



# Consolidating our Strengths. Progressing with Optimism.

12/13 ANNUAL  
REPORT


MSP Steel & Power Limited

## 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 the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should 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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The background of the slide features a dark grey field with several thin, curved, metallic-looking lines. These lines intersect at points marked by small, reflective spheres, creating a sense of depth and movement. The lines curve from the top and bottom edges towards the center-right of the frame.

In a developing country like India, steel and power companies have a significant role to play in helping drive economic growth. At MSP, we are aware of our responsibilities and are willing to participate in India's economic development.

In view of this, we are improving our operations and enhancing manufacturing capacities. We scaled up our pellet capacity and reinforced our power plant and beneficiation plant. We also strengthened boosted our steel melting shop. These initiatives helped us grow from strength to strength.

During the financial year 2012-13, our initiatives reaped dividend. We delivered on our last year's promise to cross the ₹ 1,000 crore turnover landmark. This gives us the confidence to look forward to the future with renewed optimism and emerge as a major player in the Indian steel and power market.

We are improving  
our operations  
and enhancing  
manufacturing  
capacities.

# MSP at a Glance

MSP Steel & Power Limited (MSP) is one of the leading and fastest growing steel manufacturers in India. We have a diverse product mix comprising pellets, sponge iron, billet, power, TMT bars and structural products, such as joists, angles, channels and beams. We are fully integrated across the value chain and have our manufacturing facilities in Jamgaon and Raigarh in Chhattisgarh.

## EMPOWERING VISION

To unleash the power of our products to help enhance the country's economic growth and the well-being of its citizens.

## STRATEGIC MISSION

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

## VALUES THAT DRIVE OPTIMISM

### Sponge iron

	2012-13	2011-12
Production (MT)	2,06,619	1,95,595
Sales (₹ in crore)	84.55	124.73

### TMT bars

	2012-13	2011-12
Production (MT)	84,173	75,881
Sales (₹ in crore)	294.01	252.70

### Pellets

	2012-13	2011-12
Production (MT)	5,05,015	2,71,118
Sales (₹ in crore)	126.62	7.28

### Billets/MS ingots

	2012-13	2011-12
Production (MT)	1,75,110	1,43,371
Sales (₹ in crore)	145.00	59.08

### Structural products

	2012-13	2011-12
Production (MT)	39,723	49,501
Sales (₹ in crore)	140.70	167.00

### Power

	2012-13	2011-12
Production (KWH)	41,87,47,163	26,97,77,140
Sales (₹ in crore)	32.59	12.04

**GROWING FROM STRENGTH TO STRENGTH****2003**

Commissioned operations of 0.10 MTPA DRI plant at Raigarh, Chhattisgarh

**2005**

Expanded DRI capacity to 0.19 MTPA and billets capacity to 0.10 MTPA

**2007**

Emerged as a mini-integrated steel player; commenced commercial production of TMT bars, coal washery and captive power plant with installed capacities of 0.08 MTPA, 0.36 MTPA and 24 MW, respectively

**2008**

Increased the total installed capacity of billets to 0.14 MTPA

**2009**

Established a pellet plant with a capacity of 0.30 MTPA

**2010**

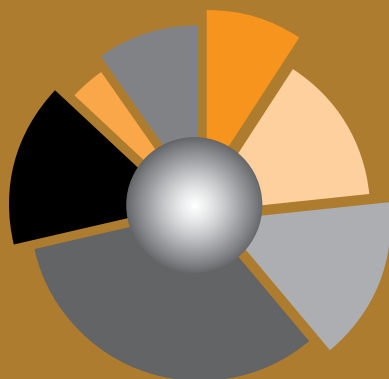
Operationalised greenfield structural rolling mill of 0.13 MTPA capacity

**2011**

Operationalised an 18 MW power plant and a 0.12 MTPA DRI plant; crossed ₹ 500 crore topline and ₹ 50 crore bottomline

**2012**

Commissioned 0.60 MTPA pellet capacity, 34 MW power plant and 3.3 MTPA coal washery

**REVENUE BREAK-UP IN 2012-13 (%)**

Product	Contribution (%)
Sponge Iron	9.36
Pellets	14.01
Structural Products	15.58
TMT Bars	32.47
Billets/MS Ingots	15.65
Power	3.21
Others	9.72

**CAPACITIES**

Product	Existing capacity
Sponge iron	3,07,500 TPA
Pellets	9,00,000 TPA
Billets	1,41,109 TPA
Constructions bars	80,000 TPA
Structural rolling mill	1,28,000 TPA
Power	76 MW

**MARQUEE CLIENT LIST**

Over the years, we have been delivering best-in-class products to brand-enhancing clients. Some of our major clients include:

- Bhushan Steel Ltd.
- Prakash Industries Ltd.
- Lloyds Metal & Energy Ltd.
- Ultratech Cement Ltd.
- Montecarlo Ltd.

# Chairman's Statement



Even amid economic adversities around the world, the global steel industry exhibited unforeseen resilience. Driven primarily by the performances in the emerging markets, the global steel production during 2012 touched new heights of 1,547.8 megatonnes.

## Dear Shareowners,

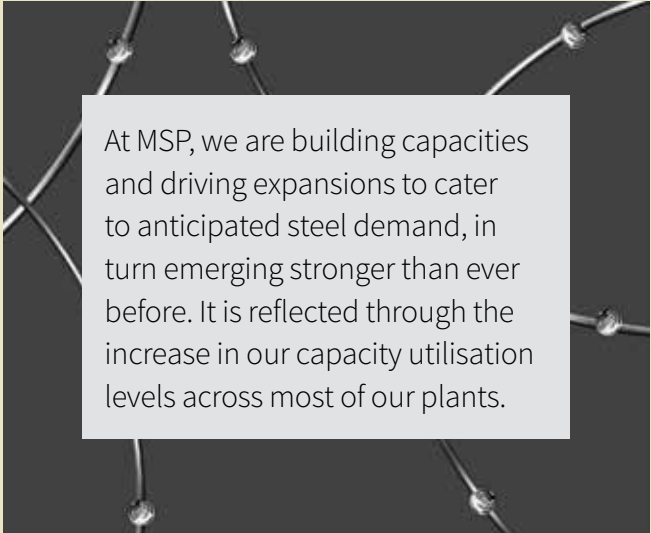
During 2012-13, the world economy strived to return to a path of stable development. Most of the emerging economies exhibited resilience and experienced moderate growth. The developed economies, however, experienced contradictory conditions. While the US showed accelerated growth, most of the nations in the Eurozone encountered adversities. India's economy also countered headwinds emanating from the global economic conditions. The result was a demand slowdown across sectors, which is unlikely to recover soon.

Even amid economic adversities around the world, the global steel industry exhibited unforeseen resilience. Driven primarily by the performances in the emerging markets, the global steel production during 2012 touched new heights of 1,547.8 megatonnes. However, there were production hiccups in the European Union due to persistent debt crisis and economic slowdown.

India's steel industry, the fourth largest steel producer in the world, is poised to grow in the near future. The country's per capita steel consumption almost doubled from 29 kgs in 2001 to 57 kgs in 2011, while its global counterpart grew by less than 50% over the same period. Allocation of USD1 trillion for the infrastructure development in the Twelfth Five Year Plan and optimism building on macro-economic indicators are helping to keep the steel industry's spirit high. Moreover, India is well positioned to produce one of the lowest-cost steels globally.

At MSP, we are building capacities and driving expansions to cater to anticipated steel demand, in turn emerging stronger than ever before. It is reflected through the increase in our capacity utilisation levels across most of our plants. This will help to position us as the most competitive player in the steel industry, offering superior quality and value-added products to the customers.

Focused on our roadmap to emerge as one of the leading national players, we have designed a business plan to develop a million tonne integrated steel production capacity. Stringent quality control, technological developments and operational efficiency are helping us enhance operational excellence.



At MSP, we are building capacities and driving expansions to cater to anticipated steel demand, in turn emerging stronger than ever before. It is reflected through the increase in our capacity utilisation levels across most of our plants.

Human resource lays the foundation of our success. We follow and inculcate best human resource practices, driving employee commitment and attracting quality. This approach helped us to achieve a lower employee attrition rate compared to industry standards. I would like to express my sincere gratitude for the unwavering support of our stakeholders and customers throughout our journey.

With best wishes,

**Puranmal Agrawal**

Chairman





# **Strength Builds. Optimism Drives.**

At MSP , our initiatives during the year reflected our strength and optimism. We commercialised our expanded capacities in the pellet plant, coal washery, power plant and steel melting shop plant. We accomplished the milestone of timely execution of projects to increase operational margins. It also helped us survive the adverse business conditions and look at the future with renewed optimism.



**PELLET PLANT [6 LAC TONNES]**

Being one of India's major pellet manufacturing players, we successfully scaled up our pellet capacity. It turned out to be a significant step forward, as it helped diversify our raw material source. We commercialised the pellet plant during the first quarter of 2012-13, increasing the total pellet capacity to 9 lac tonnes. Of the total produced steel, 64.72% was used for captive consumption, while the rest was sold in the domestic market. Our step to commercialise the pellet plant helped to save ₹ 1,500 (approx) per tonne of steel produced.

**BENEFICIATION PLANT [9 LAC TONNES]**

With the installation of a beneficiation plant, iron ore fines have been procured and beneficiated to manufacture pellets. This has brought down steel production cost to some extent.

**POWER PLANT [34 MW]**

During the first quarter of 2012-13, we commissioned a 34 MW power plant, which helped increase the total capacity to 76 MW. This plant will cater to our captive consumption and help increase sale of units to external merchants, ultimately reducing production cost. Around 31% of the total power produced is sold to outside merchants at an average realisation price of ₹ 4 per unit.

**STEEL MELTING SHOP [1 LAC TONNES]**

Enhanced steel melting shop (SMS) capacity will help increase billet production.

# Determined Consolidation

During the year, we concentrated on integrating our operations to achieve efficiency par excellence. Our focused approach reaped benefits, as capacity utilisation rates across most of our plants increased.

## CAPACITY UTILISATION RATE (%)

Plant	2012-13	2011-12	Growth (YoY*)
Sponge iron	67.19	63.61	5.63
Steel melting shop	100.00	99.49	0.51
TMT	98.00	94.62	3.57
Power	80.00	73.78	8.43
Structural products	40.00	38.67	3.44

\* Year-on-year



**COST EFFICIENCY**

- ▶ Coal gasification plant to convert coal to synthesis gas can be used further to generate electricity. This will help to reduce fuel cost and decrease carbon emissions
- ▶ Conveyers replacing manual system to transfer hot billets to rolling mill helped reduce energy emissions and logistical costs

**TECHNOLOGICAL PROWESS**

- ▶ We use 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

**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

# Managing Director's Communiqué



We believe in delivering on our promises. The result of our dedication is the ₹ 1,000-crore turnover landmark, which we achieved during 2012-13.



## Dear Shareowners,

The year 2012 was fraught with uncertainties globally. World economies grappled with European debt crisis, US fiscal cliff and slowdown in emerging countries. The global steel industry also bore the brunt of the slowdown. This, in turn, resulted in low steel prices, especially in the European Union. India's steel industry was no exception, as slowdown in economic growth curtailed steel demand by the downstream industrial sectors. Unperturbed by these developments, we continued to solidify our steel strength leveraging our forte and expanding capacities. Going ahead, it is expected that there will be a robust steel demand owing to the growth acceleration in downstream sectors, such as automobiles, construction and so on.

