses	213.47	58.82
Dividend Income	(0.21)	(0.25)
<b>Operating Profit before working capital changes</b>	<b>17,874.60</b>	<b>16,508.69</b>
Movement in Working Capital for:		
(Increase)/Decrease in Trade Receivables	(6,497.52)	(8,087.63)
(Increase)/Decrease in Loans and Advances	8,837.86	(23,942.89)
(Increase)/Decrease in Other Assets	543.33	(580.72)
(Increase)/Decrease in Inventories	1,201.49	(9,746.95)
Increase Trade Payables	813.61	9,900.62
Increase in Other Liabilities	791.18	1,142.62
Increase in Provisions	88.42	838.02
<b>Cash generated from Operations</b>	<b>23,652.97</b>	<b>(13,968.24)</b>
Direct Taxes Paid	1,423.59	484.60
<b>Net Cash generated from Operating Activities</b>	<b>22,229.38</b>	<b>(14,452.84)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(15,800.02)	(13,940.97)
Discard / Sale of Fixed Assets	55.31	2.55
Profit on Sale of Land	-	36.74
Loss on Sale of Fixed Assets	(2.97)	-
Investment in Joint Venture	(9.16)	(234.84)
Purchase of Investments	(68.07)	(9.01)
Sale of Investments	50.00	-
Fixed Deposits (with maturity period of more than three months) (made)	(1,403.06)	(300.65)
Interest Received	485.38	805.63
Dividends Received	0.21	0.25
<b>Net cash used in investing activities</b>	<b>(16,692.38)</b>	<b>(13,640.30)</b>
		(CNTD.)

₹ in Lacs

	2013-14	2012-13
<b>C CASH FLOW FROM FINANCING ACTIVITIES: (CNTD.)</b>		
Application Money Received towards Preference Shares	-	9,719.00
Unpaid Dividend	-	(3.66)
Dividend and Dividend Distribution Tax Paid	(3.00)	(249.51)
Proceeds from Preferential Issue of Equity Shares	-	18,000.00
Share Application Money Refund	(900.00)	-
Long Term Borrowings Received	15,467.60	14,466.42
Long Term Borrowings Repaid	(10,817.61)	(5,202.74)
Short Term Borrowings Received/ (Paid) (Net)	203.12	(3,956.93)
Cash Credit and Working Capital Received (Net)	277.06	3,060.88
Interest Paid	(9,596.00)	(7,965.67)
Other Finance Expenses Paid	(213.47)	(58.82)
<b>Net cash generated in financing activities</b>	<b>(5,582.30)</b>	<b>27,808.97</b>
<b>Net (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(45.30)</b>	<b>(284.17)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>203.34</b>	<b>487.51</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>158.04</b>	<b>203.34</b>
	2013-14	2012-13
<b>* Components of Cash and Cash equivalents</b>		
Cash on Hand	22.30	105.81
Cheques in Hand	-	0.18
With Scheduled Banks on Current Account	135.73	97.35
	<b>158.04</b>	<b>203.34</b>

As per our report of even date.

For **SUNIL KUMAR AGRAWAL & ASSOCIATES**

For and on behalf of Board of Directors

**Firm Registration No:** 323133E*Chartered Accountants***CA SUNIL KUMAR AGRAWAL***Partner***Membership No:** 057731**Place:** Kolkata**Date:** 30th May, 2014**PURAN MAL AGRAWAL***Chairman***RUCHI GARG***Company Secretary***SURESH KUMAR AGRAWAL***Managing Director*

# Notes to the Financial Statement for the year ended 31st March, 2014

## MSP STEEL & POWER LIMITED SIGNIFICANT ACCOUNTING POLICIES

### 1 CORPORATE INFORMATION

MSP Steel & Power Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacture and sale of iron and steel products and generation and sale of power.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A | BASIS OF PREPARATION OF FINANCIAL STATEMENTS**  
The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respect with the Accounting Standards ('AS') notified under the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act 2013 (to the extent notified), the relevant provisions of the Companies Act, 1956 (to the extent applicable) and the guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared on an accrual basis and under the historical cost convention.

**B | USE OF ESTIMATES** The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of 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 calculated on a 'straight-line basis' using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

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

Depreciation on change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets.

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.

**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 ac-

quisition, 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 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.

**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 both 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 Alternative 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**

**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.

**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, 2014	AS AT 31ST MARCH, 2013
<b>Authorised shares</b>		
96,000,000 (102,000,000) equity shares of ₹ 10/- each	9,600.00	10,200.00
21,000,000 (15,000,000) 6% non cumulative redeemable preference shares of ₹ 10/- each	2,100.00	1,500.00
	<b>11,700.00</b>	<b>11,700.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
88,100,000 (88,100,000) Equity Shares of ₹ 10/- each, fully paid up	8,810.00	8,810.00
20,794,000 (8,794,000) 6% non cumulative redeemable preference shares of ₹ 10/- each, fully paid up	2,079.40	879.40
<b>Total issued subscribed and fully paid-up share capital</b>	<b>10,889.40</b>	<b>9,689.40</b>

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	88,100,000	8,810.00	58,100,000	5,810.00
Issued during the year	-	-	30,000,000	3,000.00
<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, 2014		AS AT 31ST MARCH, 2013	
	No.	(₹ in lacs)	No.	(₹ in lacs)
At the beginning of the year	8,794,000	879.40	8,794,000	879.40
Issued during the year	12,000,000	1,200.00	-	-
<b>Outstanding as at the end of the year</b>	<b>20,794,000</b>	<b>2,079.40</b>	<b>8,794,000</b>	<b>879.40</b>

**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 dividend 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 dividend in Indian rupees.

The preference share(s) 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.

During the year, the Company had issued 12,000,000 numbers of preference shares of ₹ 10/- each in the same class with a premium of ₹ 90/- per share.

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.

## Detail of shareholders holding more than 5% shares in the company

	AS AT 31ST MARCH 2014		AS AT 31ST MARCH 2013	
Equity shares of ₹ 10/- each	No.	% holding in the class	No.	% holding in the class
Adhunik Gases Ltd.	5,554,000	6.30	5,554,000	6.30
K. C. Texofine Pvt. Ltd.	-	-	5,147,000	5.84
Larigo Investment Pvt. Ltd.	-	-	4,835,000	5.49
MSP Infotech Pvt Ltd	7,229,760	8.21	7,129,760	8.09
MSP Properties (I) Ltd.	-	-	6,030,500	6.85
MSP Sponge Iron Limited	24,736,500	28.08	-	-
Raj Securities Ltd.	-	-	4,872,000	5.53
Rama Alloys Pvt. Ltd.	-	-	2,965,000	3.37

	AS AT 31ST MARCH 2014		AS AT 31ST MARCH 2013	
Preference shares of ₹ 10/- each	No.	% holding in the class	No.	% holding in the class
B.S. Confin Pvt. Ltd.	2,450,000	11.78	-	-
Dexo Trading Pvt. Ltd.	3,920,000	18.85	1,220,000	13.87
Hightime Holdings Pvt. Ltd.	2,450,000	11.78	-	-
Ilex Pvt. Ltd.	1,800,000	8.66	-	-
Jaik Leasing and Commercial Investment Pvt. Ltd.	1,540,000	7.41	1,540,000	17.51
M.A. Hire Purchase Pvt. Ltd.	1,105,000	5.31	1,105,000	12.57
Mod Commodoal Pvt. Ltd.	-	-	442,000	5.03
Ravi Business Services Pvt. Ltd.	-	-	760,000	8.64
Shree Vinay Finvest Pvt. Ltd.	-	-	680,000	7.73
Shringar Mercantile Pvt. Ltd.	-	-	442,000	5.03
Sikhar Commotrade Pvt. Ltd.	3,635,000	17.48%	935,000	10.63

₹ in Lacs

4. RESERVES AND SURPLUS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Securities Premium Account</b>		
Balance as per the last financial statements	22,970.19	7,970.19
Add : Received during the year	10,800.00	15,000.00
Closing Balance	33,770.19	22,970.19
<b>Surplus in the statement of Profit and Loss</b>		
Balance as per last financial statements	23,501.96	20,972.69
Profit for the year	2,100.34	2,012.52
Income tax for earlier years	-	545.83
<b>Less: Appropriations</b>		
Dividend paid for earlier year	-	25.02
Dividend tax for earlier year	-	4.06
<b>Surplus</b>	<b>25,602.30</b>	<b>23,501.96</b>
<b>Total reserves and surplus</b>	<b>59,372.49</b>	<b>46,472.14</b>

₹ in Lacs

5. LONG TERM BORROWINGS	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Secured</b>				
<b>Term Loans</b>				
<b>From Banks</b>				
Indian Rupee Loan	43,905.20	29,872.89	5,868.27	8,349.48
Foreign Currency Loan	3,736.26	14,457.29	2,491.06	2,302.00
<b>Finance Lease Obligation</b>				
From Banks	27.17	4.05	18.64	26.71
From Body Corporates	10.28	40.83	30.79	50.78
<b>Unsecured</b>				
Inter Corporate Deposits	4,584.86	3,898.00	-	-
Loans and Advances from Related Parties	4,957.50	1,971.17	-	-
	<b>57,221.27</b>	<b>50,244.23</b>	<b>8,408.76</b>	<b>10,728.97</b>
<b>The above amount includes :</b>				
Secured Borrowings	47,678.91	44,375.06	8,408.76	10,728.97
Unsecured Borrowings	9,542.35	5,869.17	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 7)	-	-	(8,408.76)	(10,728.97)
<b>Net amount</b>	<b>57,221.27</b>	<b>50,244.23</b>	<b>-</b>	<b>-</b>

₹ in Lacs

6. DEFERRED TAX LIABILITIES (NET)	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Deferred Tax Liabilities:</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax		
	7,999.45	6,959.87
<b>Deferred Tax Assets:</b>		
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	(317.17)	(324.82)
Tax impact of unabsorbed loss / allowances	(1,820.07)	(1,820.08)
<b>Total</b>	<b>5,862.19</b>	<b>4,814.97</b>

₹ in Lacs

7. OTHER LIABILITIES	NON CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Advance from customers	-	-	602.32	265.43
Forward Contract Premium Payable	-	-	-	573.60
Retention / Security Deposit	118.36	164.78	136.55	153.93
Current maturities of long-term borrowings (refer Note No. 5)	-	-	8,408.76	10,728.97
Interest accrued and due on borrowings			568.52	495.13
Interest accrued but not due on borrowings	-	-	126.79	80.59
Other Payables on capital purchases	-	-	1,800.66	1,838.48
Unpaid Dividend			3.66	3.66
Others (including statutory dues payable)	-	-	2,877.20	1,785.51
	<b>118.36</b>	<b>164.78</b>	<b>14,524.46</b>	<b>15,925.29</b>

₹ in Lacs

8. PROVISIONS	LONG-TERM		SHORT-TERM	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Provision for employee benefits</b>				
For gratuity (refer Note No. 28)	144.67	103.70	-	-
For leave benefits	111.42	86.80	-	-
<b>Other provisions</b>	<b>256.09</b>	<b>190.50</b>	-	-
For tax on proposed equity dividend	-	-	-	3.00
For Taxation [net of advance tax of ₹ 110.87 lacs (₹ 107.12 lacs)]	-	-	588.93	1,328.93
	<b>256.09</b>	<b>190.50</b>	<b>588.93</b>	<b>1,331.93</b>

₹ in Lacs

9. SHORT-TERM BORROWINGS	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
<b>Secured</b>				
<b>Rupee Loan from Banks</b>				
Cash Credit Facility		37,887.03		35,902.83
Short Term Loan		500.00		-
<b>Foreign Currency Loans from Banks</b>		-		2,207.14
<b>Unsecured</b>				
<b>From Body Corporates</b>				
Inter Corporate Deposits		302.02		215.00
		<b>38,689.05</b>		<b>38,324.97</b>
<b>The above amount includes</b>				
Secured Borrowings		38,387.03		38,109.97
Unsecured Borrowings		302.02		215.00

**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 of raw materials, finished goods, goods under process, stores and spares, book debts etc. (both present and future), second charge over the entire fixed assets of the Company and personal guarantees of Puranmal Agrawal (Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

₹ in Lacs

10. TRADE PAYABLES	CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Trade Payables (including acceptances) (refer Note No. 43)	15,521.26	14,921.33
	<b>15,521.26</b>	<b>14,921.33</b>

**TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS**

Particulars	REPAYMENT TERMS		
	Outstanding including Current Maturities	Date of Maturity with respect to 31st March, 2014	Rate of Interest (%)
	No. of Installment	₹ in lacs	
<b>From Banks</b>			
	1	101.54	April, 2014
	5	380.00	March, 2015
	1	170.78	June, 2014
	13	10,173.99	June, 2017
	23	11,075.17	December, 2019
Indian rupee loan (Quarterly installments)*	24	7,733.32	March, 2020
	28	10,500.00	September, 2021
	31	7,727.84	December, 2022
	16	1,500.00	March, 2020
	28-30	410.84	September, 2022 - March, 2023
<b>TOTAL (A)</b>		<b>49,773.47</b>	
Foreign currency loan (Half yearly installments)*	5	6,227.32	8.80 <i>(After considering the hedge effect)</i>
<b>TOTAL (B)</b>		<b>6,227.32</b>	
Finance lease obligation (Monthly installments)**			
From banks	1-55	45.81	April, 2014 - October, 2018
From body corporate	1-17	41.07	April, 2014 - August, 2015
<b>TOTAL (C)</b>		<b>86.88</b>	

**Nature of security:**

\* Rupee Term Loans and Foreign Currency Loans from Banks are secured by way of equitable mortgage of Company's land and immovable properties at Raigarh, first charge by way of hypothecation of the Company's movable assets (save and except book debts) including movable machinery, machinery spares, tools and accessories, (both present and future), second charge over entire current assets of the company , (both present and future), on pari passu basis. The term loans are further secured by the personal guarantees of Mr. Puranmal Agrawal (the chairman), Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal and Mr. Manish Agrawal (directors of the Company).

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

₹ in Lakhs

## 11. TANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK
	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
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	99,090.24	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>101,681.67</b>	<b>15,431.76</b>	<b>55.31</b>	<b>1,439.24</b>	<b>118,497.36</b>	<b>13,102.05</b>	<b>5,479.61</b>	<b>6.56</b>	<b>18,575.09 99,922.27 (CND.)</b>

₹ in Lacs

**11. TANGIBLE ASSETS (CNTD.)**

DESCRIPTION	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK
	AS AT 1ST APRIL, 2012	ADDITIONS*	DELETIONS	BORROWING COST**	AS AT 31ST MARCH 2013	AS AT 1ST APRIL, 2012	FOR THE YEAR	LESS : ON DELETIONS	
Freehold Land	929.18	0.17	2.55	–	926.80 (a)	–	–	–	926.80
Factory Building	6,508.01	5,380.24	–	561.55	12,449.80	661.50	366.89	–	11,421.41
Other Building	1,155.29	353.08	–	36.85	1,545.22	35.66	23.62	–	59.28 1,485.94
Plant and Machinery	48,755.96	33,679.92	–	3,499.60	85,935.48	7,492.85	4,161.52	–	11,654.37 74,281.11
Vehicles	610.47	89.07	–	–	699.54 (b)	252.00	67.19	–	319.19 380.35
Office Equipments	19.45	19.80	–	–	39.25	2.24	3.01	–	5.25 34.00
Furniture and Fixtures	77.98	7.60	–	–	85.58	29.86	5.70	–	35.56 50.02
<b>Total</b>	<b>58,056.34</b>	<b>39,529.88</b>	<b>2.55</b>	<b>4,098.00</b>	<b>101,681.67</b>	<b>8,474.11</b>	<b>4,627.93</b>	<b>–</b>	<b>13,102.05 88,579.64</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 31ST MARCH 2014	AS AT 31ST MARCH 2013	
		AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
Original Cost	753.14	699.54	
Depreciation charge	69.85	67.19	
Accumulated Depreciation	384.07	319.19	
<b>Net Book Value</b>	<b>369.07</b>	<b>380.35</b>	

\* Include ₹ 15,367.80 lacs (₹ 39,437.35 lacs) capitalised from Capital Work-in-Progress (CWIP)  
 \*\* Represents the amount of borrowing cost transferred from CWIP

₹ in Lacs

<b>12. CAPITAL WORK-IN-PROGRESS</b>	<b>AS AT 31ST MARCH, 2014</b>	<b>AS AT 31ST MARCH, 2013</b>
Buildings **	6,485.68	10,611.36
Plant and Machinery	21,760.40	38,748.03
Capital Goods in Stock [including in transit ₹ 64.55 lacs (₹ 342.54 lacs)]	305.30	459.43
Less: Capitalised during the year	14,410.03	35,330.95
	<b>14,141.35</b>	<b>14,487.87</b>
Pre-Operative and Trial Run expenses (Pending Allocation)	1,080.53	2,008.85
	<b>15,221.88</b>	<b>16,496.72</b>
<b>Details of Pre-Operative and Trial Run expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	2,008.85	8,069.47
<b>Raw Materials Consumed</b>	<b>3,178.11</b>	<b>4,222.35</b>
<b>Finished Goods Consumed</b>	<b>7,146.15</b>	<b>-</b>
<b>Personnel Cost</b>		
Salary, Wages and Bonus	35.25	189.05
Contribution to Provident and Other Funds	1.51	5.04
Staff Welfare	0.04	1.08
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	0.21	14.23
Power and Fuel	32.97	213.24
Repairs and Maintenance		
Plant and Machinery	6.61	65.02
Others	-	1.84
Material Handling Charges	0.61	26.30
Travelling and Conveyance	0.06	0.92
Vehicle Running and Maintenance Expenses	20.56	17.87
Printing and Stationary	1.41	1.95
Postage and Communication	0.74	3.21
Legal and Professional Charges	4.93	39.39
Rent and Hire Charges	13.80	23.03
Miscellaneous Expenses	10.91	6.18
<b>Borrowing Cost</b>		
Interest on term loans	1,336.80	2,887.26
Finance Charges	84.81	21.46
	<b>13,884.33</b>	<b>15,808.89</b>
<b>Less:</b>		
Expenses relating to abandoned projects charged off	-	902.82
Usable items in respect of abandoned projects transferred to capital work in progress	-	27.63
Material Transferred for Captive Consumption (Refer note no. 23)	10,406.81	3,738.40
Generation cost of Power consumed in Production (Refer note no. 26)	-	926.79
Capitalised during the year	2,396.99	8,204.40
<b>Total</b>	<b>1,080.53</b>	<b>2,008.85</b>

\*\* Includes ₹ 216.40 lacs (₹ 174.82 lacs) transferred from Changes in Inventories refer Note No. 23

₹ in Lacs

13. NON CURRENT INVESTMENTS	Number of Shares/ Units	Number of Shares/ Units	Face Value per Share/Units	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	
<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	1,000	SGD 1	0.33	0.33	
MSP Cement Limited	580,698	50,000	₹ 10	58.07	5.00	
AA ESS Tradelinks Private Limited	2,500,175	2,500,175	₹ 10	2,500.18	2,500.18	
				<b>2,558.58</b>	<b>2,505.51</b>	
<b>(ii) In Joint Venture</b>						
Madanpur South Coal Company Limited #	166,220	161,640	₹ 10	232.28	223.12	
				<b>232.28</b>	<b>223.12</b>	
<b>(iii) In Others</b>						
MSP Metallics Limited	420,000	420,000	₹ 10	402.00	402.00	
MSP Properties (I) Limited	7,500	7,500	₹ 10	0.75	0.75	
MSP Sponge Iron Limited	313,000	313,000	₹ 10	49.50	49.50	
MSP Power Limited	8,000	8,000	₹ 10	0.80	0.80	
Shree Sai Shraddha Metallics Private Limited	-	50,000	₹ 10	-	50.00	
				<b>453.05</b>	<b>503.05</b>	
<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	
				<b>19.24</b>	<b>19.24</b>	
<b>(ii) Units of Mutual Fund (at lower of cost and market value)</b>						
In Reliance Liquid Fund Treasury Plan - Daily Dividend Option	981.2	-	₹ 10	15.00	-	
				<b>15.00</b>	<b>-</b>	
<b>TOTAL</b>				<b>3,278.15</b>	<b>3,250.92</b>	

# 66,960 Shares pledged with IDBI Bank Limited for guarantee given on behalf of the Investee Company.  
Includes 2,000 Shares held in the name of a director on behalf of the Company.

Cost and market value of quoted and unquoted long term investments:

₹ in Lacs

	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	Cost	Market Value	Cost	Market Value
-Quoted	34.24	45.79	19.24	28.98
-Unquoted	3,243.91	NA	3,231.68	NA
<b>Total</b>	<b>3,278.15</b>		<b>3,250.92</b>	

₹ in Lacs

	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>14. LOANS AND ADVANCES</b>				
Unsecured, considered good unless otherwise stated				
Loans to Bodies Corporate	-	-	1,690.85	1,805.45
(A)	-	-	<b>1,690.85</b>	<b>1,805.45</b>
Capital Advances	1,774.65	1,934.12	-	-
(B)	1,774.65	1,934.12	-	-
Security Deposit	103.02	157.03	-	-
(C)	<b>103.02</b>	<b>157.03</b>	-	-
<b>Advances Recoverable in cash or kind</b>				
Considered Good	-	-	20,446.36	28,809.29
Considered Doubtful	19.40	19.40	-	-
	19.40	19.40	20,446.36	28,809.29
Less: Provision for doubtful advances	19.40	19.40	-	-
(D)	-	-	<b>20,446.36</b>	<b>28,809.29</b>
<b>Other Loans and Advances</b>				
MAT Credit Entitlement (*)	4,195.01	3,560.11	-	-
Advance Income Tax & TDS [Net of provision of ₹ 1386.88 lacs (₹ 760.15 lacs)]		857.55	22.88	-
Share Application Money Pending Allotment	-	9.16	-	-
Prepaid Expenses	-	-	62.85	66.08
Loans and Advances to Employees	-	-	41.30	37.62
Export Incentive Receivable			127.74	94.49
Balances with Statutory/ Government authorities	-	-	1,161.07	1,417.45
(E)	<b>4,195.01</b>	<b>4,426.82</b>	<b>1,415.84</b>	<b>1,615.64</b>
Loans and Advances to Related parties	-	237.60	2,227.99	936.77
(F)	-	<b>237.60</b>	<b>2,227.99</b>	<b>936.77</b>
<b>TOTAL (A+B+C+D+E+F)</b>	<b>6,072.68</b>	<b>6,755.57</b>	<b>25,781.04</b>	<b>33,167.15</b>
<b>Advances Recoverable in cash or kind include</b>				
Dues from officers	-	-	10.22	5.06
<b>Loans and Advances to Related parties include</b>				
Dues from Companies include enterprises over which Key Management Personnel / Relatives have significant influence	-	-	2,227.99	936.77

(\*) During the period, the Company has recognized MAT credit entitlement of ₹ 634.89 lacs (₹ 599.16 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.

₹ in Lacs

15. OTHER ASSETS	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
<b>Unsecured, considered good unless otherwise stated</b>				
Deposits with Banks (Refer Note No. 18)	64.73	86.46	-	-
(A)	<b>64.73</b>	<b>86.46</b>	-	-
<b>Unamortized expenditure</b>				
Unamortized Premium on Forward Contracts	-	-	-	543.33
(B)	-	-	-	<b>543.33</b>
<b>Others</b>				
Interest Accrued on Fixed Deposits and Others	-	-	95.20	36.37
Gain Receivable on Forward Exchange Contract	1,115.01	1,967.83	743.56	-
(c)	<b>1,115.01</b>	<b>1,967.83</b>	<b>838.76</b>	<b>36.37</b>
<b>TOTAL (A)+(B)+(c)</b>	<b>1,179.74</b>	<b>2,054.29</b>	<b>838.76</b>	<b>579.70</b>

₹ in Lacs

16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Raw Materials and Components [includes in transit ₹ 1325.34 lacs (31st March 2013 : ₹ 3463.43 lacs)]	17,828.57	20,689.99
Work-in-Progress	2,808.93	2,336.15
Finished Goods	4,606.90	4,601.74
Stores and Spares [includes in transit ₹ 95.42 lacs (31st March 2013: ₹ 79.45 lacs)]	2,216.42	1,993.20
By-Products (at net realisable value)	2,092.40	1,133.63
	<b>29,553.22</b>	<b>30,754.71</b>

₹ in Lacs

17. TRADE RECEIVABLES	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Unsecured, considered good unless otherwise stated</b>				
<u>Outstanding for a period exceeding six months from the date they became due for payment :</u>				
Considered Good	-	-	200.24	590.39
Considered Doubtful	321.30	321.96	-	-
Less: Provision for doubtful receivables	(321.30)	(321.96)	-	-
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>200.24</b>	<b>590.39</b>
Other Receivables	-	-	18,908.26	12,042.68
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>18,908.26</b>	<b>12,042.68</b>
<b>TOTAL (A)+(B)</b>	<b>-</b>	<b>-</b>	<b>19,108.50</b>	<b>12,633.07</b>
<b>Trade receivables include:</b>				
Dues from companies include enterprises over which Key Management Personnel /Relatives have significant influence	-	-	414.61	152.39

₹ in Lacs

18. CASH AND BANK BALANCES	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Cash and cash equivalents</b>				
<b>Balance with banks:</b>				
On Current Accounts	-	-	135.73	97.35
Unpaid Dividend Accounts	-	-	3.66	3.66
Cheques / Drafts on hand	-	-	-	0.18
Cash on Hand	-	-	22.30	105.81
	<b>-</b>	<b>-</b>	<b>161.69</b>	<b>207.00</b>
<b>Other bank balances :</b>				
Fixed Deposits with original maturity for more than 12 months*	64.73	86.46	55.84	248.78
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	1,869.73	252.00
	<b>64.73</b>	<b>86.46</b>	<b>1,925.57</b>	<b>500.78</b>
Amount disclosed under Other Non-Current Assets (Note No. 15)	(64.73)	(86.46)	-	-
	<b>-</b>	<b>-</b>	<b>2,087.26</b>	<b>707.78</b>

\* Fixed deposits with a carrying amount of ₹ 1984.96 lacs (₹ 578.90 lacs) are used towards security given against the Bank Guarantees & Company's Letter of Credits (LC's) issued by the banks and ₹ 5.34 lacs (₹ 5.34 lacs) as security deposit issued to sales tax department on behalf of the Company.

₹ in Lacs

<b>19. REVENUE FROM OPERATIONS</b>	<b>2013-14</b>	<b>2012-13</b>
Sale of Products		
Finished Goods	111,812.39	88,406.23
Power	3,297.39	3,258.76
Traded Goods	13,714.45	8,823.43
Other Operating Revenue		
Scrap sales and By Products	1,246.75	872.79
Sale of Raw Materials	673.14	91.14
Export Incentives	108.55	75.30
Others	3.53	7.97
	<b>130,856.20</b>	<b>101,535.62</b>
<hr/>		
<b>Details of Product Sold</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Finished Goods Sold</b>		
Pellet	13,578.33	14,226.98
Sponge Iron	17,585.93	9,500.06
MS Billets	27,377.04	15,891.40
TMT Bar	31,541.60	32,965.48
Structural Steel	21,729.49	15,822.30
	<b>111,812.39</b>	<b>88,406.22</b>
<b>Traded Goods Sold</b>		
M.S. Joist	-	38.63
M.S. Wire	74.05	504.99
M.S. Plate	-	33.69
TMT Bar	2,476.13	819.95
Steel Round	4,903.28	6,574.38
M.S.Angle	1,045.69	17.92
M.S.Channel	84.53	409.21
Round Bar	-	31.50
Coal	1,674.08	393.16
M.S.Round	4.25	-
Steel Flat	643.61	-
M.S.Flat	190.86	-
C.R. Sheet	952.97	-
H.R. Sheet	104.48	-
M.S. Pipe	1,313.09	-
M.S. Wire Rod	114.60	-
Grain Oriented Electrical Steel Sheet	132.83	-
	<b>13,714.45</b>	<b>8,823.43</b>
<hr/>		

₹ in Lacs

<b>20. OTHER INCOME</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Interest Income on</b>		
Loans, Fixed Deposits, etc	544.21	512.25
<b>Dividend Income on</b>		
Long-Term Investments	0.21	0.25
Profit on Sale of Fixed Assets	-	36.74
Liabilities no longer required written back	52.33	-
Other Non-Operating Income	3,032.76	44.75
	<b>3,629.51</b>	<b>593.99</b>

₹ in Lacs

<b>21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>	<b>2013-14</b>	<b>2012-13</b>
Inventory at the beginning of the period	20,689.99	12,201.83
Add : Purchases [includes material transferred from trial run production ₹ Nil (₹ 3738.40 lacs)] (refer Note No. 12)	70,444.06	61,100.29
Less : Inventory at the end of the period	17,828.57	20,689.99
	<b>73,305.48</b>	<b>52,612.13</b>

<b>Details of Raw Material and Components consumed</b>	<b>2013-14</b>	<b>2012-13</b>
Coal and Coke (including fines) *	28,039.80	18,470.35
Iron Ore (including fines)	22,748.25	16,174.97
Dolomite/Limestone	318.04	224.50
Iron Ore Pellets	3,168.34	3,738.40
Silico Manganese	1,523.81	1,523.71
Sponge/Pig Iron/Scrap	12,701.69	10,464.76
MS Billets/Ingots	4,805.55	2,015.44
	<b>73,305.48</b>	<b>52,612.13</b>

\* Includes consumption relating to power plant

<b>Details of Inventory</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Raw Materials and Components</b>		
Coal and Coke	11,857.42	13,722.18
Iron Ore (including fines)	5,600.76	6,808.79
Dolomite/Limestone	44.61	101.68
Sponge/Pig Iron	265.67	40.76
Others	60.11	16.58
	<b>17,828.57</b>	<b>20,689.99</b>

₹ in Lacs

<b>22. PURCHASE OF TRADED GOODS</b>	<b>2013-14</b>	<b>2012-13</b>
M.S. Joist	-	36.96
M.S. Wire	67.71	469.28
M.S. Plate	-	31.62
TMT Bar	2,407.71	785.84
Steel Round	4,588.30	6,255.50
M.S.Angle	985.82	16.89
M.S.Channel	79.59	390.42
Round Bar	-	30.92
Coal	1,592.43	385.38
M.S.Round	4.25	-
Steel Flat	601.55	-
C.R. Sheet	879.36	-
H.R. Sheet	98.86	-
M.S. Pipe	1,242.61	-
M.S. Wire Rod	104.96	-
M.S. Flat	182.27	-
Grain Oriented Electrical Steel Sheet	122.77	-
	<b>12,958.19</b>	<b>8,402.81</b>

₹ in Lacs

<b>23. CHANGES IN INVENTORIES</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Inventories at the end 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>
Transfer from Trial Run - Finished Goods (refer note no. 12)	10,406.81	-
Transfer to CWIP - Finished Goods (refer Note No. 12)	216.40	174.82
	<b>10,623.21</b>	<b>174.82</b>
<b>Inventories at the beginning of the period</b>		
By-Products	1,133.63	1,454.27
Work-in-Progress	2,336.15	1,903.40
Finished Goods	4,601.74	4,053.33
	<b>8,071.52</b>	<b>7,411.00</b>
Finished Goods transferred to Trial Production [refer note no. 12]	7,146.15	-
<b>(Increase)/Decrease in Inventories</b>		
By-Products	(958.77)	320.64
Work-in-Progress	(472.77)	(432.75)
Finished Goods	3,039.10	(723.23)
	<b>1,607.56</b>	<b>(835.34)</b>
		(CNTD.)