## FINANCIAL PERFORMANCE

We believe in delivering on our promises. The result of our dedication is the ₹ 1,000-crore turnover landmark, which we achieved during 2012-13. We have fulfilled our stakeholder commitment with determination. Despite headwinds, we achieved 35% growth rate in turnover, reaching ₹ 1,015.35 crore in 2012-13 against ₹ 751.77 crore in 2011-12. Our growth was driven by the capacity expansions and high sales volumes. Commercialisation of the pellet plant contributed to improve EBITDA margins to 18.33% in 2012-13, as against 17.76% in the last financial year. Exports income remained stable at ₹ 35.93 crore. We reported a net profit of ₹ 20.12 crore for 2012-13. High volatility in raw material prices impacted our profit margins. The challenges were industry specific and impacted the profitability of the entire steel industry.

## STEP FORWARD

We made a capital expenditure of ₹ 150 crore during the financial year 2012-13 towards expansion. The objective was to reap the benefits of economies of scale and achieve significant growth in future. We commercialised power, beneficiation and pellet plants, ramping up our scale of operations. This will help us combat economic slowdown and achieve excellence. We expanded our SMS plant capacity to increase steel production. Our capacity utilisation level improved across most of our plants owing to dedicated focus on backward integration and expansion.

## EFFICIENCY DRIVEN

We aim to mould ourselves in line with evolving customer requirements. We focus on achieving consolidation through high operational efficiency. The initiatives undertaken include the commissioning of gasification plant and induction of hot conveyer belt system. This will help to reduce fuel and power costs, increase input-output ratio and save logistical costs. We continue to source iron ore fines from Odisha, Jharkhand and Chhattisgarh. Besides, we also meet coal requirements through our linkages with Coal India and through imports from Indonesia. The commercialisation of the pelletisation plant will ensure smooth operations in furnace, curtail operational cost and enhance productivity.

## FOCUSED STRATEGY

We are focusing to improve our topline and plant efficiency over the next two years by enhancing our operational efficiency. Our aim is to stabilise operations to ensure uninterrupted process flow and achieve economies of scale at this juncture. We are fully committed to achieve our strategic mission and create value for all stakeholders. We are focusing on innovation to drive growth during tough times.

We believe in giving back to society and look beyond our business commitments. We are establishing schools and hospitals for the underprivileged sections of society.

Our employees have been instrumental in the Company's success. It is the faith of our customers and shareholders that help us drive growth even during turbulent times.

Warm regards,

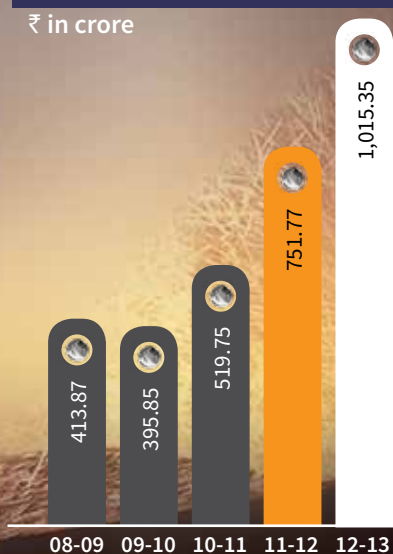
**Suresh Kumar Agrawal**

Managing Director

# Financial Glimpse

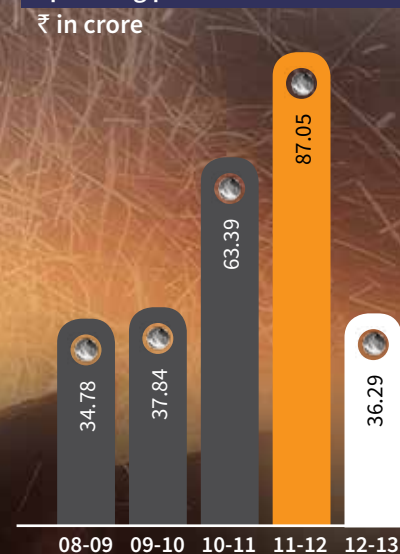
## Gross turnover

₹ in crore



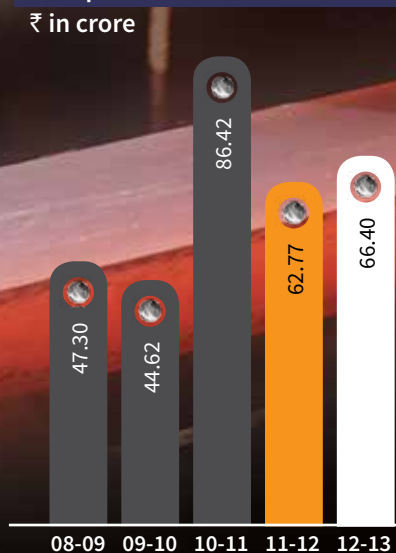
## Operating profit

₹ in crore



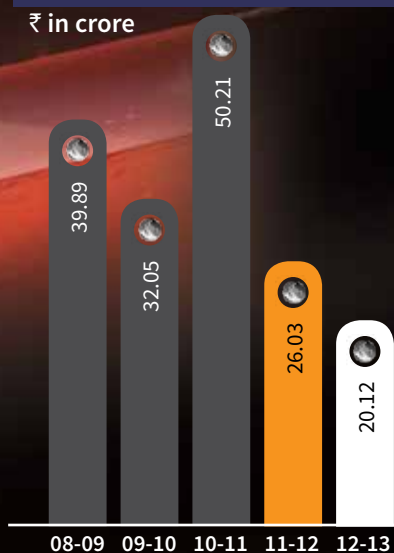
## Cash profit

₹ in crore



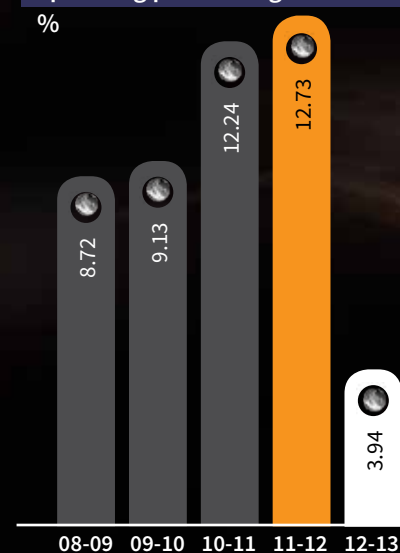
## Profit after tax

₹ in crore



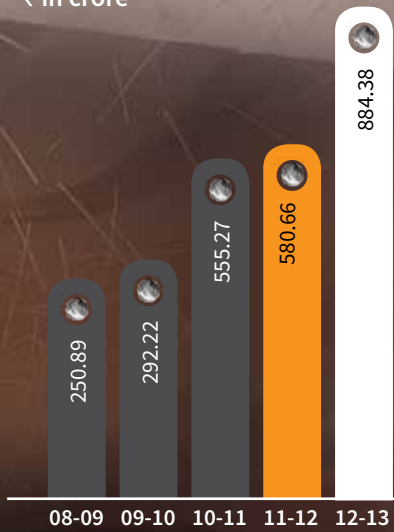
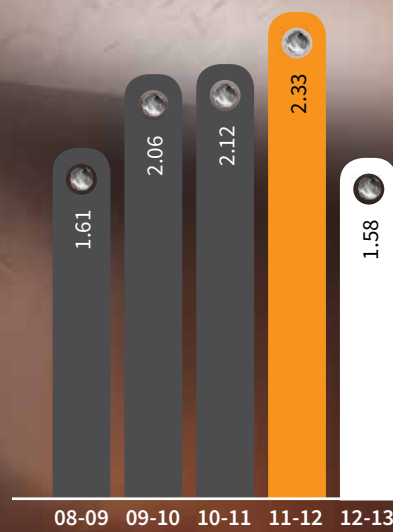
## Operating profit margin

%

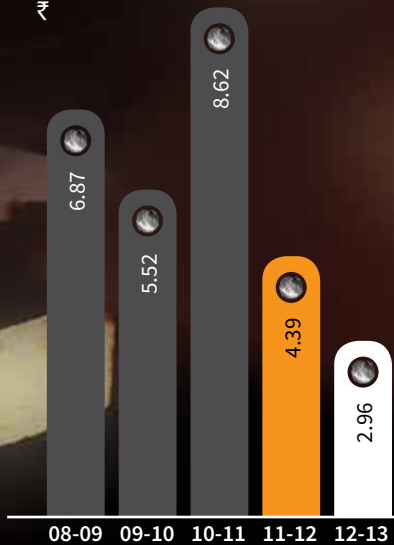


**Gross block**

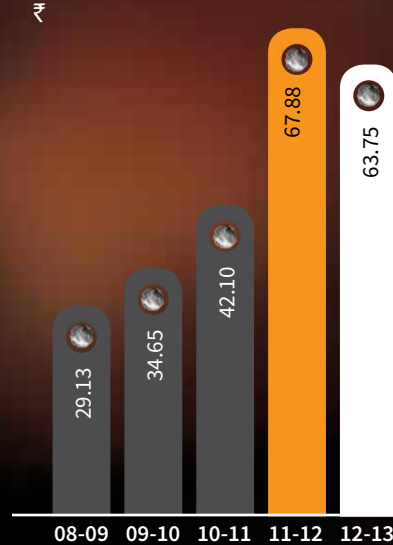
₹ in crore

**Gearing ratio****Earnings per share**

₹

**Book value per share**

₹





# Social Commitments

As a responsible corporate citizen, we work towards uplifting neighbouring communities. Our CSR activities encompass education, infrastructure development, community welfare, and health, safety and environment.



## EDUCATION

- Running an English medium school in Jamgaon village
- Provided uniforms and school books to children free of cost
- Sponsored teachers in different government schools in Raigarh

## HEALTHCARE AND SAFETY

- Established a health centre for local villagers
- Organised regular medical check-up for office staff and villagers
- Provided 24-hour ambulance services for villagers
- Organised eye operation camps
- Provided fire fighter tanker, along with fire safety equipment

## INFRASTRUCTURE DEVELOPMENT

- Constructed a *pucca* road
- Built school boundary and playground



### COMMUNITY WELFARE

- Installed deep tubewells and motors in Jamgaon and adjoining villages
- Organised regular cleaning and dredging of ponds
- Provided financial assistance to economically vulnerable sections of society
- Distributed blankets to the poor during winter
- Provided bus services to improve connectivity to Raigarh
- Made water tanks available in Jamgaon village and adjoining areas

### ENVIRONMENT

- Undertook beautification and gardening work to develop a green belt
- Planted trees in the surrounding villages and adjoining areas of the Company's facilities

# Board of Directors

## **Mr. Puranmal Agrawal**

### Chairman

- ▶ Expertise in steel business over the past 28 years
- ▶ Envisaged projects and executed them successfully
- ▶ Responsible for overall operations of the Company

## **Mr. Suresh Kumar Agrawal**

### Managing Director

- ▶ B.E. (Mech.) from Jabalpur University, Madhya Pradesh
- ▶ Rich experience of over 23 years in the steel business
- ▶ Has sound technical knowledge, looks after the overall production and quality control matters

## **Mr. Manish Agrawal**

### Director

- ▶ Commerce graduate from St. Xavier's College Kolkata and an MBA from IMI, Delhi
- ▶ Involved in steel business for the last nine years
- ▶ Manages the marketing and purchases of the Company effectively

## **Mr. Saket Agrawal**

### Director

- ▶ Commerce graduate from St. Xavier's College, Kolkata and an MBA from IMI, Delhi
- ▶ Involved in steel business for the last nine years
- ▶ Responsible for smooth management of finance and accounts of the Company

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# Directors' Report

To,

## The Members

Your Directors have pleasure in placing before you the 44th Annual Report alongwith Audited Annual Statement of Accounts for the year ended 31st March, 2013.

## FINANCIAL RESULTS

	(₹ in lacs)	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Revenue from Operations (Gross)	1,01,535.62	75,177.84
Profit before Depreciation and Tax	7,647.40	6,277.24
Less: Depreciation	4,627.92	2,908.78
Profit Before Tax	3,019.48	3,368.46
Less: Provision for Income Tax (Including earlier years)	-	294.70
Provision for Deferred Tax	1,006.96	470.67
Net Profit	2,012.52	2,603.09
Add: Balance brought forward	20,972.70	18,593.04
Add: Income tax earlier year	545.83	-
Less: Appropriations	29.08	223.44
Surplus carried to Balance Sheet	23,501.96	20,972.69

During the year the Company issued and allotted 3,00,00,000 equity shares of ₹ 10/- each at a premium of ₹ 50/- each to promoters and non promoters on preferential basis.

## DIVIDEND

The Board of Directors did not recommend dividend for the year ended 2013 for equity shares as well as 6% Non Cumulative Redeemable Preference Shares.

## EXPANSION PROJECT

The Management with a view to Modernise 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 increase and which running at its full capacity, the Company will save substantial cost in manufacture of TMT Bars.

## CREDIT RATING

The Company's rating reaffirmed the "BBB+" rating for long-term/ medium-term debt and various bank facilities sanctioned and/ or availed by the Company. Facilities with "CARE 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.

## CHANGE IN SHARE CAPITAL

### Issue and allotment of Equity shares

During the year the Company issued and allotted 3,00,00,000 equity shares of ₹ 10/- each at a premium of ₹ 50/- each to promoters and non promoters on preferential basis. The present paid up capital of the Company is ₹ 88,10,00,000. The proceeds of the above issue were utilised to meet the business needs of the co. in form of working capital requirements and funding capital expenditures.

## DIRECTORS

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

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

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

M/s. B Chhawchharia & Co. Chartered Accountants, the Company's Auditor will retire at the conclusion of ensuing Annual General Meeting. They have informed the Company that if reappointed, their appointment will be within the prescribed limits U/s 224(1B) of the Companies Act, 1956. Accordingly, members approval is being sought for their re-appointment as the Auditors of the Company at the ensuing Annual General Meeting.

### COST AUDITOR

Your Board has appointed Mr. S. Banerjee as Cost Auditor of the Company in accordance with the provisions of Section 233B of the Companies Act, 1956 read with Cost Accounting Records (Steel Plant) Rules, 1990, circular no. 15/2011[52/5/CAB-2011] dated 11th April, 2011 and circular no. 52/26/CAB- 2010 dated 3rd May, 2011 for the financial year 2012-13.

Pursuant to the direction of the Central Government that the cost accounts maintained by the Company be audited by a cost auditor, the Company has appointed Mr. S. Banerjee, Cost Accountants, for conducting the cost audit of the Company relating to steel plant for the financial year ended 31st March, 2013.

### 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, 2013, 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, 2013 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

Sound Corporate Governance principles are the foundation upon which the trust of investors is built. These principles are critical for growing the reputation that MSP has established over the years as a group dedicated to excellence in both performance and integrity. This trust and respect are fostered by our management in line with the prescribed guiding principles of Corporate Governance.

In our view, modern Corporate Governance is about promoting fairness, transparency, accountability and integrity in role playing. It involves a number of elements, including a clear understanding by Directors of their Company's strategic objectives, structures to ensure that the objectives are being met, systems to ensure the effective management of risks and the mechanisms to ensure that the Company's obligations are identified and discharged. Although Corporate Governance involves many systems and structures, the heart of it lies with the top management of a Company.

Our commitment to the highest business standards and effective Corporate Governance is essential in achieving respect from MSP stakeholders, as well as MSP communities, government officials and the general public. Together, the Board Members ensure that MSP Steel & Power Limited remains a company of uncompromised integrity and excellence

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report, the Management Discussion and Analysis Report and a Certificate from Company Secretary in practice regarding compliance of the conditions of Corporate Governance are annexed to this report.

### 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.

### SOCIAL OBLIGATION

Your Company recognises 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.

### 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

Particulars of remuneration paid in excess of limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the year under review is as follows.

Statement of the employees pursuant to Section 217(2A) of the Companies Act, 1956:

Name & Qualification	Age in years	Designation	Date of Employment	Gross Remuneration (₹ in lacs)	Experience(Yrs)	Previous Employment
Mr. Puranmal Agrawal B. Com	64	Chairman cum Wholetime Director	8th July, 2012	36.00	24	-
Mr. Suresh Kumar Agrawal B.E Mechanical	59	Managing Director	8th July, 2012	30.00	19	-

## 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

Sd/-

**Puranmal Agrawal**  
(Chairman)

Place: Kolkata  
Date: 28th May, 2013



## Annexure to the Directors' Report

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2013.

### A. CONSERVATION OF ENERGY

(a) Energy conservation measures

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

(b) Utilisation of WH Gas by proper soot blowing application, exhaust gas temperature at stack outlet has been reduced.

(c) We have reduced consumption of LDO per MT of pellet produced by utilising less Kcal value of coal gas.

(d) We have changed drives with VFD at some identified location and had reduced power consumption.

(e) The Company has improved power factor.

(f) Impact of the measures at (a) to (e) above have resulted in conservation of energy.

(g) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure is annexed.

### TECHNOLOGY ABSORPTION

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

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

#### Total Foreign Exchange used and earned:

	(₹ in lacs)	
	2012-13	2011-2012
<b>Foreign Exchange earnings</b>		
Export sales	3,592.68	8,263.74
<b>Foreign Exchange Outgo</b>		
Import – consumables - (stores)	269.44	48.74
- Capital goods	5.16	777.13
- Raw materials	5,677.56	1,728.31
Travelling and others	10.42	5.36
Interest	439.96	285.79
Professional fees	-	8.48
Foreign Membership Fees	16.27	14.22

## FORM A

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

		2012-13	2011-12
<b>Power and fuel consumption</b>			
Purchased			
Units in KWH		14,52,000	34,34,000
Total amount (in lacs)		373.88	312.57
Rate/unit (₹)		25.75	9.10
<b>Electricity – own generation</b>			
Through Diesel Generator			
Units generated (KWH)		9,460	25,668
Total cost (₹ in lacs)		2.28	10.95
Unit/Ltrs of Diesel (units)		1.97	1.07
Cost/Unit (₹ in lacs)		24.06	42.68
<b>Through steam turbine generator :</b>			
Units generated (KWH)		41,87,47,168	26,97,77,100
Cost/unit (₹)		3.11	2.13
<b>Coal and coke :</b>			
Quantity (MT)		8,60,458	5,65,460
Total cost (₹ in lacs)		15,090.47	12,918.94
Cost/unit (₹)		1,753.77	2,284.68
[Coal is used in the manufacturing process as reductant]			
<b>Consumption per unit (MT) of production</b>			
<b>Particulars</b>	<b>Unit</b>		
a) Electricity			
For sponge iron	KWH	97	107
For billets/ingot	KWH	952	926
For TMT	KWH	97	102
For Pellet	KWH	70	77
For Structurals	KWH	100	-
b) Coal			
For sponge iron	MT/KWH	1.83	1.89

## FORM B

### Form for Disclosure of Particulars with respect to Absorption:

#### RESEARCH AND DEVELOPMENT

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

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company implemented at its plant in Raigarh –

- 9 MTPA of Iron Ore Beneficiation Plant
- Hot Billet charging system in Rolling Mill

For and on behalf of the Board

Sd/-

**Puranmal Agrawal**

(Chairman)

Place: Kolkata

Date: 28th May, 2013

# Report on Corporate Governance

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

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increase long term shareholder value, keeping in view the Company's stakeholders' interest.

The Company is fully committed to the adoption of best Corporate Governance practices in the organisation. The Company firmly believes in the values of trusteeship, transparency, professionalism and accountability in all its dealings with customers, dealers, employees and shareholders.

## BOARD OF DIRECTORS

### Composition

The composition of the Board confirms to the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchanges.

Fourteen Board Meetings were held during the financial year 2012-2013 and the gap between two Board Meetings did not exceed 4 months. The dates on which Board Meetings were held : 2nd May, 2012 , 29th May, 2012, 6th July, 2012, 31st July, 2012, 14th August, 2012, 21st September, 2012, 17th October, 2012, 10th November, 2012, 7th January, 2013, 28th January, 2013, 7th February, 2013, 13th February, 2013, 28th February, 2013 and 26th March, 2013

The composition of the Board of Directors as on 31st March, 2013, attendance of Each Director at board Meeting, Last AGM & Directorship/ Chairmanship of Committee of each Directors in other Companies are as under:

Name of Director	Category	Attendance		Directorships in other companies	Committee Positions in other companies As		No. of shares held
		Board Meeting	Last AGM		Chairman	Member	
Mr. Puranmal Agrawal	C(ED)	14	Yes	11	-	-	1,86,620
Mr. Suresh Kumar Agrawal	MD(ED)	13	No	8	-	-	1,19,000
Mr. Manish Agrawal	NED	12	Yes	11	-	-	3,09,000
Mr. Saket Agrawal	NED	13	Yes	12	-	-	2,04,000
Mr. Amit Mehta	NEID	10	No	1	-	-	-
Mr. Navneet Jagatramka	NEID	10	No	-	-	-	-
Mr. Arvind Kumar Saraf	NEID	13	Yes	-	-	-	-
Mr. Ashok Kumar Soin	NEID	8	No	-	-	-	-

### Notes:

- Other directorships include directorships in public companies only.
- Committee positions in other companies relate to Chairmanships/ Memberships of Audit and Shareholders' Grievance Committees/ Share Transfer Committee only.
- Mr. Puranmal Agrawal is brother of Mr. Suresh Kumar Agrawal (MD of the Company). Mr. Manish Agrawal is son of Mr. Puranmal Agrawal and Mr. Saket Agrawal is son of Mr. Suresh Kumar Agrawal.
- Mr. Pavan Kumar Gupta resigned during the year and Mr. Ashok Kumar Soin was appointed as Non-Executive Independent Director.

C: Chairman, ED: Executive Director, NED: Non-Executive Director, NEID: Non-Executive Independent Director, MD: Managing Director

## COMMITTEES OF DIRECTORS

### 1) Audit Committee

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with the provision of Section 292A of the Companies Act, 1956.

The Audit Committee consists of two Independent Directors and one Non-Executive Director, having considerable financial experience and expertise. The Chairman of the Committee also has professional accounting qualification.

The brief terms of reference of the Audit Committee are broadly as follows:

- i. To review compliance with internal control systems.
- ii. To review the findings of the Internal Auditor relating to various functions of the Company.
- iii. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- iv. To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.
- v. To make recommendations to the Board any matter relating to the financial management of the Company, including the Statutory & Internal Audit Reports.
- vi. Recommending the appointment of statutory auditor and the internal auditor and also fixation of their remuneration.

The Audit Committee met four times during the year i.e. on, 29th May, 2012, 14th August, 2012, 10th November, 2012 and

7th February, 2013. The composition and attendance of the members at the Audit Committee Meeting are as follows:

Name	Position Held	No. of Audit Committee Meetings	
		Held	Attended
Mr. Arvind Kumar Saraf	Chairman	4	4
Mr. Navneet Jagatramka	Member	4	2
Mr. Saket Agrawal	Member	4	4

The Company Secretary acts as the Secretary to the Committee. Statutory Auditors are permanent invitees along-with the Executive Director who is also invited to join the meeting. The representative of Internal Auditors also attends the meeting.

The Audit Committee reviewed the unaudited quarterly results during the year under review and the annual accounts for the year ended 31st March, 2013 before recommendation of the same to the Board for their approval and adoption.

### 2) Remuneration Committee

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

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

### The composition & attendance of the remuneration Committee is

Name	Position Held	Category	No. of Committee Meetings	
			Held	Attended
Mr. Arvind Kumar Saraf	Chairman	Independent	1	1
Mr. Navneet Jagatramka	Member	Independent	1	1
Mr. Saket Agrawal	Member	Non-Executive	1	1

Dates on which meeting was held – 5th October, 2012

### Remuneration to Directors

The Company paid remuneration by way of salary to its Managing Director and Executive Director within the limit specified under Schedule XIII and approved by the Board and Shareholders of the Company. The remuneration paid to Executive Directors during the year-ended 31st March, 2013.