₹ in Lacs

**23. CHANGES IN INVENTORIES**

Details of Inventories	2013-14	2012-13
<b>By-Products</b>		
Coal Fines	286.24	19.31
Dolochar	1,795.07	1,114.32
Coal Tar	11.09	-
	<b>2,092.40</b>	<b>1,133.63</b>
<b>Work-in-Progress</b>		
Iron Ore Pellet	2,160.79	1,707.22
Sponge Iron	204.65	255.49
M.S. Billets	219.29	293.22
Others	224.20	80.23
	<b>2,808.93</b>	<b>2,336.15</b>
<b>Finished Goods</b>		
Iron Ore Pellet	1,366.10	1,246.90
Sponge Iron	212.65	443.56
M.S. Billets	382.66	834.91
TMT Bar	1,096.50	653.41
Structural Steel	1,548.99	1,422.95
	<b>4,606.90</b>	<b>4,601.73</b>

₹ in Lacs

24. EMPLOYEE BENEFITS EXPENSE	2013-14	2012-13
Salaries, Wages and Bonus	2,891.00	2,381.62
Contribution to Provident and Other Funds	103.92	91.07
Staff Welfare Expenses	59.88	29.79
	<b>3,054.80</b>	<b>2,502.48</b>

₹ in Lacs

25. FINANCE COSTS	2013-14	2012-13
Interest Expenses	9,715.60	8,427.21
Other Finance Charges	527.33	223.29
Net (gain)/ loss on foreign currency transactions and translation	632.33	400.13
	<b>10,875.26</b>	<b>9,050.63</b>

₹ in Lacs

<b>26. OTHER EXPENSES</b>	<b>2013-14</b>	<b>2012-13</b>
Consumption of Stores and Spares	4,187.96	3,968.65
Increase of Excise Duty on Inventory	18.93	55.06
Power and Fuel	1,371.27	1,455.94
Power and Fuel generated from Trial run	-	926.79
Rent	70.70	45.43
Rates and Taxes	265.75	114.24
Insurance	58.24	50.90
Repairs and Maintenance		
Plant and machinery	581.11	578.49
Buildings	40.61	61.51
Others	77.70	95.67
Material Handling Charges	1,327.76	1,170.35
Vehicle Running Expenses	590.05	438.41
Cash Discount	169.61	187.43
Advertising and Sales Promotion	40.12	70.37
Freight Outward	1,640.41	1,436.25
Sales Commission	322.62	299.85
Legal and Professional charges	143.05	198.31
Charity and Donations	12.86	8.79
Payment to Auditors (Refer details below)	12.48	17.12
Exchange Differences (net)	572.95	242.07
Irrecoverable Debts, Deposits and Advances Written Off	32.86	153.88
Less : Adjusted with provisions	0.66	32.20
		76.19
		77.69
Provision for Doubtful Debts and Advances	(0.66)	51.58
Less : Written Back	(0.66)	-
		76.19
		(24.61)
Loss on Disposal/discard of Fixed Assets		2.97
Loss on Project Abandonment		-
Prior Period Expenses (net)		902.82
Miscellaneous Expenses		1.82
		15.29
<b>Total</b>	<b>12,451.55</b>	<b>13,370.06</b>

₹ in Lacs

<b>Payment to Auditors</b>	<b>2013-14</b>	<b>2012-13</b>
<b>As Auditors :</b>		
Statutory Audit fee	9.00	9.00
Limited Review	1.00	3.48
Other Services (certification fees)	0.50	2.78
Reimbursement of expenses	1.98	1.86
	<b>12.48</b>	<b>17.12</b>

The following reflects the profit and share data used in the basic and diluted EPS computations:

₹ in Lacs

27. EARNINGS PER SHARE (EPS)	2013-14	2012-13
Profit after tax	2,100.34	2,012.52
<b>Net profit for calculation of Basic and Diluted EPS</b>	<b>2,100.34</b>	<b>2,012.52</b>
	<i>Nos.</i>	<i>Nos.</i>
Weighed average number of equity shares in calculating Basic & diluted EPS	88,100,000	68,045,205
<b>Earnings Per Share</b>		
Basic (₹)	2.38	2.96
Diluted (₹)	2.38	2.96

#### 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 benefit 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	
	2013-14	2012-13	2013-14	2012-13
Current service cost	83.76	59.55	35.54	10.69
Interest cost	20.98	21.78	6.97	7.33
Expected return on plan assets	(12.24)	(10.63)	-	-
Net actuarial losses/(gains)	(51.50)	(12.29)	(11.38)	(2.25)
<b>Net benefit expense</b>	<b>41.00</b>	<b>58.41</b>	<b>31.13</b>	<b>15.77</b>

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

₹ in Lacs

PARTICULARS	GRATUITY		LEAVE	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Defined benefit obligation	304.89	257.57	113.41	86.80
Fair value of plan assets	160.22	149.24	-	-
<b>Net liability</b>	<b>144.67</b>	<b>108.33</b>	<b>113.41</b>	<b>86.80</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, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Opening defined benefit obligation	257.57	191.14	86.80	75.24
Interest cost	20.98	21.78	6.97	7.33
Current service cost	83.76	59.55	35.54	10.69
Benefit paid	(6.49)	(3.64)	(4.52)	(4.22)
Actuarial losses/(gains)	(50.93)	(11.26)	(11.38)	(2.25)
<b>Closing defined benefit obligation</b>	<b>304.89</b>	<b>257.57</b>	<b>113.41</b>	<b>86.80</b>

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, 2014	AS AT 31ST MARCH, 2013
Opening fair value of plan assets	149.24	105.33
Expected return on plan assets*	12.24	10.63
Contribution by the Company	4.66	35.89
Benefits paid	(6.49)	(3.64)
Actuarial gains / (loss)	0.57	1.03
<b>Closing fair value of plan assets</b>	<b>160.22</b>	<b>149.24</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, 2014	AS AT 31ST MARCH, 2013
Debt Funds	160.22	149.24
<b>Total</b>	<b>160.22</b>	<b>149.24</b>

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

₹ in Lacs

PARTICULARS	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
Discount Rate (%)		9.10		8.25
Return on Plan Assets (Gratuity Scheme) (%)		9.10		8.25
Mortality Rate		Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate	
Employee Turnover (%)		6.2		6.2

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

GRATUITY

PARTICULARS	31ST MARCH, 2014	31ST MARCH, 2013	31ST MARCH, 2012	31ST MARCH, 2011	31ST MARCH, 2010
Defined benefit obligation	304.89	257.57	191.14	144.38	61.30
Fair value of plan assets	160.22	149.24	105.33	63.56	32.36
Deficit	144.67	108.33	85.81	80.82	28.94
Experience adjustments on plan liabilities – (gains)/ losses	0.43	(29.82)	(25.56)	(25.56)	(3.64)
Experience adjustments on plan assets	0.57	1.03	Nil	Nil	(1.62)

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 define contribution plan as follows

₹ in Lacs

PARTICULARS	2013-14	2012-13
Provident Fund	105.43	96.11

**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**

PARTICULARS	2013-14	2012-13
Domestic Revenues (Net of Excise Duty and Trade discount)	112,061.14	88,488.20
Export Revenues (Including Export Benefits)	7,215.25	3,667.98
<b>Total</b>	<b>119,276.39</b>	<b>92,156.18</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 amount to ₹ 974.74 lacs (₹ 104.04 lacs).

**NOTE 30 RELATED PARTY DISCLOSURES****Related parties where control exists: -**

Subsidiary Companies	MSP Group International Singapore (PTE) Limited MSP Cement Limited AA ESSTradelinks Private Limited
<b>Jointly Controlled Entity</b>	Madanpur South Coal Company Limited
<b>Key Management Personnel and their relatives</b>	Puramal Agrawal - Chairman Suresh Kumar Agrawal - Managing Director Manish Agrawal - (son of Puramal Agrawal) Saket Agrawal - (son of Suresh Kumar Agrawal) Kiran Agrawal (wife of Chairman) Nisha Agrawal (wife of Managing Director) Ekta Agrawal (wife of Saket Agrawal) Richa Agrawal (wife of Manish Agrawal)

**Enterprises over which Key Management Personnel and or relatives have significant influence**

Adhunik Gases Limited
Ashirwad Steels and Industries Limited *
B.S. Confin Private Limited
Chaman Metallics Limited
Danta Vyapaar Kendra 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 Infotech Private Limited
MSP Metallics Limited
MSP Mines and Minerals Limited
MSP Power Limited
MSP Properties (India) Limited
MSP Sponge Iron Limited
MSP Energy Limited
MSP Ferro & Power Limited
Prateek Mines & Minerals Private Limited
Raj Securities Limited
Rajnath Vyapaar Private Limited
Shree Khatupati Mercantiles Private Limited
Sikhar Commodity Trade Private Limited

₹. in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Sales</b>					
Howrah Gases Limited				1,674.06	1,674.06
				(1,158.05)	(1,158.05)
MSP Metallics Limited				245.60	245.60
				(346.25)	(346.25)
MSP Properties (India) Limited				1.69	1.69
				(41.90)	(41.90)
MSP Sponge Iron Limited				2,360.30	2,360.30
				(163.65)	(163.65)
<b>Purchase of Raw Material &amp; Components Consumed</b>					
Howrah Gases Limited				-	-
				(310.49)	(310.49)
MSP Metallics Limited				17,456.71	17,456.71
				(7,993.70)	(7,993.70)
MSP Sponge Iron Limited				3,381.62	3,381.62
				(3,242.32)	(3,242.32)
<b>Contractual Services Paid</b>					
MSP Mines and Minerals Limited				21.07	21.07
				(23.60)	(23.60)
<b>Managerial Remuneration</b>					
Puranmal Agrawal			36.00		36.00
			(36.00)		(36.00)
Suresh Kumar Agrawal			30.00		30.00
			(30.00)		(30.00)
<b>Professional Charges Paid</b>					
MSP Mines and Minerals Limited				28.31	28.31
				(26.29)	(26.29)
<b>Expenses Reimbursed</b>					
Chaman Metallics Limited				-	-
				(0.14)	(0.14)
Howrah Gases Limited				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
				(0.05)	(0.05)
MSP Metallics Limited				0.11	0.11
				(136.19)	(136.19)
MSP Mines and Minerals Limited				3.45	3.45
				(3.60)	(3.60)
MSP Sponge Iron Limited				6.26	6.26
				(100.32)	(100.32)

Rs. in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Rent Paid</b>					
Ekta Agrawal			8.52		8.52
			(3.00)		(3.00)
Kiran Agrawal			-		-
			(1.20)		(1.20)
Manish Agrawal			-		-
			(0.48)		(0.48)
Nisha Agrawal			-		-
			(1.20)		(1.20)
Richa Agrawal			6.72		6.72
			(3.00)		(3.00)
Saket Agrawal			-		-
			(0.48)		(0.48)
Shree Khatupati Mercantiles Private Limited				9.00	9.00
				(3.60)	(3.60)
MSP Infotech Private Limited				-	-
				(6.00)	(6.00)
MSP Properties (India) Limited				2.04	2.04
				(-)	(-)
<b>Other Income</b>					
MSP Metallics Limited				0.38	0.38
				(3.16)	(3.16)
MSP Sponge Iron Limited				7.15	7.15
				(-)	(-)
<b>Share Application Money Given</b>					
Madanpur South Coal Company Limited			-		-
			(18.17)		(18.17)
<b>Share Application Money Received</b>					
Adhunik Gases Limited				-	-
				(264.00)	(264.00)
B.S. Confin Private Limited				-	-
				(3,768.00)	(3,768.00)
Dexo Trading Private Limited				-	-
				(3,135.00)	(3,135.00)
Emerald Tradelink Private Limited				-	-
				(1,500.00)	(1,500.00)
High Time Holdings Private Limited				-	-
				(3,300.00)	(3,300.00)
Ilex Private Limited				-	-
				(5,169.00)	(5,169.00)
K.C. Texofine Private Limited				-	-
				(729.00)	(729.00)
Raj Securities Limited				-	-
				(350.00)	(350.00)
Rajnath Vyapaar Private Limited				-	-
				(1,500.00)	(1,500.00)
Sikhar Commodity Private Limited				-	-
				(2,946.00)	(2,946.00)

₹ in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Allotment of Shares (Including Share Premium)</b>					
Adhunik Gases Limited				-	-
				(930.00)	(930.00)
B.S. Confin Private Limited				2,400.00	2,400.00
				(2,118.00)	(2,118.00)
Dexo Trading Private Limited				2,700.00	2,700.00
				(435.00)	(435.00)
Emerald Tradelink Private Limited				-	-
				(1,500.00)	(1,500.00)
High Time Holdings Private Limited				2,400.00	2,400.00
				(1,815.00)	(1,815.00)
Ilex Private Limited				1,800.00	1,800.00
				(2,469.00)	(2,469.00)
K.C. Texofine Private Limited				-	-
				(729.00)	(729.00)
Larigo Investment Private Limited				-	-
				(600.00)	(600.00)
Raj Securities Limited				-	-
				(600.00)	(600.00)
Rajnath Vyapaar Private Limited				-	-
				(1,500.00)	(1,500.00)
Sikhar Commodity Private Limited				2,700.00	2,700.00
				(246.00)	(246.00)
<b>Acquisition of Shares</b>					
MSP Cement Limited	53.07				53.07
	(-)				(-)
Madanpur South Coal Company Limited		9.16			9.16
		(9.01)			(9.01)
<b>Loans &amp; Advances Given</b>					
AA ESS Tradelinks Private Limited	1,559.07				1,559.07
	(237.60)				(237.60)
Chaman Metallics Limited				-	-
				(978.00)	(978.00)
MSP Group International Singapore (PTE) Limited	-				-
	(3.00)				(3.00)
MSP Sponge Iron Limited				288.83	288.83
				(1,690.00)	(1,690.00)
<b>Repayment of Loans &amp; Advances Given</b>					
Chaman Metallics Limited				848.00	848.00
				(130.00)	(130.00)
MSP Cement Limited	1.20				1.20
	(-)				(-)
MSP Power Limited				3.20	3.20
				(-)	(-)
MSP Sponge Iron Limited				-	-
				(1,690.00)	(1,690.00)
Prateek Mines & Minerals Private Limited				2.05	2.05
				(-)	(-)

₹ in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				1,892.50	1,892.50
				(5.00)	(5.00)
B.S. Confin Private Limited				-	-
				(304.00)	(304.00)
Danta Vyapaar Kendra Limited				-	-
				(320.00)	(320.00)
Ilex Private Limited				-	-
				(14.00)	(14.00)
K.C. Texofine Private Limited				250.00	250.00
				(-)	(-)
Larigo Investment Private Limited				250.00	250.00
				(1,310.00)	(1,310.00)
MSP Infotech Private Limited				150.00	150.00
				(1,045.00)	(1,045.00)
MSP Properties (India) Limited				-	-
				(150.00)	(150.00)
MSP Sponge Iron Limited				-	-
				(331.17)	(331.17)
Raj Securities Limited				470.00	470.00
				(-)	(-)
Sikhar Commodity Private Limited				300.00	300.00
				(139.00)	(139.00)
<b>Repayment of Loans &amp; Advances Taken</b>					
Adhunik Gases Limited				-	-
				(5.00)	(5.00)
B.S. Confin Private Limited				-	-
				(4.00)	(4.00)
Danta Vyapaar Kendra Limited				-	-
				(320.00)	(320.00)
High Time Holdings Private Limited				-	-
				(300.00)	(300.00)
Ilex Private Limited				-	-
				(14.00)	(14.00)
Larigo Investment Private Limited				-	-
				(355.00)	(355.00)
MSP Infotech Private Limited				140.00	140.00
				(-)	(-)
MSP Properties (India) Limited				55.00	55.00
				(70.00)	(70.00)
MSP Sponge Iron Limited				131.17	131.17
				(200.00)	(200.00)
Sikhar Commodity Private Limited				-	-
				(139.00)	(139.00)

₹ in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Guarantee obtained</b>					
Puran Mal Agrawal			210.21		210.21
			(195.14)		(195.14)
Suresh Kumar Agrawal			229.25		229.25
			(217.14)		(217.14)
Manish Agrawal			254.73		254.73
			(230.33)		(230.33)
Saket Agrawal			244.14		244.14
			(214.66)		(214.66)
<b>Guarantee given on behalf of</b>					
AA ESS Tradelinks Private Limited	4,218.67				4,218.67
	(6,093.77)				(6,093.77)
Madanpur South Coal Company Limited		660.75			660.75
		(660.75)			(660.75)
<b>Interest Expense</b>					
MSP Infotech Private Limited			4.01		4.01
			(19.31)		(19.31)
MSP Properties (India) Limited			8.18		8.18
			(9.54)		(9.54)
MSP Sponge Iron Limited			-		-
			(2.33)		(2.33)
<b>Interest Received on Loans</b>					
Chaman Metallics Limited			-		-
			(68.24)		(68.24)
MSP Sponge Iron Limited			-		-
			(46.01)		(46.01)
<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
			(-)		(-)
<b>Loans &amp; Advances (Closing balance)</b>					
AA ESS Tradelinks Private Limited	1,796.67				1,796.67
	(-)				(-)
Chaman Metallics Limited			-		-
			(848.00)		(848.00)
Madanpur South Coal Company Limited		2.00			2.00
	(2.00)				(2.00)
MSP Cement Limited	0.01				0.01
	(1.20)				(1.20)
MSP Group International Singapore (PTE) Limited	11.33				11.33
	(11.33)				(11.33)

₹ in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
MSP Mines and Minerals Limited				1.63	1.63
				(7.57)	(7.57)
MSP Power Limited				-	-
				(3.20)	(3.20)
MSP Sponge Iron Limited				377.66	377.66
				(-)	(-)
Prateek Mines & Minerals Private Limited				-	-
				(2.05)	(2.05)
<b>Trade Receivables (Closing balance)</b>					
Howrah Gases Limited				402.80	402.80
				(142.53)	(142.53)
MSP Properties (India) Limited				11.81	11.81
				(9.86)	(9.86)
<b>Other Receivables (Closing balance)</b>					
Chaman Metallics Limited				-	-
				(61.42)	(61.42)
<b>Share Application Money Paid (Closing balance)</b>					
AA ESS Tradelinks Private Limited		-			-
		(237.60)			(237.60)
Madanpur South Coal Company Limited		-			-
		(9.16)			(9.16)
<b>Trade Payable (Closing balance)</b>					
MSP Metallics Limited				-	-
				(905.76)	(905.76)
MSP Sponge Iron Limited				-	-
				(189.24)	(189.24)
<b>Other Liabilities (Closing balance)</b>					
Chaman Metallics Limited				-	-
				(0.14)	(0.14)
Ilex Private Limited				380.00	380.00
				(-)	(-)
MSP Infotech Private Limited				-	-
				(1.35)	(1.35)
MSP Mines and Minerals Limited				5.75	5.75
				(-)	(-)
Shree Khatupati Mercantiles Private Limited				-	-
				(0.81)	(0.81)
<b>Interest Accrued and Due (Closing balance)</b>					
MSP Infotech Private Limited				-	-
				(17.37)	(17.37)
MSP Properties (India) Limited				-	-
				(5.89)	(5.89)

₹ in Lacs

<i>Nature of Transactions (Including taxes &amp; duties where ever applicable)</i>	<i>Subsidiary Company</i>	<i>Jointly Controlled Entity</i>	<i>Key Management Personnel and their relatives</i>	<i>Enterprises over which Key Management Personnel and or relatives have significant influence</i>	<i>Total</i>
<b>Share Application Money Pending Allotment (Closing balance)</b>					
B.S. Confin Private Limited				-	-
				(2,400.00)	(2,400.00)
Dexo Trading Private Limited				-	-
				(2,700.00)	(2,700.00)
High Time Holding Private Limited				-	-
				(2,400.00)	(2,400.00)
Ilex Private Limited				-	-
				(2,700.00)	(2,700.00)
Sikhar Commodity Private Limited				-	-
				(2,700.00)	(2,700.00)
<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				1,892.50	1,892.50
				(-)	(-)
B.S. Confin Private Limited				300.00	300.00
				(300.00)	(300.00)
High Time Holdings 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
				(955.00)	(955.00)
MSP Infotech Private Limited				190.00	190.00
				(180.00)	(180.00)
MSP Properties (India) Limited				50.00	50.00
				(105.00)	(105.00)
MSP Sponge Iron Limited				-	-
				(131.17)	(131.17)
Raj Securities Limited				470.00	470.00
				(-)	(-)
Sikhar Commodity Private Limited				300.00	300.00
				(-)	(-)
<b>Investments</b>					
AA ESS Tradelinks Private Limited	2,500.18				2,500.18
	(2,500.18)				(2,500.18)
Ashirwad Steels and Industries Limited				-	-
				(0.25)	(0.25)
Howrah Gases Limited				15.91	15.91
				(15.91)	(15.91)
Madanpur South Coal Company Limited	232.28				232.28
	(223.12)				(223.12)

₹ 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
MSP Cement Limited	58.07				58.07
	(5.00)				(5.00)
MSP Group International Singapore (PTE) Limited	0.33				0.33
	(0.33)				(0.33)
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
				(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 financial year 2013-14 as relation no longer exists.

**31. OPERATING LEASE COMPANY AS LESSEE**

The Company has entered into commercial leases on certain office spaces. 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, 2014	AS AT 31ST MARCH, 2013
Within one year	45.66	42.07

**32. INTEREST IN JOINT VENTURE**

The Company has a 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 of the above jointly controlled entity as at the respective Balance Sheet dates is as follows: -

₹ in Lacs

PARTICULARS	31ST MARCH, 2014	31ST MARCH, 2013
Share Capital	16.62	16.16
Reserve & Surplus	215.34	206.63
Share Application Money Pending Allotment	-	9.16
Non Current Liabilities	0.89	0.89
Current Liabilities	0.21	0.13
Non Current Assets	161.52	158.12
Current Assets	71.54	74.86
Revenue	0.18	0.17
Other Expenses	0.17	0.18
Tax Expenses	-	-
Profit/(Loss) After Tax	0.01	(0.01)

The Company's proportionate share of the capital commitments of the jointly controlled entity amounts to ₹ 8.91 lacs (₹ 5.27 lacs ).

**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 2014.

₹ in Lacs

**34. DISCLOSURES FOR AS 29, 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS' ISSUED BY ICAI:**

PARTICULARS	PROVISION FOR DOUBTFUL DEBTS		PROVISION FOR ADVANCES	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Carrying amount- begining of the year	321.96	346.56	19.40	19.40
Additional provision during the year	-	51.58	-	-
	321.96	398.14	19.40	19.40
Less:written back during the year	0.66	76.19	-	-
Carrying amount- end of the year	321.30	321.96	19.40	19.40

₹ in Lacs

**35. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

PARTICULARS	AS AT 31ST MARCH,	
	2014	2013
Excise Matters under dispute/ appeal	1,890.97	3,934.52
Sales Tax & VAT Matters under dispute/ appeal	130.14	130.14
Income Tax Matters under dispute/ appeal	0.55	0.55
Corporate Guarantees given	4,879.42	6,754.52

Contingent Liabilities comprise of :

₹ in Lacs

PARTICULARS	FINANCIAL EFFECT ESTIMATE	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Excise Matters under dispute/ appeal</b>		
Disputed disallowances of CENVAT credit and service tax	1,221.23	3,296.90
Removal of finished goods without payment of duty	144.02	143.31
Sale of iron ore & coal fines without payment of duty	313.98	282.57
Sale of electricity without payment of duty	211.74	211.74
Sub total	1,890.97	3,934.52
<b>Sales Tax &amp; VAT Matters under dispute/ appeal</b>		
Non collection of 'C' forms	119.75	119.75
Disallowance of VAT credit	10.39	10.39
Sub total	130.14	130.14
<b>Income Tax Matters under dispute/ appeal</b>		
Disallowance of TDS & others	0.55	0.55
Sub total	0.55	0.55
<b>Corporate guarantees given</b>		
For a joint venture company in connection with onward guarantee given by that Company to Ministry of Coal.	660.75	660.75
To a bank in relation to loan taken by a Subsidiary Company.*	4,218.67	6,093.77
Sub total	4,879.42	6,754.52
	(CONTD)	

**Contingent Liabilities comprise of :**

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 on 31st May 2011. The management believes that the terms of the guarantee given are not prejudicial to the interest of the Company.

₹ in Lacs

**36. CAPITAL AND OTHER COMMITMENTS**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,138.64 lacs (₹ 1,599.04 lacs)).	1,446.39	650.54
Export obligation under EPCG scheme with respect to custom duty savings on import of equipments and spares parts.	2,899.49	7,416.90

**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\$ NIL (31st March 2013 : US\$ 16,000,000) (₹ NIL (31st March 2013 : ₹ 8,702.29 lacs ))	Hedge of foreign currency loan
<b>Forward contract to buy Singapore Dollar (SGD)</b> SGD 13,125,000 (31st March 2013: SGD 18,375,000) (₹ 6,227.32 lacs (31st March 2013: ₹ 8,056.99 lacs))	Hedge of foreign currency loan
Interest rate swaps on SGD loan of SGD 13,125,000 (31st March 2013 : SGD 18,375,000) (₹ 6,227.32 lacs (31st March 2013: ₹ 8,056.99 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 \$ 7,782,153 (31st March 2013: US \$ Nil) ₹ 4,677.06 lacs (31st March 2013: ₹ Nil)
Foreign Currency Loans From Banks	US \$ Nil (31st March 2013: US \$ 5,990,445 ) ₹ Nil (31st March 2013: ₹ 3,258.27 lacs)
Interest accrued but not due on borrowings	US \$ Nil (31st March 2013: US\$ 20,893) ₹ Nil (31st March 2013: ₹ 11.28 lacs)

₹ in Lacs

**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)**

Name of the Company	Relation	Category	31st March	31st March	Maximum Amount outstanding	
			2014	2013	during the year 2013-14	2012-13
AA ESS Tradelinks Private Limited	Subsidiary	Repayable on demand	1,796.67	-	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	-
Prateek Mines & Minerals Private Limited	Company in which directors are interested	Repayable on demand	-	2.05	2.05	2.05
MSP Mines & Minerals Limited	Company in which directors are interested	Repayable on demand	1.63	7.57	16.76	19.93
MSP Group International Singapore (PTE) Limited	Subsidiary	Repayable on demand	11.33	11.33	11.33	11.33
Chaman Metallics Limited	Company in which directors are interested	Repayable on demand	-	909.42	984.17	909.42
MSP Cement Limited	Subsidiary	Repayable on demand	0.01	1.20	1.20	1.20
MSP Power Limited	Company in which directors are interested	Repayable on demand	-	3.20	3.20	3.20

₹ in Lacs

**39. VALUE OF IMPORTS (CALCULATED ON CIF BASIS)**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Capital Goods	371.09	5.16
Stores, Spares and Consumables	131.19	269.44
Raw Materials	9,584.45	5,677.56

₹ in Lacs

**40 (A) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

PARTICULARS	₹ in Lacs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Interest	828.55	439.96
Travelling	1.23	10.42
Foreign Membership Fees	-	16.27

**40 (B). EARNING IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

PARTICULARS	₹ in Lacs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
FOB Value of Exports [excluding sales made in Indian rupees ₹ 1082.44 lacs (₹ 348.37 lacs)]	5,968.55	3,220.56

**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	64,101.87	83.81	3,741.34	89.33
	(55,083.84)	(96.92)	(3,798.21)	(95.36)
Imported	12,381.72	16.19	446.83	10.67
	(1,750.65)	(3.08)	(184.67)	(4.64)
<b>Total</b>	<b>76,483.59</b>	<b>100.00</b>	<b>4,188.17</b>	<b>100.00</b>
	(56,834.48)	(100.00)	(3,982.88)	(100.00)

**42. 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.

**43.** 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.

**44.** During the year, the Company has completed the demerger of its Cement division. The “Scheme of Arrangement” (‘the Scheme”) involved transfer of Cement division to a “Transferee Company” (MSP Cement Limited, 100% wholly owned subsidiary of the Company), whose equity shares are not listed in any stock exchange in India or abroad. The Transferee Company had issued its equity shares in consideration of such transfer to its holding company. The Scheme became effective on July 05, 2013 i.e. date of sanction of the Honorable High Court of Kolkata and certified copy of the same has been filed with the Registrar of Companies. The Scheme of Demerger has been accounted for in terms of the Court Orders and alterations or modifications as approved by the Board of Directors of the Company and the Transferee Company as provided for in the Scheme.

Consequent to demerger of the Cement Division of the Company in terms of the Scheme, the financial statements of the Company for the year ended March 31, 2014, do not include the assets of the Cement division, and are therefore strictly not comparable with the figures of the previous year ended March 31, 2013. The transfer of the shares in the said subsidiary to the Company has been effected through due process under relevant laws and regulations.

All the assets and liabilities relating to the Cement division of the Company, on the appointed date, have been transferred to the Transferee Company. The excess of assets over liabilities relating to the Cement division of Re. 1/- has been charged to P&L account under Sundry balance written off in terms of the Scheme as per Accounting Standard 10.

The carrying value of the assets and liabilities of the demerged division is as follows:

**Assets transferred :**

Current Assets & Advances (₹ in lacs)	53.07
---------------------------------------	-------

**Consideration:**

No. of equity shares	530,698
Face value (₹)	10
Total equity in consideration of demerger (₹ in lacs)	53.07

**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 previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary as per the Revised Schedule VI to the Companies Act, 1956. 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*

For and on behalf of Board of Directors

**CA SUNIL KUMAR AGRAWAL**

*Partner*

**Membership No:** 057731

**PURAN MAL AGRAWAL**

*Chairman*

**SURESH KUMAR AGRAWAL**

*Managing Director*

**Place:** Kolkata

**Date:** 30th May, 2014

**RUCHI GARG**

*Company Secretary*

“We at MSP firmly believe that continuous social enrichment is essential for the balance between the community and the industry”

# Independent Auditors' Report (consolidated)

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

**1 REPORT ON THE FINANCIAL STATEMENTS** We have audited the accompanying consolidated financial statements of **MSP Steel & Power Limited (the Company), its subsidiaries and joint ventures, hereinafter referred to as the 'Group' [refer Note 2(a)]**, which comprises the consolidated Balance Sheet as at 31st March, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS** The Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. 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 auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**4 OPINION** In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the separate audit reports on the financial statements/financial information of the subsidiaries and jointly controlled entities and the unaudited financial statements/financial information of the subsidiary; referred to below in the other matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i)** In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii)** In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date, and
- (iii)** In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## 5 OTHER MATTERS

- (i)** We did not audit the financial statement of Madanpur South Coal Company Limited (a jointly controlled entity) whose financial statement reflect

total assets (net) of ₹ 1,564.19 lacs as at 31st March, 2014 and total revenues (net) of ₹ 0.03 lacs for the year then ended. This financial statement has been audited by other auditor whose report have 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 entity, is based solely on the reports of the other auditor.

(ii) We did not audit the financial statement of subsidiary company namely MSP Group International (Singapore) Pte Limited whose financial statement reflects total assets (net) of ₹ 1.47 lacs as on 31st March, 2014, total revenues (net) of ₹ 12.03 lacs and net cash outflow of ₹ 3.57 lacs for the period then ended. This financial statement was not audited by their auditor, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiary, is based solely on such unaudited financial statements.

Our opinion is not qualified in respect of these matters.

For **SUNIL KUMAR AGRAWAL & ASSOCIATES**

*Chartered Accountants*

Firm Registration No. - 323133E

**CA SUNIL KUMAR AGRAWAL**

*Partner*

Membership No: 057731

**PLACE:** Kolkata

**DATE:** 30th May, 2014

# Consolidated Balance Sheet

As at 31st March, 2014

₹ in Lacs

NOTES	AS AT	AS AT
	31ST MARCH, 2014	31ST MARCH, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	<b>3</b>	10,691.90
Reserves and Surplus	<b>4</b>	59,336.64
		<b>70,028.54</b>
<b>Share Application Money Pending Allotment</b>	<b>5</b>	<b>1,882.50</b>
<b>Minority Interest</b>		<b>2,001.60</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	<b>6</b>	59,563.42
Deferred Tax Liabilities (net)	<b>7</b>	5,862.19
Long Term Provisions	<b>8</b>	241.89
Other Long Term Liabilities	<b>11</b>	119.61
		<b>65,787.11</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	<b>9</b>	38,689.06
Trade Payables	<b>10</b>	15,522.60
Other Current Liabilities	<b>11</b>	19,514.04
Short Term Provisions	<b>8</b>	587.47
		<b>74,313.17</b>
<b>TOTAL</b>		<b>214,012.92</b>
		<b>206,985.50</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	<b>12 A</b>	99,978.84
Intangible Assets	<b>12 B</b>	310.55
Capital Work-In-Progress	<b>13</b>	18,210.79
Deferred Tax Assets (net)	<b>7</b>	0.21
Non Current Investments	<b>14</b>	4,783.55
Long-Term Loans and Advances	<b>15</b>	12,323.34
Other Non-Current Assets	<b>16</b>	1,180.56
		<b>136,787.84</b>
<b>Current Assets</b>		
Inventories	<b>17</b>	29,553.50
Trade Receivables	<b>18</b>	19,111.93
Cash and Bank Balances	<b>19</b>	2,175.35
Short-Term Loans and Advances	<b>15</b>	25,545.23
Other Current Assets	<b>16</b>	839.07
		<b>77,225.081</b>
<b>TOTAL</b>		<b>214,012.92</b>
Summary of significant accounting policies	<b>2</b>	<b>206,985.50</b>

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

As per our report of even date.