Name	Salary(₹)	Period of Contract	
		From	To
Mr. Puranmal Agrawal (Chairman)	3,00,000/-per month	8th July, 2012	7th July, 2017
Mr. Suresh Kumar Agrawal (Managing Director)	2,50,000/-per month	8th July, 2012	7th July, 2017

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

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

The shareholders'/Investors Grievance Committee consists of Mr. Arvind Kumar Saraf (Independent Director), Mr. Manish Agrawal and Mr. Saket Agrawal (Non-Executive Directors)

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

Two meetings of the said Committee held during the year on 15th November, 2012 & 21st February, 2013

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

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

- a. No. of complaints received from shareholders : 0
- b. No. of complaints not resolved / no actions taken : Nil
- c. No. of pending Share Transfers as on 31st March, 2013 : Nil

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

#### The attendance of the shareholders'/Investors Grievance Committee is

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

#### Details of Previous Annual General Meetings

Sl. No.	Annual General Meeting	Date	Venue	No. of Special Resolutions
1	41st Annual General Meeting	29th September, 2010	Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700020 Kolkata-97	2
2.	42nd Annual General Meeting	19th September, 2011	Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700020 Kolkata-97	-
3.	43rd Annual General Meeting	18th September, 2012	Rotary Sadan, 94/2 Chowringhee Road, Kolkata – 700020 Kolkata-97	3

### Postal Ballot

During the year, the Company had conducted voting through Postal Ballot on 21st May, 2012 & 31st December, 2012. 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, Company Secretaries acted as scrutiniser for postal ballot and the results of the same were announced on 21st May, 2012 & 31st December, 2012 and voting pattern for the resolutions was as under:

**All the resolutions were passed with overwhelming majority.**

Sl. No.	Dated	Item	Votes Cast	
			For	Against
1.	21st May, 2012	Special Resolution U/s Section 81(1A) and other provisions to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, 1,00,00,000 (One crore) Equity Shares of ₹ 10/- each at a price of ₹ 60/- (including a premium of ₹ 50/- per share) or the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, whichever is higher, to promoters and non promoters on preferential basis	99.99	0.01
2.	21st May, 2012	Ordinary Resolution U/s 293(1) (a) of the Companies act 1956 authorising the Board of Directors to mortgage, hypothecation and/or charge any of its movable and/or immovable properties or the whole or substantially the whole of any undertaking or undertakings of the Company	99.99	0.01
3.	21st May, 2012	Ordinary Resolution U/s 293(1) (d) of the Companies act 1956 for increase in borrowing powers of Board upto ₹ 2,000 crore	99.99	0.01
4.	31st December, 2012	Special Resolution U/s Section 81(1A) and other provisions to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, 2,00,00,000 (two crore) Equity Shares of ₹ 10/- each at a price of ₹ 60/- (including a premium of ₹ 50/- per share) or the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, whichever is higher, to promoters and non promoters on preferential basis	99.99	0.01
5.	31st December, 2012	Ordinary resolution U/s 16, 94 of Companies Act 1956 for reorganisation of existing Authorised Share Capital of the Company by cancelling 2,00,00,000 crore 6% Non Cumulative Redeemable Preference Shares of ₹ 10/- and creating in lieu thereof 2,00,00,000 Equity Shares of ₹ 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 to 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 scrutiniser 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 scrutiniser appointed for the purpose scrutinises 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 favour are more than the votes cast against.

### 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 31 of Notes to the Accounts. The Audit Committee reviews the related party transactions.

### **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.

### **Code of Conduct**

A Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors 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 Pvt. Ltd.

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

### **Whistle Blower Policy**

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

### **Means of Communication with Shareholders**

In compliance with the requirement of the Listing Agreement, the Company published quarterly results in the newspapers are submitted to the Stock Exchanges immediately after they are taken on record by the Board and are not sent to individual shareholders.

The quarterly unaudited results are generally published in 'The Business Standard and Economic Times' in English and 'Shakal Bela' in Bengali.

## **GENERAL SHAREHOLDER'S INFORMATION**

### **1. 44th Annual General Meeting (AGM)**

#### **i. Day, Date and Time**

Thursday, 26th September, 2013 at 11.00 AM

#### **ii. Venue**

Rotary Sadan, 94/2 Chowringhee Road,  
Kolkata – 700 020

### **2. Date of Book Closure**

18th September, 2013 to 26th September, 2013 (both days inclusive)

### **3. Financial Calendar for 2013-14**

#### **Financial results for**

#### **First Quarter**

On or before 15th August, 2013

#### **Second Quarter**

On or before 15th November, 2013

#### **Third Quarter**

On or before 15th February, 2013

#### **Annual Results**

On or before 30th May, 2014

### **4. Profile of Director seeking Appointment/ Re-Appointment**

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

### **5. Management Discussion and Analysis Report**

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

### **6. Listings**

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

NSE- MSPL

BSE- 532650

The Company paid annual listing fee for 2013-14 to The Bombay Stock Exchange Ltd., Mumbai and the National Stock Exchange of India Ltd. and annual custody fee to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

### **7. 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.

**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 will send intimation to shareholders whose dividend warrants have not been encashed. Shareholders are requested to revert to the Company if they have not received/ encashed their dividend warrants.

**8. Distribution of Shareholding as on 31st March, 2013**

Category	No. of shareholders	% of holders	Shares	% of shares
1 - 5,000	10,414	82.35	18,36,059	2.08
5,001 - 10,000	1,122	8.87	9,61,573	1.09
10,001 - 20,000	502	3.97	8,01,133	0.91
20,001 - 30,000	177	1.40	4,63,438	0.53
30,001 - 40,000	76	0.60	2,76,897	0.31
40,001 - 50,000	74	0.59	3,49,875	0.40
50,001 - 1,00,000	116	0.92	8,70,697	0.99
1,00,001 And Above	165	1.30	8,25,40,328	93.69
<b>TOTAL</b>	<b>12,646</b>	<b>100.00</b>	<b>8,81,00,000</b>	<b>100.00</b>

**9. Shareholding Pattern for the year ended 31st March, 2013**

Category	Category Wise Total Holding	
	No. of Shares Held	% of Holding
<b>A PROMOTERS 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 NON-PROMOTERS HOLDING</b>		
<b>2 Institutional Investors</b>		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions/ Non-Govt. Institutions)	2,54,990	0.29
c. FIs	-	-
<b>Sub Total:</b>	<b>2,54,990</b>	<b>0.29</b>
<b>3 Others</b>		
a. Bodies Corporate	1,73,22,052	19.66
b. Indian Public	70,02,921	7.95
c. NRI's/OCBs	1,61,915	0.18
d. Any other		
Clearing Members	14,622	0.02
<b>Sub total:</b>	<b>2,45,01,510</b>	<b>27.81</b>
<b>Grand Total:</b>	<b>8,81,00,000</b>	<b>100.00</b>

## 10. Stock Price Data

Month	Bombay Stock Exchange		National Stock Exchange	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April, 2012	32.95	30.00	32.80	30.00
May, 2012	33.30	26.80	37.45	27.00
June, 2012	30.90	27.05	30.80	27.00
July, 2012	38.80	28.50	39.20	28.80
August, 2012	31.50	26.70	31.80	26.90
September, 2012	33.00	26.75	33.00	26.80
October, 2012	33.90	27.80	33.85	27.50
November, 2012	30.75	25.20	29.70	25.00
December, 2012	30.00	25.00	30.25	25.40
January, 2013	29.90	23.40	29.70	23.80
February, 2013	28.95	20.00	27.80	20.00
March, 2013	23.80	18.65	23.10	19.50

## 11. Depository Registrar and Share Transfer Agent

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

## 12. Dematerialisation of Shares

As per SEBI requirement, the Company enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The Company's ISIN No. is INE 752G01015.

**Details of shares held in dematerialised and physical form as on 31st March, 2013.**

Description	No. of share holders	No. of shares	% of total shares
Shares held in dematerialised form- NSDL	43	2,00,63,305	22.77
Shares held in dematerialised form- CSDL	8,508	6,57,28,306	74.61
Shares held in physical form	4,095	23,08,389	2.62
<b>TOTAL</b>	<b>12,646</b>	<b>8,81,00,000</b>	<b>100.00</b>

**13. Outstanding GDRs/ADRs /Warrants or any convertible instruments, among others**

The Company has not issued any GDR or ADR.

**14. Plant Location**

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

**15. Address for Correspondence**

**Corporate Office :** 16/S Block A

New Alipore

Kolkata- 700053

Ph No. 23990038/3940/40057777

Fax No. 23982239/40057788

**Registered Office :** 1, Crooked Lane,

Kolkata – 700 069

Ph. No. 22483795

Fax No. 22484138

**16. E-mail id for Investor Grievances**

investor.contact@mspsteel.com

**NON MANDATORY REQUIREMENTS****Chairman of the Board**

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

**Remuneration Committee**

The Company formed a Remuneration Committee comprising 2 Independent Non-Executive Directors and Non-Executive Director as stated in Item No. 2 of Committees of Directors in this Report.

**Other Items**

The rest of the non mandatory requirements such as shareholder's rights, training of Board Members, mechanism for evaluation of Non-Executive Board Members and Whistle Blower Policy will be implemented by the Company as and when required.

For and on behalf of the Board

Sd/-

Place: Kolkata

Date: 28th May, 2013

**Puranmal Agrawal**

(Chairman)

## Auditor's 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 & Power Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges in India.

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 B. Chhawchharia & Co.**  
Firm Registration No.: 305123E  
Chartered Accountants

**Vikram Dhanania**  
Partner  
Membership No. 060568

Place : Kolkata  
Date : 28th May, 2013

## 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, 2013.

Place: Kolkata  
Date: 28th May, 2013

**Suresh Kumar Agrawal**  
(Managing Director)

## CEO & CFO Certification

The Board of Directors

**MSP Steel & Power Limited**

Kolkata – 700053

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

We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:

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

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.

There are, to the best of our knowledge and belief, no transactions entered into the Company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for the establishing and maintaining internal control systems for financial reporting and we have evaluated the effectiveness of the of the internal controls systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls.

We indicated to the auditors and the audit committee that:-

- i) There have been no significant changes in internal control over financial reporting during the year;
- ii) There have been no significant changes in accounting policies during the year.

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

Place: Kolkata

Date: 28th May, 2013

**Puranmal Agrawal**  
(Chairman)

**Suresh Kumar Agrawal**  
(Managing Director)

# Management Discussion and Analysis Report

## INDIAN ECONOMIC SCENARIO

The financial year 2012-13 turned out to be a challenging one for the Indian economy. Global issues, such as Eurozone's debt worries, slowdown in the emerging economies and the US fiscal cliff affected the economic scenario. Domestic issues in the form of burgeoning fiscal deficit, slowdown in GDP growth and high inflation added to the woes of the Indian economy. However, modest recovery seems to be on the cards driven by the following factors:

- ▶ Monthly wholesale inflation cooled off from high levels of 8% during 2012-13 to below 5% in early 2013-14
- ▶ Fiscal deficit decreased from 5.76% of GDP in 2011-12 to 4.89% of GDP in 2012-13. The Government is targeting to bring it down to 3% of GDP by 2016-17
- ▶ Reduction in repo rate thrice and cash reserve ratio once till June, 2013 are likely to augment growth in the Indian economy

## GLOBAL STEEL INDUSTRY

The global steel industry experienced a challenging year in 2012-13. The industry was primarily impacted by the Eurozone debt crisis, which lingered for a major part of the year. Moreover, the steel demand in the emerging economies failed to reach expected levels.

Global steel production witnessed record high levels of 1,548 million tonnes (MT) in 2012, indicating resilience amid a challenging environment. During the last financial year, steel demand increased and older steelmaking capacities were removed. However, there was excess capacity owing to continued growth in new steelmaking facilities, especially in developing economies.