For **SUNIL KUMAR AGRAWAL & ASSOCIATES**

For and on behalf of Board of Directors

Firm Registration No: 323133E

Chartered Accountants

**CA SUNIL KUMAR AGRAWAL**

Partner

Membership No: 057731

**PURAN MAL AGRAWAL**

Chairman

**SURESH KUMAR AGRAWAL**

Managing Director

Place: Kolkata

**RUCHI GARG**

Date: 30th May, 2014

Company Secretary

# Consolidated Statement of Profit & Loss

For the year ended 31st March, 2014

₹ in Lacs

	NOTES	2013-14	2012-13
<b>INCOME</b>			
Revenue from Operations (gross)	20	1,30,872.12	101,551.57
Less: Excise Duty		11,579.82	9,379.44
<b>Revenue from Operations (net)</b>		<b>1,19,292.30</b>	<b>92,172.134</b>
Other Income	21	3643.95	606.53
<b>Total (I)</b>		<b>122936.25</b>	<b>92,778.66</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	22	73,305.48	52,612.13
Purchase of Traded Goods	23	12,966.66	8,412.30
Changes in Inventories of finished goods, work-in-progress and traded goods	24	1,607.56	(835.34)
Employee Benefits Expenses	25	3,041.53	2,507.13
Other Expenses	26	12,456.68	13,377.39
Depreciation	12A	5,479.67	4,628.00
Finance Costs	27	10,875.28	9,050.63
<b>Total (II)</b>		<b>1,19,732.86</b>	<b>89,752.24</b>
<b>Profit Before Tax (I-II)</b>		<b>3,203.39</b>	<b>3,026.42</b>
<b>Tax Expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		664.50	603.48
Less: MAT Credit Entitlement		(638.45)	(599.16)
Deferred Tax		1,047.23	1,006.96
<b>Total Tax Expense</b>		<b>1,073.28</b>	<b>1,011.28</b>
<b>Profit for the year before Share of Minority Interest</b>		<b>2,130.11</b>	<b>2015.14</b>
<b>Minority Interest</b>		<b>0.06</b>	<b>1.76</b>
<b>Profit for the year</b>		<b>2,130.05</b>	<b>2,013.38</b>
<b>Earnings per equity share [nominal value of share ₹ 10 each (31st March 2013: ₹ 10 each)]</b>			
Basic (₹)	28	2.47	3.04
Diluted (₹)		2.47	3.04
<b>Summary of Significant Accounting Policies</b>	2		
The accompanying notes are an integral part of the Consolidated financial statements.			
As per our report of even date.			
For <b>SUNIL KUMAR AGRAWAL &amp; ASSOCIATES</b>		For and on behalf of Board of Directors	
<b>Firm Registration No:</b> 323133E			
Chartered Accountants			
<b>CA SUNIL KUMAR AGRAWAL</b>		<b>PURAN MAL AGRAWAL</b>	<b>SURESH KUMAR AGRAWAL</b>
Partner		Chairman	Managing Director
<b>Membership No:</b> 057731			
Place: Kolkata		<b>RUCHI GARG</b>	
Date: 30th May, 2014		Company Secretary	

₹ in Lacs

# Consolidated Cash Flow Statement

For the year ended 31st March, 2014

	2013-14	2012-13
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxes	3,203.39	3,026.43
Adjustments for :		
Depreciation	5,479.67	4,628.01
Unrealised Loss/(Gain) on Foreign Exchange Fluctuation/Forward	(145.94)	(31.39)
Profit on Sale of Land	-	(36.74)
Irrecoverable Debts, Deposits and Advances written off	32.20	77.69
Provision for bad and doubtful debts/advances	-	(24.61)
Liabilities no longer required written back	(66.14)	-
Loss on sale of fixed assets	2.97	-
Preliminary Expenses written off	0.05	0.28
Loss on Project Abandonment	-	902.82
Interest on loans, deposits etc.	(544.57)	(524.63)
Interest Expenses	9,715.60	8,427.21
Other Finance Expenses	213.47	58.82
Dividend Income	(0.21)	(0.25)
<b>Operating Profit before working capital changes</b>	<b>17,890.49</b>	<b>16,503.64</b>
Movement in Working Capital for:		
(Increase)/Decrease in Trade Receivables	(6,485.56)	(8,086.87)
(Increase)/Decrease in Loans and Advances	12,666.42	(24,339.37)
(Increase)/Decrease in Other Assets	1,084.11	(492.86)
(Increase)/Decrease in Inventories	1,201.49	(9,746.95)
Increase/(Decrease) in Trade Payables	812.30	9,702.25
Increase/(Decrease) in Other Liabilities	1708.66	1,671.02
Increase/(Decrease) in Provisions	218.03	841.25
<b>Cash generated from Operations</b>	<b>29,095.94</b>	<b>(13,947.89)</b>
Direct Taxes Paid	1,575.82	488.93
<b>Net Cash generated from Operating Activities</b>	<b>27,520.12</b>	<b>(14,436.82)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(18,351.52)	(13,685.21)
Discard of Fixed Assets	55.31	2.55
Profit On Sale Of Land	-	36.74
Loss on sale of Fixed Assets	(2.97)	-
Purchase of Investments	(15.00)	-
Sale of Investments	50.00	-
Fixed Deposits (with maturity period of more than three months) matured/(made)	(1,403.05)	(283.87)
Interest received	485.76	818.21
Dividends received	0.21	0.25
<b>Net cash used in investing activities</b>	<b>(19,181.26)</b>	<b>(13,111.33)</b>
		(CNTD.)

₹ in Lacs

	2013-14	2012-13
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Application money received towards Equity Shares	-	10,655.91
Unpaid Dividend	-	(3.66)
Dividend and dividend distribution tax paid	(3.00)	(244.29)
Proceeds from Preferential issue of Equity Shares	945.72	18,000.45
Share application money refund	(900.00)	-
Long Term Borrowings Received/ (paid)	14,615.87	13,059.42
Long Term Borrowings Repaid	(12,694.18)	(5,203.07)
Short Term Borrowings Received/ (paid) (Net)	(264.20)	(4,005.02)
Cash credit and working capital received (Net)	277.06	3060.88
Interest Paid	(10,164.52)	(7,965.68)
Other Finance Expenses Paid	(213.47)	(58.82)
<b>Net cash generated in financing activities</b>	<b>(8,400.72)</b>	<b>27,296.12</b>
<b>D EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>	<b>1.97</b>	<b>0.09</b>
Net (Decrease)/Increase in Cash and Cash equivalents (A+B+C)	(59.89)	(251.94)
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>256.37</b>	<b>508.31</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>196.48</b>	<b>256.37</b>
	2013-14	2012-13
<b>* Components of Cash and Cash equivalents</b>		
Cash on hand	33.88	111.60
Cheques in hand	-	0.18
With Scheduled Banks on Current Account	162.21	142.37
Fixed Deposits with original maturity period being three months or less	0.39	2.22
	<b>196.48</b>	<b>256.37</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***SURESH KUMAR AGRAWAL***Managing Director***Place:** Kolkata**Date:** 30th May, 2014**RUCHI GARG***Company Secretary*

**MSP STEEL & POWER LIMITED**  
**SIGNIFICANT ACCOUNTING POLICIES**

**1 CORPORATE INFORMATION**

MSP Steel & Power Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacture and sale of iron and steel products and generation and sale of power.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A | PRINCIPLES OF CONSOLIDATION** The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard ('AS') – 21 on 'Consolidated Financial Statements' and AS – 27 on 'Financial Reporting of Interest in Joint Ventures' notified under the Companies (Accounting Standards) Rules, 2006, (as amended).

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 2014	As at 31st March 2013
MSP Group International (Singapore) Pte Ltd.	Singapore	100.00%	100.00%
MSP Cement Ltd.	India	100.00%	100.00%
AA ESS Trade-links Pvt. Ltd.	India	52.32%	52.32%
Madanpur South Coal Company Ltd. (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 recognized 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)** In terms of AS – 11, 'The Effects of Changes in Foreign Exchange Rates', foreign subsidiary of the Company is integral to the operations of the Company. Financial statements of this subsidiary has been translated at the following exchange rates:

- Revenue and expenses: At the average exchange rates during the year.
- Fixed Assets and Investment: At average exchange rates in the year of purchase.
- All other assets and liabilities: Closing rates prevailing at year end.

Any exchange difference arising on consolidation is recognized in the consolidated statement of profit and loss.

**(vii)** 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** The consolidated financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these consolidated financial statements to comply in all material respect with the Accounting Standards ('AS') notified under the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the relevant provisions of the Companies Act, 1956 (to the extent applicable). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

**C | USE OF ESTIMATES** The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of 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 re-

pair 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 asset and whose use, as per technical assessment, is expected to be irregular, is 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 amortization 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 calculated on a 'straight-line basis' using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

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

Depreciation on change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets.

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 Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

**G | IMPAIRMENT OF FIXED ASSETS** The carrying amounts 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.

**I | REVENUErecognition** 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 Draw Back 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.

**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.

**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.

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 Consolidated Statement of Profit and Loss.

- The Company's contribution to the provident fund and the family pension fund are charged to consolidated statement of profit & loss.

#### **O | INCOME TAXES** Tax expense comprises both 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 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 the 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 recognized 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 recognized but are disclosed in the Notes. Contingent Assets are neither recognized 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 Consolidated 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 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.

₹ in Lacs

3. SHARE CAPITAL	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Authorised shares</b>		
96,000,000 (102,000,000) equity shares of ₹ 10/- each	9,600.00	10,200.00
21,000,000 (15,000,000) 6% non cumulative redeemable preference shares of ₹ 10/- each	2,100.00	1,500.00
	<b>11,700.00</b>	<b>11,700.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
86,200,000 (86,198,686) Equity Shares of ₹ 10/- each, fully paid up	8,620.00	8,619.87
20,719,000 (8,719,000) 6% non cumulative redeemable preference shares of ₹ 10/- each, fully paid up	2,071.90	871.90
<b>Total issued subscribed and fully paid-up share capital</b>	<b>10,691.90</b>	<b>9,491.77</b>

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
	No. (₹ in lacs)	No. (₹ in lacs)
At the beginning of the year	88,100,000	8,810.00
Issued during the year	-	-
Elimination on account of consolidation*	(1,900,000)	(190.00)
<b>Outstanding as at the end of the year</b>	<b>86,200,000</b>	<b>8,620.00</b>

Preference shares	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
	No. (₹ in lacs)	No. (₹ in lacs)
At the beginning of the year	8,794,000	879.40
Issued during the year	12,000,000	1,200.00
Elimination on account of consolidation*	(75,000)	(7.50)
<b>Outstanding as at the end of the year</b>	<b>20,719,000</b>	<b>2,071.90</b>

(CONTD)

\*AA ESS Tradelink Private Limited, one of the subsidiaries of Company is holding 1,900,000 (1,901,314) equity shares and 75,000 (75,000) preference shares in the Company, which has been eliminated on consolidation in terms of Accounting Standard 21.

#### 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 dividend 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 dividend in Indian rupees.

The preference share(s) 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.

During the year, the Company had issued 12,000,000 numbers of preference shares of ₹ 10/- each in the same class with a premium of ₹ 90/- per share.

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.

#### Detail of shareholders holding more than 5% shares in the company

	AS AT 31ST MARCH 2014		AS AT 31ST MARCH 2013	
Equity shares of ₹ 10/- each	No.	% holding in the class	No.	% holding in the class
MSP Infotech Pvt. Ltd.	7,229,760	8.39	7,129,760	8.27
MSP Properties (I) Ltd.	-	-	6,030,500	7.00
Adhunik Gases Ltd.	5,554,000	6.44	5,554,000	6.44
K. C. Texofine Pvt. Ltd.	-	-	5,147,000	5.97
Raj Securities Ltd	-	-	4,872,000	5.65
MSP Sponge Iron Ltd.	24,736,500	28.70	-	-
Lario Investment Pvt. Ltd	-	-	4,835,000	5.61
Rama Alloys Pvt. Ltd.	-	-	2,965,000	3.44

	AS AT 31ST MARCH 2014		AS AT 31ST MARCH 2013	
Preference shares of ₹ 10/- each	No.	% holding in the class	No.	% holding in the class
B.S. Confin Pvt. Ltd.	2,450,000	11.82	-	-
Jaik Leasing and Commercial Investment Pvt. Ltd.	1,540,000	7.43	1,540,000	17.66
Dexo Trading Pvt. Ltd.	3,920,000	18.92	1,220,000	13.99
Hightime Holdings Pvt. Ltd.	2,450,000	11.82	-	-
M.A. Hire Purchase Pvt. Ltd.	1,105,000	5.33	1,105,000	12.67
Ilex Pvt. Ltd.	1,800,000	8.69	-	-
Sikhaar Commodity Pvt. Ltd.	3,635,000	17.54	935,000	10.72
Ravi Business Services Pvt. Ltd.	-	-	760,000	8.72
Shree Vinay Finvest Pvt. Ltd.	-	-	680,000	7.80
Mod Commodity Pvt. Ltd.	-	-	442,000	5.07
Shrinagar Mercantile Pvt. Ltd	-	-	442,000	5.07

₹ in Lacs

4. RESERVES AND SURPLUS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Securities Premium Account</b>		
Balance as per the last financial statements	22,902.69	7,902.69
Add : Received during the year	10,808.71	15,000.00
Less : Elimination on account of consolidation	(8.70)	—
Closing Balance	<b>33,702.69</b>	<b>22,902.69</b>
<b>Surplus in the statement of Profit and Loss</b>		
Balance as per last financial statements	23,501.96	20975.27
Profit for the year	2,130.05	2013.39
Income tax for earlier years	-	541.70
<b>Less: Appropriations</b>		
Dividend paid for earlier year	-	25.02
Dividend tax for earlier year	-	4.06
<b>Surplus</b>	<b>25,602.30</b>	<b>23,501.96</b>
<b>Foreign Currency Translation Difference Account</b>	<b>2.62</b>	<b>0.65</b>
<b>Total reserves and surplus</b>	<b>59,336.64</b>	<b>46,404.62</b>

#### 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.

₹ in Lacs

6. LONG TERM BORROWINGS	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Secured</b>				
<b>Term Loans</b>				
<b>From Banks</b>				
Indian Rupee Loan	46,247.35	34,558.89	7,744.79	9757.25
Foreign Currency Loan	3,736.26	14,457.29	2,491.06	2,302.00
<b>Finance Lease Obligation</b>				
From Banks	27.17	4.05	18.64	26.71
From Body Corporates	10.28	40.83	30.79	50.78
<b>Unsecured</b>				
Inter Corporate Deposits	4,584.86	3,898.00	-	-
Loans and Advances from Related Parties	4,957.50	1,970.07	-	-
	<b>59,563.42</b>	<b>54,929.13</b>	<b>10,285.28</b>	<b>12,136.74</b>
	(CNTD.)			

₹ in Lacs

6. LONG TERM BORROWINGS	NON-CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>The above amount includes :</b>				
Secured Borrowings	50,021.06	49,061.06	10,285.28	12,136.74
Unsecured Borrowings	9,542.36	5,868.07	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 11)	-	-	(10,285.28)	(12,136.74)
<b>Net amount</b>	<b>59,563.42</b>	<b>54,929.13</b>	<b>-</b>	<b>-</b>

₹ in Lacs

7. COMPONENTS OF DEFERRED TAX LIABILITY / (ASSETS)	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>In respect of the Company</b>		
Timing difference in depreciable assets	5,862.20	6,959.87
Expenses allowable in future	-	(2,144.90)
<b>Deferred tax liability (Net)</b>	<b>5,862.20</b>	<b>4,814.97</b>
<b>In respect of the components</b>		
Timing difference in depreciable assets	0.21	0.04
Expenses allowable in future	-	0.17
<b>Deferred tax assets (Net)</b>	<b>0.21</b>	<b>0.21</b>

₹ in Lacs

8. PROVISIONS	LONG-TERM		SHORT-TERM	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Provision for employee benefits</b>				
For gratuity (refer Note No. 30)	142.83	103.70	-	-
For leave benefits	95.47	86.80	-	-
<b>Other provisions</b>	<b>238.30</b>	<b>190.50</b>	<b>-</b>	<b>-</b>
For tax on proposed equity dividend	-	-	-	3.00
For Taxation [net of advance tax of ₹ 110.87 lacs (₹ 107.12 lacs)]	3.59	3.24	587.47	1,328.92
	<b>241.89</b>	<b>193.74</b>	<b>587.47</b>	<b>1,331.92</b>

## TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

Particulars	REPAYMENT TERMS			
	Outstanding including Current Maturities		Date of Maturity with respect to 31st March, 2014	Rate of Interest (%)
	No. of Installment	₹ in lacs		
From Banks				
	1	101.54	April, 2014	13.30 - 14.60
	5	380.00	March, 2015	13.80
	1	170.78	June, 2014	13.80
	13	10,173.99	June, 2017	12.95-13.80
	23	11,075.17	December, 2019	12.95 - 13.75
Indian rupee loan (Quarterly installments)*	24	7,733.32	March, 2020	13.15 - 13.75
	28	10,500.00	September, 2021	13.15 - 13.45
	31	7,727.84	December, 2022	13.50 - 14.70
	16	1,500.00	March, 2020	13.00
	28-30	410.84	September, 2022 - March, 2023	12.95 - 13.15
	9 **	4218.67	June, 2016	14.00
<b>TOTAL (A)</b>		<b>53,992.15</b>		
Foreign currency loan (Half yearly installments)*	5	6,227.32	June, 2016	8.80 (After considering the hedge effect)
<b>TOTAL (B)</b>		<b>6,227.32</b>		
Finance lease obligation (Monthly installments)***				
From banks	1-55	45.81	April, 2014 - October, 2018	7.99-12.79
From body corporate	1-17	41.07	April, 2014 - August, 2015	10.45-12.51
<b>TOTAL (C)</b>		<b>86.88</b>		
<b>GRAND TOTAL (A+B+C)</b>		<b>60,306.35</b>		

**Nature of security:**

\* Rupee Term Loans and Foreign Currency Loans from Banks are secured by way of equitable mortgage of Company's land and immovable properties at Raigarh, first charge by way of hypothecation of the Company's movable assets (save and except book debts) including movable machinery, machinery spares, tools and accessories, (both present and future), second charge over entire current assets of the company, (both present and future), on pari passu basis. The term loans are further secured by the personal guarantees of Mr. Puranmal Agrawal (the chairman), Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal and Mr. Manish Agrawal (directors of the Company).