Sluggish demand, excess steelmaking capacity and price volatility of raw materials will together challenge the sustainability of high-cost producers. Going forward, it is expected that increase in steel demand, better utilisation rates and closure of high-cost steelmaking capacities will lead to improved profitability. The global steel demand is likely to grow by 2.9% in 2013 and increase to 3.2% to reach 1,500 MT in 2014.

India occupies a central position on the global steel map with its giant steel mills, acquisition of global scale capacities by its players, continuous modernisation and up-gradation of old plants.

## Apparent Steel Use (ASU) Growth

Short range of outlook for apparent steel use, finished steel products (2012-2014)

Regions	Growth Rates %		
	2012	2013 (f)	2014 (f)
European Union(27)	-9.3	-0.5	3.3
Other Europe	4.1	6.1	4.1
CIS	3.3	2.0	3.8
NAFTA	7.8	2.9	3.0
Central & South America	2.6	6.2	4.3
Africa	7.1	8.1	7.6
The Middle East	-1.2	0.8	6.1
Asia & Oceania	1.8	3.2	2.8
World	1.2	2.9	3.2
Developed economies	-1.9	0.4	2.3
Emerging & developing economies	2.5	3.9	3.5
China	1.9	3.5	2.5
BRIC	1.9	3.7	3.0
MENA	2.2	3.2	7.1
World excluding China	0.7	2.4	3.8

(Source: World Steel Association)

\*f- forecasts



## INDIAN STEEL INDUSTRY

India, currently the world's fourth largest crude steel producer, is expected to become the second largest in terms of crude steel production by 2015-16. India's steel industry contributes around 2% of the country's GDP, with steel having direct linkages with important sectors of the economy. India is also the world's largest producer of sponge iron with a host of coal-based units located in its mineral-rich states.

India occupies a central position in the global steel map with its giant steel mills, acquisition of global scale capacities by its players, continuous modernisation and up-gradation of old plants. Besides, the country is also experiencing improving energy efficiency and backward integration into global raw material sources.

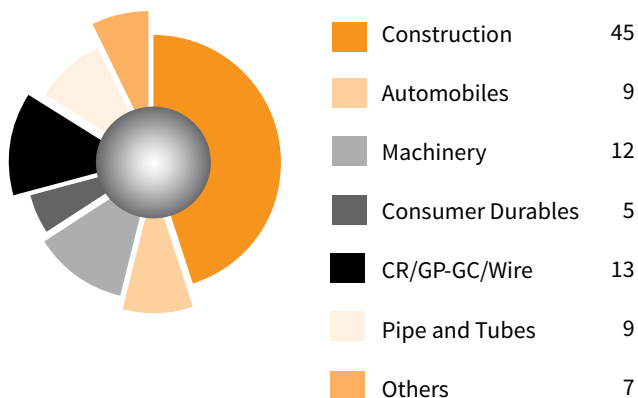
### Production

The total steel production, which went up by 4.3% year-on-year, stood at 90 MT in 2012. It is expected to reach 275 MT by 2020. India's steel-making capacity is estimated to exceed 100 MT by 2013.

### Consumption

India's steel demand reached 73.3 MT in 2012-13, up 3.3% Y-o-Y. The per capita steel consumption increased from 34 Kilograms (kgs) in 2004-05 to 59 kgs in 2011-12.

#### Sector-wise steel consumption (%)



(Source: CARE Research Report)

### Challenges

#### Economic slowdown

Steel demand emanating from downstream industrial sectors like railways, constructions, automobiles, shipping and others was affected due to global and domestic economic slowdowns. The global economic downturn impacted India's economy, which was also plagued by slow decision making till almost the end of 2012. Besides, the country's GDP growth rate also slowed down, partly because of extreme corruption that affected India's reputation and resulted in a decline in FII investments. However, corruption in such a situation occurs due to excessive regulations and approval requirements as well as mandated spending programmes. Besides, monopoly of certain goods and service providers by government-controlled institutions, bureaucracy with discretionary powers and

lack of transparent laws and processes also increase the chance of corruption.

#### Raw material shortage

Ban on iron ore mining in Karnataka, Odisha and Goa led to a shortage of raw materials, such as iron ore and coal, thus leading to inflation in raw material price. Government initiatives to stop illegal mining affected the availability of raw materials.

#### Regulatory issues

Land acquisition still remains a major challenge for India's steelmakers. Regulatory hurdles in the form of difficulty faced in acquiring several environmental and forest clearances act as impediments to build capacities.

#### Inadequate infrastructure and logistics

Production of 1 tonne of steel requires 4 tonne of raw materials movement. The inadequacy of logistics infrastructure like roads, ports and others poses a challenge for the steel industry.

#### Demand drivers

##### Investment in railway industry

Indian Railways plan to invest USD 328 billion by 2020 under its Vision 2020 programme. Vision 2020 intends to augment capacity to meet traffic demand and improve safety and operational efficiency. This programme, thus, holds the key to the rise in India's steel demand.

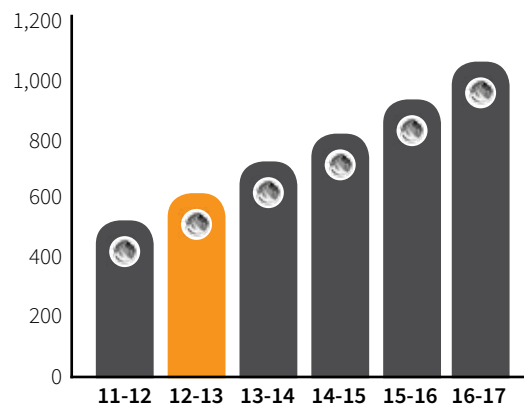
##### Rural steel demand

India's per capita rural steel consumption for 2012-13 stood at around 13 kgs, significantly lower than its urban counterpart. Projects like Bharat Nirman and Rajiv Gandhi Awas Yojana accelerated demand for construction steel. But, significant opportunities to grow rural steel demand still remain.

##### Infrastructural thrust

The Indian Government plans to invest around USD 1,025 billion in the Twelfth Five Year Plan, as against USD 514 billion in the Eleventh Five Year Plan. This will spur the demand for steel.

#### Infrastructure investment (₹ in billion)



(Source: 'Global Steel 2013' - Ernst & Young Report)

## Investment in road sector

The government planned to double its investments in the road sector from USD 66 billion in the Eleventh Five Year Plan to USD 132 billion in the Twelfth Five Year Plan. This will improve the connectivity of roads to ports and plant sites.

## Growth in automobile and power sector

Increase in volume of the automobiles will drive the demand for specialised steel like ultrafine grain steel and dual phase steel. As India is witnessing power shortage, the Company plans to invest substantially in the power projects, which will drive steel demand.

## Outlook

The growth potential of India's steel industry over the long term appears optimistic. It is expected to be driven by increased infrastructural investment, fast urbanisation and focus on industrialisation. Although steel production is estimated to grow by around 60 MT during the Twelfth Five Year Plan, raw material shortage and low steel prices posed industry concerns. However, government reforms, projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana and greenfield constructions are building strong foundation for India's steel industry. The domestic steel demand is likely to increase by 5.9% in 2013 and ultimately by 7% in 2014 (Source: World Steel Association).

## 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 2012-13 is given below:

	(₹ in lacs)	
	<b>Year Ended 31st March, 2013</b>	<b>Year Ended 31st March, 2012</b>
Revenue from operations (gross)	75,177.84	1,01,535.62
PBDIT	12,136.37	16,698.03
Interest and financial charges	5,859.13	9,050.63
Cash profit	5,511.86	6,640.44
Depreciation	2,908.78	4,627.92
Tax expenses	765.37	1,006.96
Net profit	2,603.09	2,012.52

The Company's operational performance during 2012-13 is discussed below in brief:

### i) Pellet plant

The Company's pellet production increased from 2,71,118 MT during 2011-12 to 5,04,015 MT in 2012-13.

### ii) Sponge iron plant

Sponge iron production by the Company increased from 1,95,595 MT in 2011-12 to 2,06,619 MT in 2012-13.

### iii) Power generation

The Company produced 41,87,47,163 KWH of total power, as compared to 26,97,77,140 KWH during the last year.

### iv) Ingot/Billets

The production of Ingot/billets, which amounted to 1,43,371 MT in 2011-13, touched 1,75,110 MT in 2012-13.

### v) TMT bars

TMT bar production for 2012-13 was 84,173 MT, as compared to 75,693 MT during last year.

### vi) Structural rolling mill

The production of structural steel increased from 49,501 MT in 2011-12 to 39,723 MT in 2012-13.

In view of the global economic slowdown, MSP is focusing on innovation to ensure sustainability. The result is the installation of the 9 MTPA pellet plant, which helped the Company gain a first-mover advantage in pelletisation. The plant enables the Company to use extra-fine iron ore as the feed after beneficiation rather than scarce lumps. This helps to improve blast furnace productivity by increasing the percentage of agglomerate in the Blast Furnace burden.

## RISK MANAGEMENT AND CONCERNS

Business risks are potential incidents, which could negatively affect the achievement of the Company's vision, mission, goals and targets or organisational unit. Risk management involves the efforts to identify and mitigate the negative influence of various sources of risks faced by the Company's business activities to ensure optimal operations. The Good Corporate Governance and Risk Management Division is responsible for setting up the infrastructure, implementation of policies, socialisation, implementation coaching and management of the Company's business risk. Identified risks are grouped into four types, namely strategic, financial, operational and environmental.

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

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

- Environmental risks cause environmental degradation, pollution, social disruption, and other issues, in turn adversely impacting the Company's reputation

All sources of external and internal risks need to be systematically anticipated to prevent issues that can negatively affect the Company in future.

### Internal risks

#### Plant operations risk

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

- 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

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. To mitigate these risks, the Company:

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

#### Environment risk

Protecting for the environment lies at the core of all operations at MSP. 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 plans and policies to ensure orderly and efficient business conduct. The Board has also set up appropriate processes to monitor the relevant external and internal risks. The Company follows the COSO model of internal control system to deal efficiently and effectively with all the five components of Internal Control System, namely:

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

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

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

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

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

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

### FINANCIAL MANAGEMENT

The senior management personnel periodically monitors the capital budgeting and subsequent progress of the under-implementation 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 3,00,00,000 equity shares of ₹ 10 each at a premium of ₹ 50 per share on a preferential basis.

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 2012-13, the Company performed satisfactorily, commissioning its 6 lacs MTPA pellet plant, 34 MW power plant and 3.3 MTPA coal washery. Going forward, the Company expects that revenues from the newly commissioned projects to increase. 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'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's human resource an admirable and competitive workforce that not only epitomises 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  
Sd/-

Place: Kolkata

Date: 28th May, 2013

**Puranmal 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, 2013, the Statement of Profit & 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**

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'). 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 the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have relied upon the management's representation relating to the disclosures in the financial statements regarding (a) segment reporting (Note 30); (b) related party disclosures (Note 31); (c) impairment of assets (Note 34); (d) reconciliation and confirmation of balance of current assets, loans and advances & current liabilities (Note 44); (e) dues to Micro, Small & Medium Enterprises (Note 45) and (f) abandoning its sponge iron project and extension of railway siding project and having no impairment loss in respect of the expenditure/materials having alternate uses (Note 46).

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, 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **5. EMPHASIS OF MATTER**

We draw attention to the notes to the financial statements regarding delay in payment of dividend on preference shares during the year and payment of the said dividend without opening a separate bank account which are not in compliance with the requirements of Sections 205 & 205A of the Companies Act, 1956 (Refer Note 43).

Our opinion is not qualified in respect of these matters.

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

- 6.1 As required by the Companies (Auditors' Report) Order, 2003 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.

6.2 As required by Section 227(3) of the Act, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Act;

- (v) On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Act.

**For B. Chhawchharia & Co.**  
Firm Registration No.: 305123E  
Chartered Accountants

**Vikram Dhanania**  
Partner  
Membership No. 060568

Place: Kolkata  
Date: 28th May, 2013

## Annexure to the Auditors' Report

Referred to in paragraph 6 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) As per the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the period so as to affect its going concern status.
- (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 two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 2,078.93 lacs and the year end balance of loans given to such parties was ₹ 909.42.
- (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 extent 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 seven parties (including interest free loan from three parties) covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 3,820.49 lacs and the year end balance of loans taken from such parties was ₹ 1,994.44 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, 2013 for a period of more than six months from the date they became payable, except dividend distribution tax for ₹ 3.00 lacs and entry tax for ₹ 274.64 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 of 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	2005-06	77.57	Additional Commissioner of Excise
Central Excise Act, 1944	Removal of finished goods without payment of duty	2005-06 & 2007-09	65.74	CESTAT
Central Excise Act, 1944	Sale of Electricity without payment of duty	2005-09	131.89	CESTAT
Central Excise Act, 1944	Disputed disallowances of cenvat credit	2005-10	697.66	CESTAT
Service Tax under Finance Act, 1994	Disputed disallowances of cenvat credit	2006-07	3.74	CESTAT
Service Tax under Finance Act, 1994	Disputed disallowances of cenvat credit	2009-11	52.84	CESTAT
Income-tax Act, 1961	Disallowance of TDS	2004-05	0.55	Deputy/Asst. 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 and based on the documents and records produced to us, as on 31st March, 2013 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 ₹ 8,160.75 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 utilised 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 preferential allotment of shares for ₹ 11,532.00 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, are 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 B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

**Vikram Dhanania**

Partner

Membership No. 060568

Place: Kolkata

Date: 28th May, 2013

# Balance sheet

as at 31st March, 2013

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	9,689.40	6,689.40
Reserves and Surplus	4	46,472.14	28,942.88
Share Application money pending allotment	5	12,900.00	3,181.00
		<b>69,061.54</b>	<b>38,813.28</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	6	50,244.23	46,930.75
Deferred Tax Liabilities (net)	7	4,814.97	3,808.01
Other Long Term Liabilities	8	164.78	297.29
Long Term Provisions	9	190.50	158.98
		<b>55,414.48</b>	<b>51,195.03</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	10	38,324.97	36,094.52
Trade Payables	11	14,921.33	5,046.52
Other Current Liabilities	8	15,925.29	14,290.84
Short Term Provisions	9	1,331.93	631.31
		<b>70,503.52</b>	<b>56,063.19</b>
<b>TOTAL</b>		<b>1,94,979.54</b>	<b>1,46,071.50</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12	88,579.63	49,582.23
Capital Work-In-Progress	13	16,496.72	51,655.36
Non Current Investments	14	3,250.92	3,241.91
Long-Term Loans and Advances	15	6,755.57	3,062.75
Other Non-Current Assets	16	2,054.29	1,514.73
		<b>1,17,137.13</b>	<b>1,09,056.98</b>
<b>Current Assets</b>			
Inventories	17	30,754.71	21,007.76
Trade Receivables	18	12,633.07	4,598.53
Cash and Bank Balances	19	707.78	720.69
Short-Term Loans and Advances	15	33,167.15	10,127.68
Other Current Assets	16	579.70	559.86
		<b>77,842.41</b>	<b>37,014.52</b>
<b>TOTAL</b>		<b>1,94,979.54</b>	<b>1,46,071.50</b>
Summary of significant accounting policies	2		

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**

Partner

Membership No. 060568

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

**Pinky Gupta**

(Company Secretary)

Place: Kolkata

Date: 28th May, 2013

# Statement of Profit and Loss Account

for the year ended 31st March, 2013

(₹ in lacs)

	Notes	2012-13	2011-12
<b>INCOME</b>			
Revenue from Operations (gross)	20	1,01,535.62	75,177.84
Less: Excise duty		9,379.44	5,544.92
<b>Revenue from operations (net)</b>		<b>92,156.18</b>	<b>69,632.92</b>
Other Income	21	593.99	522.76
<b>TOTAL (I)</b>		<b>92,750.17</b>	<b>70,155.68</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	22	52,612.13	42,808.96
Purchase of Traded Goods	23	8,402.81	5,796.44
Changes in Inventories of finished goods, work-in-progress and traded goods	24	(835.34)	(1,800.79)
Employee benefits expense	25	2,502.48	1,840.49
Finance Costs	26	9,050.63	5,859.13
Depreciation and amortisation expense	12	4,627.92	2,908.78
Other Expenses	27	13,370.05	9,374.22
<b>TOTAL (II)</b>		<b>89,730.69</b>	<b>66,787.22</b>
<b>Profit before tax (I-II)</b>		<b>3,019.48</b>	<b>3,368.46</b>
<b>Tax expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		599.16	729.78
Less: MAT Credit Entitlement		(599.16)	(435.08)
Deferred Tax		1,006.96	470.68
<b>Total tax expense</b>		<b>1,006.96</b>	<b>765.38</b>
<b>Profit for the period</b>		<b>2,012.52</b>	<b>2,603.08</b>
<b>Earnings per equity share [nominal value of share ₹ 10 each (31st March, 2012: ₹ 10 each)]</b>	28		
Basic (₹)		2.96	4.39
Diluted (₹)		2.96	4.26
Summary of significant accounting policies	2		

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**

Partner

Membership No. 060568

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

Place: Kolkata

Date: 28th May, 2013

**Pinky Gupta**

(Company Secretary)

# Cash Flow Statement

for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	3,019.48	3,368.47
Adjustments for:		
Depreciation	4,627.92	2,908.78
Unrealised (Gain) on Foreign Exchange Fluctuation/Forward	(31.39)	(33.34)
Profit on Sale of Land	(36.74)	-
Irrecoverable Debts, Deposits and Advances written off	77.69	52.73
Provision for bad and doubtful debts/advances	(24.61)	182.44
Liabilities no longer required written back	-	(183.94)
Loss on sale of fixed assets	-	6.34
Loss on Project Abandonment	902.82	-
Interest on loans, deposits etc.	(512.25)	(521.31)
Interest Expenses	8,427.20	5,650.94
Other Finance Expenses	58.82	102.20
Dividend Income	(0.25)	(0.25)
<b>Operating Profit before working capital changes</b>	<b>16,508.69</b>	<b>11,533.06</b>
Movement in Working Capital for:		
(Increase) in Trade Receivables	(8,087.63)	(740.57)
(Increase) in Loans and Advances	(23,942.89)	(523.66)
(Increase) in Other Assets	(580.72)	(83.74)
(Increase) in Inventories	(9,746.95)	(8,922.30)
Increase Trade Payables	9,900.62	2,786.01
Increase in Other Liabilities	1,142.62	342.05
Increase in Provisions	838.02	40.09
<b>Cash generated from Operations</b>	<b>(13,968.24)</b>	<b>4,430.95</b>
Direct Taxes Paid	484.60	1,071.01
<b>Net Cash generated from Operating Activities</b>	<b>(14,452.84)</b>	<b>3,359.94</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(13,940.97)	(18,167.04)
Discard/Sale of Fixed Assets	2.55	8.56
Profit on Sale of Land	36.74	-
Investment in Joint Venture	(234.84)	(11.92)
Purchase of Investments	(9.01)	(2,504.38)
Fixed Deposits (with maturity period of more than three months) (made)	(300.65)	-
Interest received	805.63	236.84
Dividends received	0.25	0.25
<b>Net cash used in investing activities</b>	<b>(13,640.30)</b>	<b>(20,437.69)</b>

# Cash Flow Statement

for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Application money received towards Equity Shares	9,719.00	3,181.00
Unpaid Dividend	(3.66)	-
Dividend and dividend distribution tax paid	(249.51)	(351.40)
Proceeds from Preferential issue of Equity Shares	18,000.00	1,254.00
Deferred payment credit (paid)	-	(4,014.23)
Long Term Borrowings Received	14,466.42	13,704.10
Long Term Borrowings Repaid	(5,202.74)	(3,798.05)
Short Term Borrowings Received/(paid) (Net)	(3,956.93)	(796.83)
Cash credit and working capital received (Net)	3,060.88	13,293.71
Interest Paid	(7,965.67)	(5,608.70)
Other Finance Expenses Paid	(58.82)	(102.20)
<b>Net cash generated in financing activities</b>	<b>27,808.97</b>	<b>16,761.40</b>
<b>Net (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(284.17)</b>	<b>(316.36)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>487.51</b>	<b>803.87</b>
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>203.34</b>	<b>487.51</b>

(₹ in lacs)

	2012-13	2011-12
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	105.81	108.63
Cheques in hand	0.18	-
With Scheduled Banks on Current Account	97.35	378.88
	<b>203.34</b>	<b>487.51</b>

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**

Partner

Membership No. 060568

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

Place: Kolkata

Date: 28th May, 2013

**Pinky Gupta**

(Company Secretary)

# Notes

## to the Financial Statements for the year ended 31st March, 2013

### NOTE 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.

### NOTE 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, (as amended) and the relevant provisions of the Companies Act, 1956. 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 capitalised 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 capitalised 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/Amortisation 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.

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 amortised over the period of lease.

The intangible assets are amortised 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 recognised 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 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 recognised 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.



# Notes

## to the Financial Statements for the year ended 31st March, 2013

### (g) Borrowing Costs

Borrowing cost includes interest, amortisation 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 capitalised 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 recognised 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 recognised 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 recognised 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 recognised at a nominal value.

### (i) Investments

Investments that are readily realisable 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 recognised 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 realisable 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 realisable 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 realisable value.
- Net realisable 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 recognised 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 recognised 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 recognised on transmission of power to the customers from the grid.

#### Sale of carbon credits

Revenue is recognised 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 recognised 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 recognised at lower of the estimated credit receivable and estimated net realisable value.

#### Interest

Interest income is recognised 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.

# Notes

## to the Financial Statements for the year ended 31st March, 2013

### **(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 recognised as income or expenses in the year in which they arise.

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

### **(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 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 recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

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

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

### **(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.

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 3. SHARE CAPITAL</b>		
<b>Authorised shares</b>		
10,20,00,000 (8,20,00,000) equity shares of ₹ 10/- each (₹ 10/- each)	10,200.00	8,200.00
1,50,00,000 (1,50,00,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each)	1,500.00	1,500.00
	<b>11,700.00</b>	<b>9,700.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
8,81,00,000 (5,81,00,000) Equity Shares of ₹ 10/- each (₹ 10/- each), fully paid up,	8,810.00	5,810.00
87,94,000 (87,94,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each), fully paid up	879.40	879.40
<b>Total issued subscribed and fully paid-up share capital</b>	<b>9,689.40</b>	<b>6,689.40</b>

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

	As at 31st March, 2013		As at 31st March, 2012	
	No.	(₹ in lacs)	No.	(₹ in lacs)
<b>Equity shares</b>				
At the beginning of the period/year	5,81,00,000	5,810.00	5,81,00,000	5,810.00
Issued during the period	3,00,00,000	3,000.00	-	-
<b>Outstanding as at the end of the period/year</b>	<b>8,81,00,000</b>	<b>8,810.00</b>	<b>5,81,00,000</b>	<b>5,810.00</b>

	As at 31st March, 2013		As at 31st March, 2012	
	No.	(₹ in lacs)	No.	(₹ in lacs)
<b>Preference Shares</b>				
At the beginning of the period/year	87,94,000	879.40	75,40,000	754.00
Issued during the period/year	-	-	12,54,000	125.40
<b>Outstanding as at the end of the period/year</b>	<b>87,94,000</b>	<b>879.40</b>	<b>87,94,000</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 dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, dividend of ₹ Nil (31st March, 2012 : ₹ 0.25). has been recognised as proposed distributions to equity shareholders.