\*\*The Bank has exclusive charge on entire current assets of the borrower, entire movable fixed assets of the borrower both present and future, escrow a/c 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 agreements.

₹ in Lacs

9. SHORT-TERM BORROWINGS	AS AT 31ST MARCH,	AS AT 31ST MARCH,
	2014	2013
<b>Secured</b>		
<b>Rupee Loan from Banks</b>		
Cash Credit Facility	37,887.04	35,902.83
Short Term Loan	500.00	-
<b>Foreign Currency Loans from Banks</b>	-	2,207.14
<b>Unsecured</b>		
<b>From Body Corporates</b>		
Inter Corporate Deposits	302.02	215.00
	<b>38,689.06</b>	<b>38,324.97</b>
<b>The above amount includes</b>		
Secured Borrowings	38,387.03	38,109.97
Unsecured Borrowings	302.03	215.00

**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 of raw materials, finished goods, goods under process, stores and spares, book debts etc. (both present and future), second charge over the entire fixed assets of the Company and personal guarantees of Puranmal Agrawal (the chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (directors of the Company).

₹ in Lacs

10. TRADE PAYABLES	CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Trade Payables (including acceptances) (Refer note no. 43)	15,522.60	14,923.98
	<b>15,522.60</b>	<b>14,923.98</b>

₹ in Lacs

11. OTHER LIABILITIES	NON CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Advance from customers	-	-	3710.92	3,488.03
Forward Contract Premium Payable	-	-	-	573.60
Retention / Security Deposit	118.36	161.78	136.55	153.93
Current maturities of long-term borrowings (refer Note No. 6)	-	-	10285.28	12,136.739
Interest accrued and due on borrowings	-	-	568.52	495.13
Interest accrued but not due on borrowings	-	-	126.79	80.59
Other Payables on capital purchases	-	-	1,800.66	1,838.48
Share Application Money Pending Refund	-	-	3.00	3.00
Unpaid Dividend	-	-	3.66	3.66
Others (including statutory dues payable)	1.25	-	2878.66	1,797.01
	<b>119.61</b>	<b>161.78</b>	<b>19,514.04</b>	<b>20,570.17</b>

₹ in Lacs

**12 A. TANGIBLE ASSETS**

DESCRIPTION	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK
	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
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>1,439.236</b>	<b>118,554.81</b>	<b>13,102.86</b>	<b>5,479.67</b>	<b>6.56</b>	<b>18,575.97 99,978.84</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 31ST MARCH 2014	AS AT 31ST MARCH 2013
Original Cost	753.60	700.00
Depreciation charge	69.91	67.21
Accumulated Depreciation	384.52	319.58
<b>Net Book Value</b>	<b>369.08</b>	<b>380.42</b>

\* Includes ₹ 15,367.80 lacs (₹ 39,437.35 lacs) capitalised from Capital Work in progress (CWIP)

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

**12 A. TANGIBLE ASSETS**

DESCRIPTION	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK
	AS AT 1ST APRIL, 2012	ADDITIONS*	DELETIONS	BORROWING COST**	AS AT 31ST MARCH 2013	AS AT 1ST APRIL, 2012	FOR THE YEAR	LESS : ON DELETIONS	
Freehold Land	985.42	0.17	2.55	-	983.04 (a)	-	-	-	983.04
Factory Building	6,508.00	5,380.24	-	561.55	12,449.79	661.50	366.89	-	1,028.39 11,421.40
Other Building	1,155.29	353.08	-	36.85	1,545.22	35.66	23.62	-	59.28 1,485.94
Plant and Machinery	48,755.95	33,683.31	-	3,499.60	85,938.86	7,492.85	4,161.52	-	11,654.37 74,284.49
Vehicles	610.93	89.07	-	-	700.00 (b)	252.37	67.21	-	319.58 380.42
Office Equipment	20.00	19.80	-	-	39.80	2.51	3.06	-	5.57 34.23
Furniture and Fixture	78.22	7.60	-	-	85.82	29.97	5.70	-	35.67 50.15
<b>Total</b>	<b>58,113.81</b>	<b>39,533.27</b>	<b>2.55</b>	<b>40,78.00</b>	<b>101,742.53</b>	<b>8,474.86</b>	<b>4,628.00</b>	<b>-</b>	<b>13,102.86 88,639.66</b>

**12 B. INTANGIBLE ASSETS**

DESCRIPTION	GROSS BLOCK (AT COST)			AMORTIZATION			NET BLOCK
	AS AT 1ST APRIL, 2013	DEDUCTIONS DURING THE YEAR	AS AT 31ST MARCH 2014	AS AT 1ST APRIL, 2013	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2014	
Goodwill arising on consolidation	310.74	0.19	310.55	-	-	-	310.55
<b>Total</b>	<b>310.74</b>		<b>310.55</b>				<b>310.55</b>
<b>GROSS BLOCK (AT COST)</b>							
DESCRIPTION	AS AT 1ST APRIL, 2012	DEDUCTIONS DURING THE YEAR	AS AT 31ST MARCH 2013	AS AT 1ST APRIL, 2012	AS AT 31ST MARCH 2013	AS AT 31ST MARCH 2013	NET BLOCK
Goodwill arising on consolidation	310.74	310.74	310.74	310.74	310.74	310.74	310.74
<b>Total</b>	<b>310.74</b>		<b>310.74</b>				<b>310.74</b>

₹ in Lacs

13. CAPITAL WORK-IN-PROGRESS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Buildings **	6,485.68	10,611.36
Plant and Machinery	21,863.99	38,854.55
Capital Goods in Stock [including in transit ₹ 64.55 lacs (₹ 342.54 lacs)]	305.30	459.43
Less: Capitalised during the year	14,410.03	35,330.95
	<b>14,244.94</b>	<b>14,594.39</b>
Preoperative and Trial Run expenses (Pending Allocation)	3,965.85	4,108.01
	<b>18,210.79</b>	<b>18,702.40</b>
<b>Details of Pre-Operative and Trial Run expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	4,108.01	9,163.52
<b>Raw Materials Consumed</b>	<b>3,178.11</b>	<b>4,222.35</b>
<b>Finished Goods Consumed</b>	<b>7,146.15</b>	<b>-</b>
<b>Personnel Cost</b>		
Salary, Wages and Bonus	35.25	189.05
Contribution to Provident and Other Funds	1.51	5.04
Staff Welfare	0.04	1.08
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	0.21	14.23
Power and Fuel	32.97	213.24
Repairs and Maintenance		
Plant and Machinery	6.61	65.02
Others	-	1.84
Material Handling Charges	0.61	26.30
Travelling and Conveyance	0.08	0.92
Vehicle Running and Maintenance Expense	20.56	17.87
Insurance Charges	1.49	-
Printing and Stationary	1.41	1.95
Postage and Communication	0.74	3.21
Legal and Professional Charges	57.77	49.39
Rent and Hire Charges	13.80	23.03
Miscellaneous Expenses	14.72	8.96
<b>Borrowing Cost</b>		
Interest on term loans	2036.72	3616.12
Finance Charges	112.90	284.93
	<b>16769.65</b>	<b>17908.05</b>
<b>Less:</b>		
Expenses relating to abandoned projects charged off	-	902.82
Usable items in respect of abandoned projects transferred to capital work in progress	-	27.63
Material Transferred for Captive Consumption (Refer note no. 24)	10,406.81	3,738.40
Generation cost of Power consumed in Production (Refer note no. 26)	-	926.79
Capitalised during the year	2,396.99	8,204.40
<b>Total</b>	<b>3,965.85</b>	<b>4,108.01</b>

\*\* Includes ₹ 216.40 lacs (₹ 174.82 lacs) transferred from Changes in Inventories ( refer note no. 24 ).

₹ in Lacs

14. NON CURRENT INVESTMENTS	Number of Shares/ Units	Number of Shares/ Units	Face Value per Share/Units	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	
<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 (I) Limited	97,500	97,500	₹ 10	9.75	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	
Shree Sai Shraddha Metallics Private Ltd	-	50,000	₹ 10	-	50.00	
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.	16,200	16,200	₹ 10	13.38	13.38	
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	
Raj Securities Ltd.	250,000	250,000	₹ 10	5.00	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	1.67	
B.S.Confin Pvt Ltd .	13,560	13,560	₹ 10	22.20	22.20	
Hightime Holding Pvt Ltd .	134,600	134,600	₹ 10	13.46	13.46	
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	
				<b>4,742.69</b>	<b>4,792.70</b>	
<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	1.76	1.76	
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	
				<b>25.86</b>	<b>25.86</b>	
<b>(ii) Units of Mutual Fund (at lower of cost and market value)</b>						
In Reliance Liquid Fund Treasury Plan - Daily Dividend Option	981.2	-	₹ 10	15.00	-	
				<b>15.00</b>	<b>-</b>	
<b>TOTAL</b>				<b>4,783.55</b>	<b>4,818.56</b>	

Cost and market value of quoted and unquoted long term investments:

	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	Cost	Market Value	Cost	Market Value
-Quoted	40.86	61.97	25.86	44.47
-Unquoted	4,742.69	NA	4,792.70	NA
<b>Total</b>	<b>4,783.55</b>		<b>4,818.56</b>	

₹ in Lacs

15. LOANS AND ADVANCES	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Unsecured, considered good unless otherwise stated				
Loans to Bodies Corporate	-	2.54	1,690.85	1,805.45
(A)	-	2.54	1,690.85	1,805.45
Capital Advances	7,632.74	9,565.54	-	-
(B)	7,632.74	9,565.54	-	-
Security Deposit	104.03	159.35	1.47	-
(c)	104.03	159.35	1.47	-
Advances Recoverable in cash or kind				
Considered Good	1.45	1.45	20,446.36	28,809.44
Considered Doubtful	19.40	19.40	-	-
	20.85	20.85	20,446.36	28,809.44
Less: Provision for doubtful advances	19.40	19.40	-	-
(d)	1.45	1.45	20,446.36	28,809.44
Other Loans and Advances				
MAT Credit Entitlement	4,198.57	3,560.11	-	-
Advance Income Tax & TDS [Net of provision of ₹ 1386.88 lacs (₹ 760.15 lacs)]	-	857.55	24.66	1.85
Share Application Money Pending Allotment	377.50	386.66	-	-
Prepaid Expenses	-	-	62.85	66.08
Loans and Advances to Employees	-	-	41.30	37.62
Export Incentive Receivable	-	-	127.74	94.49
Balances with Statutory/ Government authorities	6.34	-	1,161.07	1,417.45
(E)	4,582.41	4,804.32	1,417.62	1,617.49
Loans and Advances to Related parties	2.72	223.07	1,988.94	936.77
(F)	2.72	223.07	1,988.94	936.77
<b>TOTAL (A+B+C+D+E+F)</b>	<b>12,323.34</b>	<b>14,756.27</b>	<b>25,545.23</b>	<b>33,169.15</b>
Advances Recoverable in cash or kind include				
Dues from officers	-	-	41.30	37.62
Loans and Advances to Related parties include				
Dues from Companies include enterprises over which Key Management Personnel / Relatives have significant influence	-	-	1,988.94	936.77

During the current year, the Company has recognized MAT credit entitlement of ₹ 638.45 lacs (₹ 599.16 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.

₹ in Lacs

16. OTHER ASSETS	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
<b>Unsecured, considered good unless otherwise stated</b>				
Deposits with Banks (Refer Note No. 19)	64.73	86.46	-	-
(A)	<b>64.73</b>	<b>86.46</b>	-	-
<b>Unamortized expenditure</b>				
Unamortized Preliminary Expenses	0.82	0.55	-	0.33
Unamortized Premium on Forward Contracts	-	-	-	543.33
(B)	<b>0.82</b>	<b>0.55</b>	-	<b>543.66</b>
<b>Others</b>				
Interest Accrued on Fixed Deposits and Others	-	-	95.51	36.70
Gain Receivable on Forward Exchange Contract	1,115.02	1,721.07	743.56	-
(c)	<b>1,115.02</b>	<b>1,721.07</b>	<b>839.07</b>	<b>36.70</b>
<b>TOTAL (A)+(B)+(c)</b>	<b>1,180.56</b>	<b>1,808.08</b>	<b>839.07</b>	<b>580.36</b>

₹ in Lacs

17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Raw Materials and Components [includes in transit ₹ 1325.34 lacs (31st March 2013 : ₹ 3463.43 lacs)] (Refer note 22)	17,828.57	20,689.99
Work-in-Progress (Refer note 24)	2,808.93	2,336.15
Finished Goods (Refer note 24)	4,606.90	4,601.74
Trading Goods	0.28	0.28
Stores and Spares [includes in transit ₹ 95.42 lacs (31st March 2013 : ₹ 79.45 lacs)]	2,216.43	1,993.20
By-Products (at net realisable value) (Refer note 24)	2,092.40	1,133.63
	<b>29,553.50</b>	<b>30,754.99</b>

₹ in Lacs

18. TRADE RECEIVABLES	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<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	-	-	203.67	590.39
Considered Doubtful	321.30	321.96	-	-
Less: Provision for doubtful receivables	(321.30)	(321.96)	-	-
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>203.67</b>	<b>590.39</b>
Other Receivables	-	-	18,908.26	12,044.24
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>18,908.26</b>	<b>12,044.24</b>
<b>TOTAL (A)+(B)</b>	<b>-</b>	<b>-</b>	<b>19,111.93</b>	<b>12,634.63</b>
<b>Trade receivables include:</b>				
Dues from companies include enterprises over which Key Management Personnel /Shareholders/Relatives have significant influence	-	-	414.61	152.39

₹ in Lacs

19. CASH AND BANK BALANCES	NON-CURRENT		CURRENT	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Cash and cash equivalents</b>				
<b>Balance with banks:</b>				
On Current Accounts	-	-	162.21	142.37
Unpaid Dividend Accounts	-	-	3.66	3.66
Fixed Deposits with original maturity of less than three months*	-	-	0.39	2.22
Cheques / Drafts on hand	-	-	-	0.18
Cash on Hand	-	-	33.88	111.60
	<b>-</b>	<b>-</b>	<b>200.14</b>	<b>260.03</b>
<b>Other bank balances :</b>				
Fixed Deposits with original maturity for more than 12 months*	64.73	86.46	55.84	298.42
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	1,919.37	252.00
	<b>64.73</b>	<b>86.46</b>	<b>1,975.21</b>	<b>550.42</b>
Amount disclosed under Other Non-Current Assets (Note No. 16)	(64.73)	(86.46)	-	-
	<b>-</b>	<b>-</b>	<b>21,75.35</b>	<b>810.45</b>

\* Fixed deposits with a carrying amount of ₹ 1984.96 lacs (₹ 578.90 lacs) are used towards security given against the Bank Guarantees & Company's Letter of Credits (LC's) issued by the banks and ₹ 5.34 lacs(₹ 5.34 lacs) as security deposit issued to sales tax department on behalf of the Company.