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.

During the year the Company had issued 3,00,00,000 number of equity shares of ₹ 10/- each at a premium of ₹ 50/- per share on preferential basis.

### Terms/rights attached to preference shares

The Company has only one class of preference shares (i.e. 6% non cumulative redeemable preference shares) having a nominal value of ₹ 10/- per share. The preference shareholders shall have the right to vote on any resolution of the Company directly affecting their rights. The Company declares and pays preferential dividends in Indian rupees.

# Notes

## to the Financial Statements for the year ended 31st March, 2013

The preference share of the Company are non cumulative in nature and therefore in case the Company does not declare dividend in any particular year, dividend right gets lapsed and is not eligible for carry forward in future years.

During the year ended 31st March, 2013, dividend of ₹ Nil (31st March, 2012 : ₹ 0.60) has been recognised as proposed distributions to preference shareholders.

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

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

### Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2013		As at 31st March, 2012	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of ₹ 10/- each</b>				
MSP Infotech Pvt Ltd	71,29,760	8.09	71,29,760	12.27
MSP Properties (I) Ltd.	60,30,500	6.85	60,30,500	10.38
Adhunik Gases Ltd.	55,54,000	6.30	40,04,000	6.89
K. C. Texofine Pvt. Ltd.	51,47,000	5.84	39,32,000	6.77
Raj Securities Ltd.	48,72,000	5.53	38,72,000	6.66
Larigo Investment Pvt. Ltd.	48,35,000	5.49	38,35,000	6.60
Rama Alloys Pvt. Ltd.	29,65,000	3.37	29,65,000	5.10

	As at 31st March, 2013		As at 31st March, 2012	
	No.	% holding in the class	No.	% holding in the class
<b>Preference shares of ₹ 10/- each</b>				
Jaik Leasing and Commercial Investment Ltd.	15,40,000	17.51	15,40,000	17.51
Dexo Trading Pvt. Ltd.	12,20,000	13.87	12,20,000	13.87
M.A. Hire Purchase Pvt. Ltd.	11,05,000	12.57	11,05,000	12.57
Sikhar Commotrade Pvt. Ltd.	9,35,000	10.63	9,35,000	10.63
Ravi Business Services Pvt. Ltd.	7,60,000	8.64	7,60,000	8.64
Shree Vinay Finvest Pvt. Ltd.	6,80,000	7.73	6,80,000	7.73
Mod Commodeal Pvt. Ltd.	4,42,000	5.03	4,42,000	5.03
Shringar Mercantile Pvt. Ltd.	4,42,000	5.03	4,42,000	5.03

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 4. RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Balance as per the last financial statements	7,970.19	6,841.59
Add : Received during the year	15,000.00	1,128.60
Closing Balance	<b>22,970.19</b>	<b>7,970.19</b>
<b>Surplus in the statement of Profit and Loss</b>		
Balance as per last financial statements	20,972.69	18,593.04
Profit for the period/year	2,012.52	2,603.09
Income Tax for earlier years	545.83	-
<b>Less: Appropriations</b>		
Proposed Dividend on preference shares (Amount per share ₹ Nil [31st March, 2012 ₹ 0.60])	-	46.99
Dividend distribution tax on above	-	7.62
Proposed final equity dividend (Amount per share ₹ Nil [31st March, 2012 ₹ 0.25])	-	145.26
Dividend distribution tax on above	-	23.57
Dividend Paid for earlier year	25.02	-
Dividend tax for earlier year	4.06	-
<b>Surplus</b>	<b>23,501.95</b>	<b>20,972.69</b>
<b>Total reserves and surplus</b>	<b>46,472.14</b>	<b>28,942.88</b>

## NOTE 5. SHARE APPLICATION MONEY PENDING ALLOTMENT

### Terms and Conditions relating to Share Application Money pending allotment

- The Company is proposing to issue 6% Non Cumulative Redeemable Preference shares amounting to ₹ 120.00 crore for which the necessary approval of the shareholders was obtained in the annual general meeting held on 18th September, 2012. The Company has received share application money for the proposed issue.
- The Company expects to allot the proposed Preference shares by August, 2013
- The Preference shares so issued and allotted shall rank pari passu in all respects including voting & dividend with the existing Preference Shares of the Company.
- The Company proposes to increase the authorised share capital by obtaining the shareholders approval to facilitate the above issue of Preference shares.

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current Portion		Current Maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 6. LONG TERM BORROWINGS</b>				
<b>Secured</b>				
<b>Term loans</b>				
<b>From Banks</b>				
Indian rupee loan	29,872.89	38,573.01	8,349.48	6,457.60
Foreign currency loan	14,457.29	7,577.57	2,302.00	1,082.51
<b>Finance Lease Obligation</b>				
From Banks	4.05	30.91	26.71	38.16
From Body Corporates	40.83	29.26	50.78	29.41
<b>Unsecured</b>				
Inter Corporate Deposits	3,898.00	695.00	-	-
Loans and Advances from related parties	1,971.17	25.00	-	-
	<b>50,244.23</b>	<b>46,930.75</b>	<b>10,728.97</b>	<b>7,607.68</b>
<b>The above amount includes :</b>				
Secured borrowings	44,375.06	46,210.75	10,728.97	7,607.68
Unsecured borrowings	5,869.17	720.00	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 8)	-	-	(10,728.97)	(7,607.68)
<b>Net amount</b>	<b>50,244.23</b>	<b>46,930.75</b>	<b>-</b>	<b>-</b>

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 7. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	6,959.87	4,143.51
<b>Deferred Tax Assets</b>		
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	(324.82)	(335.50)
Tax impact of unabsorbed loss/allowances	(1,820.08)	-
<b>TOTAL</b>	<b>4,814.97</b>	<b>3,808.01</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

## Term loans from banks and financial institutions

	Repayment terms			
	Outstanding including current maturities		Date of Maturity with respect to 31st March, 2013	Rate of interest (%)
	No. of Installment	₹ in lacs		
From Banks				
Indian rupee loan (Quarterly installments)*	4	1,622.25	March, 2014	13.10-14.50
	5	1,045.78	June, 2014	14.40
	8#	453.79	March, 2015	14.40
	17#	9,394.35	June, 2017	12.75-14.90
	27	12,000.00	December, 2019	13.20-13.75
	26	8,000.00	March, 2020	13.20-13.90
	28#	5,706.20	September, 2021	13.15-14.00
<b>TOTAL (A)</b>		<b>38,222.37</b>		
Foreign currency loan (Half yearly installments)*				
ECB	7	8,056.99	June, 2016	8.80 (After considering the hedge effect)
FCNR(B)#	-	8,702.30	-	11.11 (After considering the hedge effect)
<b>TOTAL (B)</b>		<b>16,759.29</b>		
Finance lease obligation (Monthly installments)**				
From banks	3-20	30.76	June, 2013 - November 2014	7.99-12.79
From body corporate	6-29	91.61	September, 2013 - August 2015	10.45-12.51
<b>TOTAL (C)</b>		<b>122.37</b>		
<b>Grand Total [A+B+C]</b>		<b>55,104.03</b>		

# FCNR(B) Loan is the Sub limit of Indian Rupee Term Loan and the terms of repayment are in line with Indian Rupee Term Loan.

### 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 (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.

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 8. OTHER LIABILITIES</b>				
Advance from customers	-	-	265.43	388.15
Forward contract Premium Payable	-	-	573.60	99.85
Retention/Security Deposit	164.78	297.29	153.93	153.23
Current maturities of long-term borrowings (refer Note No. 6)	-	-	10,728.97	7,607.68
Interest accrued and due on borrowings	-	-	495.13	-
Interest accrued but not due on borrowings	-	-	80.59	114.18
Other Payables on capital purchases	-	-	1,838.48	5,061.98
Share Application money pending refund	-	-	-	50.00
Unpaid Dividend	-	-	3.66	-
Others (including statutory dues payable)	-	-	1,785.51	815.77
	<b>164.78</b>	<b>297.29</b>	<b>15,925.29</b>	<b>14,290.84</b>

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 9. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
For gratuity (refer Note No. 29)	103.70	84.81	-	1.00
For leave benefits	86.80	74.17	-	1.07
	<b>190.50</b>	<b>158.98</b>	<b>-</b>	<b>2.07</b>
<b>Other provisions</b>				
For equity dividend	-	-	-	145.25
For tax on proposed equity dividend	-	-	3.00	23.57
For preference dividend	-	-	-	46.99
For tax on proposed preference dividend	-	-	-	7.62
For Taxation [net of advance tax of ₹ 107.12 lacs (₹ 1,205.03 lacs)]	-	-	1,328.93	405.81
	<b>190.50</b>	<b>158.98</b>	<b>1,331.93</b>	<b>631.31</b>



# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 10. SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Rupee Loan from Banks</b>		
Cash Credit Facility	35,902.83	24,446.30
Cash Credit Facility from non consortium banks	-	2,620.09
<b>Foreign Currency Loans from Banks</b>	2,207.14	5,082.71
<b>Unsecured</b>		
<b>From Body Corporates</b>		
Working Capital loan	-	2,900.00
Inter Corporate Deposits	215.00	1,045.42
	<b>38,324.97</b>	<b>36,094.52</b>
<b>The above amount includes</b>		
Secured borrowings	38,109.97	32,149.10
Unsecured borrowings	215.00	3,945.42

## Terms and conditions attached to Short term borrowings

Cash Credit and other working capital 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)

	Current	
	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 11. TRADE PAYABLES</b>		
Trade payables (including acceptances) (refer Note No. 45)	14,921.33	5,046.52
	<b>14,921.33</b>	<b>5,046.52</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTE 12. TANGIBLE ASSETS

Description	Gross Block (at cost)			Depreciation		Net Block	
	As at 1st April, 2012	Additions*	Deletion/ Adjustment	Borrowing Cost **	As at 31st March, 2013	As at 1st April, 2012	As at 31st March, 2013
Freehold Land (a)	929.18	0.17	2.55	-	926.80	-	926.80
Factory Building	6,508.01	5,380.24		561.55	12,449.80	661.50	11,421.41
Other Building	1,155.29	353.08		36.85	1,545.22	35.66	1,485.94
Plant and Machinery	48,755.96	33,679.92		3,499.60	85,935.48	7,492.85	74,281.11
Vehicles (b)	610.47	89.07		-	699.54	252.00	380.35
Office Equipments	19.45	19.80		-	39.25	2.24	34.00
Furniture and Fixtures	77.98	7.60		-	85.58	29.86	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>1,01,681.67</b>	<b>8,474.11</b>	<b>88,579.64</b>

Description	Gross Block (at cost)			Depreciation		Net Block	
	As at 1st April, 2011	Additions*	Deletion/ Adjustment	Borrowing Cost **	As at 31st March, 2012	As at 1st April, 2011	As at 31st March, 2012
Freehold Land	929.18	-	-	-	929.18	-	929.18
Factory Building	6,020.54	454.61	-	32.86	6,508.01	457.71	5,846.51
Other Building	1,135.91	18.00	-	1.38	1,155.29	16.54	1,119.63
Plant and Machinery	46,820.93	1,821.01	16.09	130.11	48,755.96	4,877.96	41,263.11
Vehicles	556.28	54.19	-	-	610.47	194.99	358.47
Office Equipments	16.98	2.47			19.45	1.10	17.21
Furniture and Fixtures	77.46	0.52	-	-	77.98	18.22	48.12
<b>TOTAL</b>	<b>55,557.28</b>	<b>2,350.80</b>	<b>16.09</b>	<b>164.35</b>	<b>58,056.34</b>	<b>5,566.52</b>	<b>49,582.23</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.