₹ in Lacs

<b>20. REVENUE FROM OPERATIONS</b>	<b>2013-14</b>	<b>2012-13</b>
Sale of Products		
Finished Goods	111,812.39	88,406.23
Power	3,297.39	3,258.76
Traded Goods	13,730.36	8,839.38
Other Operating Revenue		
Scrap sales and By Products	1,246.75	872.79
Sale of Raw Materials	673.14	91.14
Export Incentives	108.55	75.30
Others	3.53	7.97
	<b>130,872.12</b>	<b>101,551.57</b>
 <b>Details of Product Sold</b>	 <b>2013-14</b>	 <b>2012-13</b>
<b>Finished Goods Sold</b>		
Pellet	13,578.33	14,226.98
Sponge Iron	17,585.93	9,500.06
MS Billets	27,377.04	15,891.40
TMT Bar	31,541.60	32,965.48
Structural Steel	21,729.49	15,822.30
	<b>111,812.39</b>	<b>88,406.23</b>
<b>Traded Goods Sold</b>		
M.S. Joist	-	38.63
M.S. Wire	74.05	504.99
M.S. Plate	-	33.69
TMT Bar	2,476.13	819.95
Steel Round	4,903.28	6,574.38
M.S.Angle	1,045.69	17.92
M.S.Channel	84.53	409.21
Round Bar	-	31.50
Coal	1,674.08	393.16
M.S.Round	4.25	-
Steel Flat	643.61	-
M.S.Flat	190.86	-
C.R. Sheet	952.97	-
H.R. Sheet	104.48	-
M.S. Pipe	1,313.09	-
M.S. Wire Rod	114.60	-
Industrial Oxygen Gas	15.91	15.95
Grain Oriented Electrical Steel Sheet	132.83	-
	<b>13,730.36</b>	<b>8,839.38</b>

₹ in Lacs		
<b>21. OTHER INCOME</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Interest Income on</b>		
Loans, Fixed Deposits, etc	544.57	524.80
<b>Dividend Income on</b>		
Long-Term Investments	0.21	0.25
Profit on Sale of Fixed Assets	-	36.74
Liabilities no longer required written back	66.14	-
Long Term Capital Gain	0.27	-
Other Non-Operating Income	3,032.76	44.75
	<b>3,643.95</b>	<b>606.53</b>

₹ in Lacs		
<b>22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>	<b>2013-14</b>	<b>2012-13</b>
Inventory at the beginning of the year	20,689.99	12,201.83
Add : Purchases [Includes materials transferred from trial run production ₹ Nil (₹ 3,738.40 lacs)] (refer note no. 13)	70,444.06	61,100.29
Less : Inventory at the end of the year	17,828.57	20,689.99
	<b>73,305.48</b>	<b>52,612.13</b>

<b>Details of Raw Material and Components consumed</b>	<b>2013-14</b>	<b>2012-13</b>
Coal and Coke (including fines) *	28,039.80	18,470.35
Iron Ore (including fines)	22,748.25	16,174.97
Dolomite/Limestone	318.04	224.50
Silico Manganese	1,523.81	1,523.71
Sponge/Pig Iron/Scrap	12,701.69	10,464.76
MS Billets/Ingots	4,805.55	2,015.44
Iron Ore Pellets	3,168.34	3,738.40
	<b>73,305.48</b>	<b>52,612.13</b>

\* Includes consumption relating to power plant

<b>Details of Inventory</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Raw Materials and Components</b>		
Coal and Coke	11,857.42	13,722.18
Iron Ore (including fines)	5,600.76	6,808.79
Dolomite/Limestone	44.61	101.68
Sponge/Pig Iron	265.67	40.76
Others	60.11	16.58
	<b>17,828.57</b>	<b>20,689.99</b>

₹ in Lacs

<b>23. PURCHASE OF TRADED GOODS</b>	<b>2013-14</b>	<b>2012-13</b>
M.S. Joist	-	36.96
M.S. Wire	67.71	469.28
M.S. Plate	-	31.62
TMT Bar	2,407.71	785.84
Steel Round	4,588.30	6,255.50
M.S.Angle	985.82	16.89
M.S.Channel	79.59	390.42
Round Bar	-	30.92
Coal	1,592.43	385.38
M.S.Round	4.25	-
Steel Flat	601.55	-
C.R. Sheet	879.36	-
H.R. Sheet	98.86	-
M.S. Pipe	1,242.61	-
M.S. Wire Rod	104.96	-
M.S. Flat	182.27	-
Industrial Oxygen Gas	8.47	9.49
Grain Oriented Electrical Steel Sheet	122.77	-
	<b>12,966.66</b>	<b>8,412.30</b>

₹ in Lacs

<b>24. CHANGES IN INVENTORIES</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Inventories at the end of the year</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>
Transfer from Trial Run - Finished Goods (refer note no. 13)	10,406.81	-
Transfer to CWIP - Finished Goods (refer Note No. 13)	216.40	174.81
	<b>10,623.21</b>	<b>174.81</b>
<b>Inventories at the beginning of the year</b>		
By-Products	1,133.63	1,454.27
Work-in-Progress	2,336.15	1,903.40
Finished Goods	4,601.74	4,053.32
Trading Goods	0.28	0.28
	<b>8,071.80</b>	<b>7,411.27</b>
Finished Goods transferred to Trial Production [refer note no. 13]	7,146.15	-

(CONTD)

₹ in Lacs

(Increase)/Decrease in Inventories		2013-14	2012-13 in Lacs
By-Products		(958.77)	320.64
Work-in-Progress		(472.77)	(432.75)
Finished Goods		3,039.10	(723.23)
Trading Goods		-	-
		<b>1,607.56</b>	<b>(835.34)</b>
Details of Inventories		2013-14	2012-13 in Lacs
By-Products			
Coal Fines		286.24	19.31
Dolochar		1,795.07	1,114.32
Coal Tar		11.09	-
		<b>2,092.40</b>	<b>1,133.63</b>
Work-in-Progress			
Iron Ore Pellet		2,160.79	1,707.21
Sponge Iron		204.65	255.49
M.S. Billets		219.29	293.22
Others		224.20	80.23
		<b>2,808.93</b>	<b>2,336.15</b>
Finished Goods			
Iron Ore Pellet		1,366.10	1,246.91
Sponge Iron		212.65	443.56
M.S. Billets		382.66	834.91
TMT Bar		1,096.50	653.41
Structural Steel		1,548.99	1,422.95
		<b>4,606.90</b>	<b>4,601.74</b>
Traded Goods			
Industrial Oxygen Gas		0.28	0.28
		<b>0.28</b>	<b>0.28</b>

₹ in Lacs

25. EMPLOYEE BENEFITS EXPENSES	2013-14	2012-13
Salaries, Wages and Bonus	2,877.65	2,386.00
Contribution to Provident and Other Funds	103.92	91.07
Staff Welfare Expenses	59.96	30.05
	<b>3,041.53</b>	<b>2,507.12</b>

₹ in Lacs

<b>26. OTHER EXPENSES</b>	<b>2013-14</b>	<b>2012-13</b>
Consumption of Stores and Spares	4,187.96	3,968.65
Increase of Excise Duty on Inventory	18.93	55.06
Power and Fuel	1,371.40	1,456.09
Power and Fuel generated from Trial run	-	926.79
Rent	70.85	45.58
Rates and Taxes	266.07	114.30
Insurance	58.24	50.90
Repairs and Maintenance	-	
Plant and machinery	581.11	578.49
Buildings	40.61	61.51
Others	77.72	95.67
Material Handling Charges	1,327.76	1,172.46
Vehicle Running Expenses	590.05	438.46
Cash Discount	169.61	187.43
Advertising and Sales Promotion	40.12	70.37
Freight Outward	1,640.41	1,436.25
Sales Commission	322.62	299.85
Legal and Professional charges	145.60	199.76
Charity and Donations	12.87	8.79
Payment to Auditors (Refer details below)	12.74	17.12
Exchange Differences (net)	572.95	242.07
Irrecoverable Debts, Deposits and Advances Written Off	32.86	153.88
Less : Adjusted with provisions	0.66	32.20
		76.19
		77.69
Provision for Doubtful Debts and Advances	-	51.58
Less : Written Back	-	-
		76.19
		(24.61)
Loss on Disposal/discard of Fixed Assets (net)	2.97	-
Loss on Project Abandonment	-	902.82
Prior Period Expenses (net)	1.82	15.29
Miscellaneous Expenses	912.03	980.32
Preliminary Expenses Written Off	0.05	0.28
<b>Total</b>	<b>12,456.68</b>	<b>13,377.39</b>

<b>Payment to Auditors</b>	<b>2013-14</b>	<b>2012-13</b>
<b>As Auditors :</b>		
Statutory Audit fee	9.25	9.00
Limited Review	1.00	3.48
Other Services (certification fees)	0.50	2.78
Reimbursement of expenses	1.98	1.86
	<b>12.73</b>	<b>17.12</b>

₹ in Lacs

<b>27. FINANCE COSTS</b>	<b>2013-14</b>	<b>2012-13</b>
Interest Expenses	9,715.60	8,427.21
Other Finance Charges	527.36	223.30
Net (gain)/ loss on foreign currency transactions and translation	632.33	400.12
	<b>10,875.28</b>	<b>9,050.63</b>

The following reflects the profit and share data used in the basic and diluted EPS computations:

₹ in Lacs

28. EARNINGS PER SHARE (EPS)	2013-14	2012-13
Profit after tax	2,130.05	2,013.38
<b>Net profit for calculation of Basic and Diluted EPS</b>	<b>2,130.05</b>	<b>2,013.38</b>
	<i>Nos.</i>	<i>Nos.</i>
Weighed average number of equity shares in calculating Basic & diluted EPS (after eliminating the shares held within the group)	86,200,000	66,143,891
<b>Earnings Per Share</b>		
<b>Basic (₹)</b>	<b>2.47</b>	<b>3.04</b>
<b>Diluted (₹)</b>	<b>2.47</b>	<b>3.04</b>

#### 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 profit and loss account/ pre-operative and trial run expenses (pending allocation) for respective years are as follows:—

₹ in Lacs

PARTICULARS	GRATUITY		LEAVE	
	2013-14	2012-13	2013-14	2012-13
Current service cost	83.76	59.55	35.54	10.69
Interest cost	20.98	21.78	6.97	7.33
Expected return on plan assets	(12.24)	(10.63)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses/(gains)	(51.50)	(12.29)	(11.38)	(2.25)
<b>Net benefit expense</b>	<b>41.00</b>	<b>58.41</b>	<b>31.13</b>	<b>15.77</b>

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

₹ in Lacs

PARTICULARS	GRATUITY		LEAVE	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Defined benefit obligation	304.89	257.57	113.40	86.80
Fair value of plan assets	160.22	149.24	-	-
<b>Net liability</b>	<b>144.67</b>	<b>108.33</b>	<b>113.40</b>	<b>86.80</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, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Opening defined benefit obligation	257.57	191.14	86.80	75.24
Interest cost	20.98	21.78	6.97	7.33
Current service cost	83.76	59.55	35.54	10.69
Benefit paid	(6.49)	(3.64)	(4.52)	(4.22)
Actuarial losses/(gains)	(50.93)	(11.26)	(11.38)	(2.25)
<b>Closing defined benefit obligation</b>	<b>304.891</b>	<b>257.57</b>	<b>113.41</b>	<b>86.80</b>

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, 2014	AS AT 31ST MARCH, 2013
Opening fair value of plan assets	149.24	105.33
Expected return on plan assets*	12.24	10.63
Contribution by the Company	4.66	35.89
Benefits paid	(6.49)	(3.64)
Actuarial gains / (loss)	(0.57)	1.03
<b>Closing fair value of plan assets</b>	<b>160.22</b>	<b>149.24</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, 2014	AS AT 31ST MARCH, 2013
Debt Funds	160.22	149.24
<b>Total</b>	<b>160.22</b>	<b>149.24</b>

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

₹ in Lacs

PARTICULARS	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
Discount rate (%)	9.10		8.25	
Return on Plan Assets (Gratuity Scheme) (%)	9.10		8.25	
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate		LIC (1994-96) Ultimate	
Employee Turnover (%)	6.20		6.20	

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

₹ in Lacs

PARTICULARS	GRATUITY				
	31ST MARCH, 2014	31ST MARCH, 2013	31ST MARCH, 2012	31ST MARCH, 2011	31ST MARCH, 2010
Defined benefit obligation	304.89	257.57	191.14	144.38	61.30
Fair value of plan assets	160.22	149.24	105.33	63.56	32.36
Deficit	144.67	108.33	85.81	80.82	28.94
Experience adjustments on plan liabilities – (gains)/ losses	0.43	(29.82)	(25.56)	(25.56)	(3.64)
Experience adjustments on plan assets	0.57	1.03	Nil	Nil	(1.62)

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	2013-14	2012-13
Provident Fund	105.43	96.11

**NOTE 30 RELATED PARTY DISCLOSURES****Related parties where control exists: -****Key Management Personnel and their relatives**

Puranmal Agrawal - Chairman  
 Suresh Kumar Agrawal - Managing Director  
 Manish Agrawal - (son of Puranmal Agrawal)  
 Saket Agrawal - (son of Suresh Kumar Agrawal)  
 Kiran Agrawal (wife of Chairman)  
 Nisha Agrawal (wife of Managing Director)  
 Ekta Agrawal (wife of Saket Agrawal)  
 Richa Agrawal (wife of Manish Agrawal)

**Enterprises over which Key Management Personnel and or relatives have significant influence**

Adhunik Gases Limited  
 Ashirwad Steels and Industries Limited \*  
 B.S. Confin Private Limited  
 Chaman Metallics Limited  
 Danta Vyapaar Kendra 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 Infotech Private Limited  
 MSP Metallics Limited  
 MSP Mines and Minerals Limited  
 MSP Power Limited  
 MSP Properties (India) Limited  
 MSP Sponge Iron Limited  
 MSP Energy Limited  
 MSP Ferro & Power Limited  
 Prateek Mines & Minerals Private Limited  
 Raj Securities Limited  
 Rajnath Vyapaar Private Limited  
 Rama Alloys Private Limited  
 Shree Khatupati Mercantiles Private Limited  
 Sikhar Commotrade Private Limited

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Sales</b>			
Howrah Gases Limited		1,674.06	1,674.06
		(1,158.05)	(1,158.05)
MSP Metallics Limited		245.60	245.60
		(346.25)	(346.25)
MSP Properties (India) Limited		1.69	1.69
		(41.90)	(41.90)
MSP Sponge Iron Limited		2,360.30	2,360.30
		(163.65)	(163.65)
<b>Purchase of Raw Material &amp; Components Consumed</b>			
Howrah Gases Limited		-	-
		(310.49)	(310.49)
MSP Metallics Limited		17,456.71	17,456.71
		(7,993.70)	(7,993.70)
MSP Sponge Iron Limited		3,381.62	3,381.62
		(3,242.32)	(3,242.32)
Rama Alloys Private Limited		1.44	1.44
		-	-
<b>Contractual Services Paid</b>			
MSP Mines and Minerals Limited		21.07	21.07
		(23.60)	(23.60)
<b>Managerial Remuneration</b>			
Puranmal Agrawal		36.00	36.00
		(36.00)	(36.00)
Suresh Kumar Agrawal		30.00	30.00
		(30.00)	(30.00)
<b>Professional Charges Paid</b>			
MSP Mines and Minerals Limited		28.31	28.31
		(26.29)	(26.29)
<b>Expenses Reimbursed</b>			
Chaman Metallics Limited		-	-
		(0.14)	(0.14)
Howrah Gases Limited		29.81	29.81
		(-)	(-)
MSP Infotech Private Limited		0.05	0.05
		(0.05)	(0.05)
MSP Metallics Limited		0.11	0.11
		(136.19)	(136.19)
MSP Mines and Minerals Limited		3.45	3.45
		(3.60)	(3.60)
MSP Sponge Iron Limited		6.26	6.26
		(100.32)	(100.32)
<b>Rent Paid</b>			
Ekta Agrawal		8.52	8.52
		(3.00)	(3.00)
Kiran Agrawal		-	-
		(1.20)	(1.20)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
Manish Agrawal	-		-
	(0.48)		(0.48)
Nisha Agrawal	-		-
	(1.20)		(1.20)
Richa Agrawal	6.87		6.87
	(3.00)		(3.00)
Saket Agrawal	-		-
	(0.48)		(0.48)
Shree Khatupati Mercantiles Private Limited		9.00	9.00
		(3.60)	(3.60)
MSP Infotech Private Limited		-	-
		(6.00)	(6.00)
MSP Properties (India) Limited		2.04	2.04
		(-)	(-)
<b>Other Income</b>			
MSP Metallics Limited		0.38	0.38
		(3.16)	(3.16)
MSP Sponge Iron Limited		7.15	7.15
		(-)	(-)
<b>Share Application Money Received</b>			
Adhunik Gases Limited		110.00	110.00
		(264.00)	(264.00)
B.S. Confin Private Limited		-	-
		(3,768.00)	(3,768.00)
Dexo Trading Private Limited		-	-
		(3,135.00)	(3,135.00)
Emerald Tradelink Private Limited		-	-
		(1,500.00)	(1,500.00)
High Time Holdings Private Limited		-	-
		(3,300.00)	(3,300.00)
Ilex Private Limited		-	-
		(5,169.00)	(5,169.00)
K.C. Texofine Private Limited		-	-
		(729.00)	(729.00)
Raj Securities Limited		-	-
		(350.00)	(350.00)
Rajnath Vyapaar Private Limited		-	-
		(1,500.00)	(1,500.00)
Sikhar Commodity Private Limited		-	-
		(2,946.00)	(2,946.00)
<b>Allotment of Shares (Including Share Premium)</b>			
Adhunik Gases Limited		-	-
		(930.00)	(930.00)
B.S. Confin Private Limited		2,400.00	2,400.00
		(2,118.00)	(2,118.00)
Dexo Trading Private Limited		2,700.00	2,700.00
		(435.00)	(435.00)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
Emerald Tradelink Private Limited		-	-
High Time Holdings Private Limited		(1,500.00)	(1,500.00)
Ilex Private Limited		2,400.00	2,400.00
K.C. Texofine Private Limited		(1,815.00)	(1,815.00)
K.C. Texofine Private Limited		1,800.00	1,800.00
Larigo Investment Private Limited		(2,469.00)	(2,469.00)
Raj Securities Limited		-	-
Raj Securities Limited		(729.00)	(729.00)
Rajnath Vyapaar Private Limited		-	-
Rajnath Vyapaar Private Limited		(600.00)	(600.00)
Sikhar Commodity Private Limited		2,700.00	2,700.00
Sikhar Commodity Private Limited		(246.00)	(246.00)
<b>Loans &amp; Advances Given</b>			
Chaman Metallics Limited		-	-
MSP Sponge Iron Limited		(978.00)	(978.00)
MSP Sponge Iron Limited		288.83	288.83
MSP Sponge Iron Limited		(1,690.00)	(1,690.00)
<b>Repayment of Loans &amp; Advances Given</b>			
Chaman Metallics Limited		848.00	848.00
MSP Power Limited		(130.00)	(130.00)
MSP Power Limited		3.20	3.20
MSP Sponge Iron Limited		(-)	(-)
MSP Sponge Iron Limited		-	-
MSP Sponge Iron Limited		(1,690.00)	(1,690.00)
Prateek Mines & Minerals Private Limited		2.05	2.05
Prateek Mines & Minerals Private Limited		(-)	(-)
<b>Loans &amp; Advances Taken</b>			
Adhunik Gases Limited		1,892.50	1,892.50
B.S. Confin Private Limited		(5.00)	(5.00)
Danta Vyapaar Kendra Limited		-	-
Danta Vyapaar Kendra Limited		(304.00)	(304.00)
Ilex Private Limited		-	-
Ilex Private Limited		(14.00)	(14.00)
K.C. Texofine Private Limited		250.00	250.00
Larigo Investment Private Limited		(-)	(-)
Larigo Investment Private Limited		250.00	250.00
MSP Infotech Private Limited		(1,310.00)	(1,310.00)
MSP Infotech Private Limited		150.00	150.00
MSP Properties (India) Limited		(1,045.00)	(1,045.00)
MSP Properties (India) Limited		-	-
MSP Properties (India) Limited		(150.00)	(150.00)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
MSP Sponge Iron Limited		-	-
		(331.17)	(331.17)
Raj Securities Limited		470.00	470.00
		(-)	(-)
Sikhar Commodity Private Limited		300.00	300.00
		(139.00)	(139.00)
<b>Repayment of Loans &amp; Advances Taken</b>			
Adhunik Gases Limited		-	-
		(5.00)	(5.00)
B.S. Confin Private Limited		-	-
		(4.00)	(4.00)
Danta Vyapaar Kendra Limited		-	-
		(320.00)	(320.00)
High Time Holdings Private Limited		-	-
		(300.00)	(300.00)
Ilex Private Limited		-	-
		(14.00)	(14.00)
Larigo Investment Private Limited		-	-
		(355.00)	(355.00)
MSP Infotech Private Limited		140.00	140.00
		(-)	(-)
MSP Properties (India) Limited		55.00	55.00
		(70.00)	(70.00)
MSP Sponge Iron Limited		131.17	131.17
		(200.00)	(200.00)
Sikhar Commodity Private Limited		-	-
		(139.00)	(139.00)
<b>Guarantee obtained</b>			
Puranmal Agrawal		210.21	210.21
		(195.14)	(195.14)
Suresh Kumar Agrawal		229.25	229.25
		(217.14)	(217.14)
Manish Agrawal		254.73	254.73
		(230.33)	(230.33)
Saket Agrawal		244.14	244.14
		(214.66)	(214.66)
<b>Interest Expense</b>			
MSP Infotech Private Limited		4.01	4.01
		(19.31)	(19.31)
MSP Properties (India) Limited		8.18	8.18
		(9.54)	(9.54)
MSP Sponge Iron Limited		-	-
		(2.33)	(2.33)
<b>Interest Received on Loans</b>			
Chaman Metallics Limited		-	-
		(68.24)	(68.24)
MSP Sponge Iron Limited		-	-
		(46.01)	(46.01)
Manish Agrawal		0.18	0.18
		(0.17)	(0.17)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
<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
		(-)	(-)
<b>Loans &amp; Advances (Closing balance)</b>			
Chaman Metallics Limited		-	-
		(848.00)	(848.00)
MSP Mines and Minerals Limited		1.63	1.63
		(7.57)	(7.57)
MSP Power Limited		-	-
		(3.20)	(3.20)
MSP Sponge Iron Limited		377.66	377.66
		(-)	(-)
Manish Agrawal	2.72		2.72
	(2.54)		(2.54)
Prateek Mines & Minerals Private Limited		-	-
		(2.05)	(2.05)
<b>Trade Receivables (Closing balance)</b>			
Howrah Gases Limited		402.80	402.80
		(142.53)	(142.53)
MSP Properties (India) Limited		11.81	11.81
		(9.86)	(9.86)
<b>Other Receivables (Closing balance)</b>			
Chaman Metallics Limited		-	-
		(61.42)	(61.42)
<b>Trade Payable (Closing balance)</b>			
MSP Metallics Limited		-	-
		(905.76)	(905.76)
MSP Sponge Iron Limited		-	-
		(189.24)	(189.24)
<b>Other Liabilities (Closing balance)</b>			
Chaman Metallics Limited		-	-
		(0.14)	(0.14)
Ilex Private Limited		380.00	380.00
		(-)	(-)
MSP Infotech Private Limited		-	-
		(1.35)	(1.35)
MSP Mines and Minerals Limited		5.75	5.75
		(-)	(-)
Shree Khatupati Mercantiles Private Limited		-	-
		(0.81)	(0.81)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and or relatives have significant influence	Total
<b>Interest Accrued and Due (Closing balance)</b>			
MSP Infotech Private Limited		-	-
		(17.37)	(17.37)
MSP Properties (India) Limited		-	-
		(5.89)	(5.89)
<b>Share Application Money Pending Allotment (Closing balance)</b>			
Adhunik Gases Limited		110.00	110.00
		(-)	(-)
B.S. Confin Private Limited		-	-
		(2,400.00)	(2,400.00)
Dexo Trading Private Limited		90.00	90.00
		(2,700.00)	(2,700.00)
High Time Holdings Private Limited		-	-
		(2,400.00)	(2,400.00)
Ilex Private Limited		-	-
		(2,700.00)	(2,700.00)
Sikhar Commotrade Private Limited		-	-
		(2,700.00)	(2,700.00)
<b>Advance from Customers (Closing balance)</b>			
MSP Metallics Limited		3,132.18	3,132.18
		(2,985.00)	(2,985.00)
MSP Sponge Iron Limited		15.10	15.10
		(7.60)	(7.60)
<b>Loans &amp; Advances Taken (Closing balance)</b>			
Adhunik Gases Limited		1,892.50	1,892.50
		(-)	(-)
B.S. Confin Private Limited		300.00	300.00
		(300.00)	(300.00)
High Time Holdings 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
		(955.00)	(955.00)
MSP Infotech Private Limited		190.00	190.00
		(180.00)	(180.00)
MSP Properties (India) Limited		50.00	50.00
		(105.00)	(105.00)
MSP Sponge Iron Limited		-	-
		(131.17)	(131.17)
Raj Securities Limited		470.00	470.00
		(-)	(-)
Sikhar Commotrade Private Limited		300.00	300.00
		(-)	(-)

₹ in Lacs

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel and/or relatives have significant influence	Total
<b>Investments (Closing balance)</b>			
Ashirwad Steels and Industries Limited		-	-
Adhunik Gases Limited		(0.25)	(0.25)
B.S. Confin Private Limited		4.50	4.50
High Time Holdings Private Limited		(4.50)	(4.50)
Howrah Gases Limited		22.20	22.20
Larigo Investment Private Limited		(22.20)	(22.20)
MSP Infotech Private Limited		13.46	13.46
MSP Metallics Limited		(13.46)	(13.46)
MSP Power Limited		20.18	20.18
MSP Properties (India) Limited		(20.18)	(20.18)
MSP Sponge Iron Limited		8.95	8.95
Raj Securities Limited		(8.95)	(8.95)
MSP Infotech Private Limited		8.50	8.50
MSP Metallics Limited		(8.50)	(8.50)
MSP Power Limited		1,408.60	1,408.60
MSP Properties (India) Limited		(1,408.60)	(1,408.60)
MSP Sponge Iron Limited		0.80	0.80
Raj Securities Limited		(0.80)	(0.80)
MSP Metallics Limited		9.75	9.75
MSP Properties (India) Limited		(9.75)	(9.75)
MSP Power Limited		147.70	147.70
Raj Securities Limited		(147.70)	(147.70)
MSP Metallics Limited		5.00	5.00
MSP Properties (India) Limited		(5.00)	(5.00)

(Figures in bracket are related to previous year.)

\* Not to be considered under the Related Party Disclosure for the financial year 2013-14 as relation no longer exists.

Rs. in Lacs

**31. INFORMATION RELATING TO SECONDARY SEGMENTS****Geographical Segment:**

The following table shows the distribution of the Company's sales and assets by geographical market:

PARTICULARS	2013-14	2012-13
<b>Geographical segment revenue</b>		
Domestic Revenues (Net of Excise Duty and Trade discount)	112,077.05	88,504.15
Overseas	7,215.25	3,667.98
<b>Total</b>	<b>119,292.30</b>	<b>92,172.13</b>

\* includes proportionate share in Joint Ventures ₹ Nil (₹ Nil)

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Geographical segment assets</b>		
Domestic	21,3036.71	206,876.78
Overseas	976.21	108.72
<b>Total</b>	<b>214,012.92</b>	<b>206,985.50</b>

₹ in Lacs

**32. OPERATING LEASE COMPANY AS LESSEE**

The Company has entered into commercial leases on certain office spaces. 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 :

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Within one year	45.66	42.07

₹ in Lacs

**33. INTEREST IN JOINT VENTURE**

The Company has a 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 of the above jointly controlled entity as at the respective Balance Sheet dates is as follows: -

PARTICULARS	31ST MARCH, 2014	31ST MARCH, 2013
Share Application Money Pending Allotment	-	9.16
Non Current Liabilities	0.89	0.89
Current Liabilities	0.21	0.13
Non Current Assets	161.52	158.12
Current Assets	71.54	74.86
Revenue	0.18	0.17
Other Expenses	0.17	0.18
Tax Expenses	-	-
Profit/(Loss) After Tax	0.01	(0.01)

The Company's proportionate share of the capital commitments of the jointly controlled entity amounts to ₹ 8.91 lacs (₹ 5.27 lacs ).

**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 31st March 2014.

₹ in Lacs

**35. DISCLOSURES FOR AS 29, 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS' ISSUED BY ICAI:**

PARTICULARS	PROVISION FOR DOUBTFUL DEBTS		PROVISION FOR ADVANCES	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Carrying amount- begining of the year	321.96	346.56	19.40	19.40
Additional provision during the year	-	51.58	-	-
	321.96	398.14	19.40	19.40
Less:written back during the year	0.66	76.19	-	-
Carrying amount- end of the year	321.30	321.96	19.40	19.40

₹ in Lacs

**36. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Excise Matters under dispute/ appeal	1,890.97	3,934.52
Sales Tax & VAT Matters under dispute/ appeal	130.14	130.14
Income Tax Matters under dispute/ appeal	0.55	0.55
Corporate Guarantees given	660.75	660.75

**Contingent Liabilities comprise of :**

₹ in Lacs

PARTICULARS	FINANCIAL EFFECT ESTIMATE	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
<b>Excise Matters under dispute/ appeal</b>		
Disputed disallowances of CENVAT credit and service tax	1,221.23	3,296.90
Removal of finished goods without payment of duty	144.02	143.31
Sale of iron ore & coal fines without payment of duty	313.98	282.57
Sale of electricity without payment of duty	211.74	211.74
<b>Sub total</b>	<b>1,890.97</b>	<b>3,934.52</b>
<b>Sales Tax &amp; VAT Matters under dispute/ appeal</b>		
Non collection of 'C' forms	119.75	119.75
Disallowance of VAT credit	10.39	10.39
<b>Sub total</b>	<b>130.14</b>	<b>130.14</b>
<b>Income Tax Matters under dispute/ appeal</b>		
Disallowance of TDS & others	0.55	0.55
<b>Sub total</b>	<b>0.55</b>	<b>0.55</b>
<b>Corporate guarantees given</b>		
For a joint venture company in connection with onward guarantee given by that Company to Ministry of Coal.	660.75	660.75
<b>Sub total</b>	<b>660.75</b>	<b>660.75</b>

₹ in Lacs

**37. CAPITAL AND OTHER COMMITMENTS**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,138.64 lacs (₹ 1,599.04 lacs)).	1,446.39	650.54
Export obligation under EPCG scheme with respect to custom duty savings on import of equipments and spares parts.	2,899.49	7,416.90

**38. DERIVATIVE INSTRUMENTS AND UNHEDED FOREIGN CURRENCY EXPOSURE**

Derivative contracts outstanding as at the Balance sheet date:-

PARTICULARS	PURPOSE
<b>Forward contract to buy US \$</b> US\$ NIL (31st March 2013 : US\$ 16,000,000) ₹ NIL (31st March 2013 : ₹ 8,702.29 lacs )	Hedge of foreign currency loan
<b>Forward contract to buy Singapore Dollar (SGD)</b> SGD 13,125,000 (31st March 2013: SGD 18,375,000) ₹ 6,227.32 lacs (31st March 2013: ₹ 8,056.99 lacs)	Hedge of foreign currency loan
Interest rate swaps on SGD loan of SGD 13,125,000 (31st March 2013 : SGD 18,375,000) ₹ 6,227.32 lacs (31st March 2013: ₹ 8,056.99 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 Swap Offer Rate ( 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 \$ 7,782,153 (31st March 2013: US \$ Nil) ₹ 4,677.06 lacs (31st March 2013: ₹ Nil)
Foreign Currency Loans From Banks	US \$ Nil (31st March 2013: US \$ 5,990,445 ) ₹ Nil (31st March 2013: ₹ 3,258.27 lacs)
Interest accrued but not due on borrowings	US \$ Nil (31st March 2013: US\$ 20,893) ₹ Nil (31st March 2013: ₹ 11.28 lacs)

**39. 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.

₹ in Lacs

**40. VALUE OF IMPORTS (CALCULATED ON CIF BASIS)**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Capital Goods	371.09	5.16
Stores, Spares and Consumables	131.19	269.44
Raw Materials	9,584.45	5,677.56

₹ in Lacs

**41 (A) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
Interest	828.55	439.96
Travelling	1.23	10.42
Foreign Membership Fees	-	16.27
Professional fees	1.35	0.85
Secretarial Fees	0.2	0.20
Rates & Taxes	0.22	-
Bank Charges	0.02	-

₹ in Lacs

**41 (B) EARNING IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

PARTICULARS	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
FOB Value of Exports [excluding sales made in Indian rupees ₹ 1082.44 lacs (₹ 348.37 lacs)]	5,968.55	3,220.56

**42. 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	64,101.87	83.81	3,741.34	89.33
	(55,083.84)	(96.92)	(3,798.21)	(95.36)
Imported	12,381.72	16.19	446.83	10.67
	(1,750.65)	(3.08)	(184.67)	(4.64)
<b>Total</b>	<b>76,483.59</b>	<b>100.00</b>	<b>4,188.17</b>	<b>100.00</b>
	(56,834.48)	(100.00)	(3,982.88)	(100.00)

**43.** 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.

**44.** 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.

**45.** The Financial Statements of subsidiary companies namely MSP Singapore Pte Limited for the year ended 31st March, 2014 has not been subjected to audit.

**46.** The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary as per the Revised Schedule VI to the Companies Act, 1956. 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**

For and on behalf of Board of Directors

**Firm Registration No:** 323133E

*Chartered Accountants*

**CA SUNIL KUMAR AGRAWAL**

*Partner*

**Membership No:** 057731

**PURANMAL AGRAWAL**

*Chairman*

**SURESH KUMAR AGRAWAL**

*Managing Director*

**Place:** Kolkata

**RUCHI GARG**

**Date:** 30th May, 2014

*Company Secretary*

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

NAME OF THE SUBSIDIARY COMPANY	MSP GROUP INTERNATIONAL (SINGAPORE) PTE. LTD.	MSP CEMENT LIMITED	AA ESS TRADELINKS PVT. LTD.
REPORTING CURRENCY	SG \$	₹	₹
Exchange Rate	49.00	NA	NA
Capital	0.33	58.07	477.83
Reserves	1.14	-	3,722.07
Total Assets	1.47	62.52	15,212.23
Total Liabilities	1.47	62.52	15,212.23
Investments (excluding investment in subsidiaries)	-	-	4,561.27
Turnover	-	-	15.91
Profit Before Tax	12.03	-	0.10
Provision For Tax	-	-	0.03
Profit After Tax	12.03	-	0.07
Proposed Dividend	-	-	-
Country	Singapore	India	India



**MSP STEEL & POWER LIMITED**  
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