# Notes

## to the Financial Statements for the year ended 31st March, 2013

b) Vehicles includes cars taken of finance lease :

(₹ in lacs)

<b>Gross Block</b>	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
Original Cost	699.54	610.47
Depreciation charge	67.19	57.01
Accumulated Depreciation	319.19	252.00
<b>Net Book Value</b>	<b>380.35</b>	<b>358.47</b>

\* Includes ₹ 39,437.35 lacs (₹ 2,196.12 lacs) capitalised from Capital Work in progress (CWIP)

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

(₹ in lacs)

	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
<b>NOTE 13. CAPITAL WORK IN PROGRESS</b>		
Buildings **	10,611.36	7,444.31
Plant and Machinery	38,748.03	37,710.87
Capital Goods in Stock	459.43	565.26
[including in transit ₹ 342.54 lacs (₹ 30.65 lacs)]		
Less: Capitalised during the year	35,330.95	2,134.55
	<b>14,487.87</b>	<b>43,585.89</b>
Preoperative and Trial Run expenses (Pending Allocation)	2,008.85	8,069.47
	<b>16,496.72</b>	<b>51,655.36</b>
<b>Details of Pre-Operative and Trial run expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	8,069.47	3,097.36
<b>Raw Materials Consumed</b>	4,222.35	1,647.60
<b>Personnel Cost</b>		
Salary, Wages and Bonus	189.05	276.79
Contribution to Provident and Other Funds	5.04	11.62
Staff Welfare	1.08	5.35
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	14.23	10.01
Power and Fuel	213.24	465.98
Repairs and Maintenance		
- Plant and Machinery	65.02	41.38
- Others	1.84	1.66
Material Handling Charges	26.30	23.43

# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTE 13. CAPITAL WORK IN PROGRESS (CONTD.)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Travelling and Conveyance	0.92	13.76
Vehicle Running and Maintenance Expenses	17.87	62.73
Printing and Stationary	1.95	0.05
Postage and Communication	3.21	1.95
Legal and Professional Charges	39.39	122.19
Rent and Hire Charges	23.03	254.24
Rates and Taxes	-	1.94
Miscellaneous Expenses	6.18	17.66
<b>Borrowing Cost</b>		
Interest on term loans	2,887.26	4,413.63
Finance Charges	21.46	40.28
	<b>15,808.89</b>	<b>10,509.61</b>
<b>Less:</b>		
Expenses relating to abandoned projects charged off ( Refer Note No. 46)	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. 22)	3,738.40	1,560.77
Generation cost of Power consumed in Production (Refer Note No. 27)	926.79	653.45
Capitalised during the year	8,204.40	225.92
<b>TOTAL</b>	<b>2,008.85</b>	<b>8,069.47</b>

\*\* Includes ₹ 174.82 lacs (₹ 285.98 lacs) transferred from (Increase)/Decrease in Inventories refer Note No. 24

# Notes

to the Financial Statements for the year ended 31st March, 2013

	Number of Shares as at 31st March, 2013	Number of Shares as at 31st March, 2012	Face Value per share	As at 31st March, 2013 (₹ in lacs)	As at 31st March, 2012 (₹ in lacs)
<b>NOTES 14. NON CURRENT INVESTMENTS</b>					
<b>Long Term Investments in Equity Shares fully paid up (at Cost)</b>					
<b>Trade Investments - Unquoted Investments in Equity Instruments</b>					
(i) <b>In Subsidiary Companies</b>					
MSP Group International (Singapore) Pte. Limited	1,000	1,000	SGD 1	0.33	0.33
MSP Cement Limited	50,000	50,000	₹ 10	5.00	5.00
AA ESS Tradelinks Private Limited	25,00,175	25,00,175	₹ 10	2,500.18	2,500.18
				<b>2,505.51</b>	<b>2,505.51</b>
(ii) <b>In Joint Venture</b>					
Madanpur South Coal Company Limited #	1,61,640	1,57,133	₹ 10	223.12	214.11
(iii) <b>In Others</b>				<b>223.12</b>	<b>214.11</b>
MSP Metallics Limited	4,20,000	4,20,000	₹ 10	402.00	402.00
MSP Properties (I) Limited	7,500	7,500	₹ 10	0.75	0.75
MSP Sponge Iron Limited	3,13,000	3,13,000	₹ 10	49.50	49.50
MSP Power Limited	8,000	8,000	₹ 10	0.80	0.80
Shree Sai Shraddha Metallics Private Limited	50,000	50,000	₹ 10	50.00	50.00
				<b>503.05</b>	<b>503.05</b>
<b>Non Trade Investments - Quoted 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>TOTAL</b>				<b>3,250.92</b>	<b>3,241.91</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, 2013		As at 31st March, 2012	
	Cost	Market Value	Cost	Market Value
-Quoted	19.24	28.98	19.24	26.16
-Unquoted	3,222.67	NA	3,222.67	NA
<b>TOTAL</b>	<b>3,241.91</b>		<b>3,241.91</b>	

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 15. LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
<b>Loans to bodies Corporate</b>	-	-	1,805.45	2,741.00
<b>(A)</b>	-	-	<b>1,805.45</b>	<b>2,741.00</b>
<b>Capital advances</b>	1,934.12	588.70	-	-
<b>(B)</b>	<b>1,934.12</b>	<b>588.70</b>	-	-
<b>Security deposit</b>	157.03	111.17	-	200.00
<b>(C)</b>	<b>157.03</b>	<b>111.17</b>	-	<b>200.00</b>
<b>Advances recoverable in cash or kind</b>				
considered good	-	-	28,809.29	4,711.73
considered Doubtful	19.40	19.40	-	-
	<b>19.40</b>	<b>19.40</b>	<b>28,809.29</b>	<b>4,711.73</b>
Less: Provision for doubtful advances	19.40	19.40	-	-
<b>(D)</b>	-	-	<b>28,809.29</b>	<b>4,711.73</b>
<b>Other loans and advances</b>				
MAT Credit Entitlement (*)	3,560.11	2,350.96	-	-
Advance Income Tax & TDS [Net of provision of ₹ 760.15 lacs (₹ 2,823.47 lacs)]	857.55	-	-	48.98
Share application money pending allotment	9.16	11.92	-	-
Prepaid expenses	-	-	66.08	20.97
Loans and advances to employees	-	-	37.62	37.61
Export Incentive Receivable	-	-	94.49	191.83
Balances with statutory/government authorities	-	-	1,417.45	1,605.71
<b>(E)</b>	<b>4,426.82</b>	<b>2,362.88</b>	<b>1,615.64</b>	<b>1,905.10</b>
<b>Loans and advances to related parties</b>	237.60	-	936.77	569.85
<b>(F)</b>	<b>237.60</b>	-	<b>936.77</b>	<b>569.85</b>
<b>TOTAL (A+B+C+D+E+F)</b>	<b>6,755.57</b>	<b>3,062.75</b>	<b>33,167.15</b>	<b>10,127.68</b>
<b>Advances recoverable in cash or kind include</b>				
Dues from officers	-	-	5.06	37.61
<b>Loans and advances to related parties include</b>				
Dues from companies include enterprises over which Key Management Personnel/ Shareholders / Relatives have significant influence	-	-	936.77	569.85

(\*) During the period, the Company has recognised MAT credit entitlement of ₹ 599.16 lacs (₹ 435.08 lacs) in terms of Section 115JAA of the Income Tax Act, 1961. Based on future profitability projections, the Company is certain that there would be sufficient taxable income in the future, to claim the above tax credit.

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 16. OTHER ASSETS</b>				
<b>(Unsecured, considered good unless otherwise stated)</b>				
Deposits with Banks (Refer Note No. 19)	86.46	53.41	-	-
<b>(A)</b>	<b>86.46</b>	<b>53.41</b>	<b>-</b>	<b>-</b>
<b>Unamortised expenditure</b>				
Unamortised premium on forward contract	-	-	543.33	26.78
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>543.33</b>	<b>26.78</b>
<b>Others</b>				
Interest accrued on Fixed Deposits and others	-	-	36.37	329.75
Gain receivable on forward exchange contract	1,967.83	1,461.32	-	203.33
<b>(C)</b>	<b>1,967.83</b>	<b>1,461.32</b>	<b>36.37</b>	<b>533.08</b>
<b>TOTAL (A)+(B)+(C)</b>	<b>2,054.29</b>	<b>1,514.73</b>	<b>579.70</b>	<b>559.86</b>

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
Raw materials and components [includes in transit ₹ 3,463.43 lacs (31st March, 2012 : ₹ 720.50 lacs)]	20,689.99	12,201.83
Work-in-progress	2,336.15	1,903.40
Finished goods	4,601.74	4,053.33
Stores and spares [includes in transit ₹ 79.45 lacs (31st March, 2012 : ₹ 25.48 lacs)]	1,993.20	1,394.93
By Products (at net realisable value)	1,133.63	1,454.27
	<b>30,754.71</b>	<b>21,007.76</b>



# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 18. TRADE RECEIVABLES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Outstanding for a period exceeding six months, considered good				
Considered good	-	-	590.39	349.35
Considered Doubtful	321.96	346.56	-	-
Less: Provision for doubtful receivables	(321.96)	(346.56)	-	-
<b>(A)</b>	-	-	<b>590.39</b>	<b>349.35</b>
<b>Other receivables</b>	-	-	12,042.68	4,249.18
<b>(B)</b>	-	-	<b>12,042.68</b>	<b>4,249.18</b>
<b>TOTAL (A)+(B)</b>	-	-	<b>12,633.07</b>	<b>4,598.53</b>
<b>Trade receivables include:</b>				
Dues from related parties.	-	-	152.39	132.91

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 19. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
<b>Balance with banks:</b>				
On current accounts	-	-	97.35	378.88
Unpaid Dividend accounts	-	-	3.66	-
Cheques/drafts on hand	-	-	0.18	-
Cash on hand	-	-	105.81	108.63
	-	-	<b>207.00</b>	<b>487.51</b>
<b>Other bank balances</b>				
Fixed Deposits with original maturity for more than 12 months*	86.46	53.41	248.78	32.85
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	252.00	200.33
	<b>86.46</b>	<b>53.41</b>	<b>500.78</b>	<b>233.18</b>
Amount disclosed under non-current assets ( Note No. 16)	(86.46)	(53.41)	-	-
	-	-	<b>707.78</b>	<b>720.69</b>

\* Fixed deposits with a carrying amount of ₹ 578.90 lacs (₹ 281.25 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.

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 20. REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Finished goods	88,406.23	66,546.41
Power	3,258.76	1,203.86
Traded goods	8,823.43	6,113.46
<b>Other operating revenue</b>		
Scrap sales and By products	872.79	496.21
Sale of Raw Materials	91.14	88.70
Sale of Carbon Credits	-	301.99
Export Incentives	75.30	201.08
Others	7.97	226.13
	<b>1,01,535.62</b>	<b>75,177.84</b>

(₹ in lacs)

	2012-13	2011-12
<b>DETAILS OF PRODUCT SOLD</b>		
<b>Finished goods sold</b>		
Pellet	14,226.98	812.03
Sponge Iron	9,500.06	13,573.94
MS Billets	15,891.40	5,910.80
TMT Bar	32,965.48	27,825.58
Structural Steel	15,822.30	18,424.06
	<b>88,406.23</b>	<b>66,546.41</b>
<b>Traded goods sold</b>		
MS Joist	38.63	-
MS Wire	504.99	1,178.63
MS Plate	33.69	-
Steel Flat	-	258.08
TMT Bar	819.95	-
Steel Round	6,574.38	2,208.29
M.S.Angle	17.92	356.56
M.S.Channel	409.21	80.97
M.S.Round	-	1,386.39
Round Bar	31.50	-
Coal	393.16	363.03
Iron Ore	-	281.51
	<b>8,823.43</b>	<b>6,113.46</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 21. OTHER INCOME</b>		
<b>Interest Income on</b>		
Loans, Fixed Deposits, etc	512.25	521.31
<b>Dividend Income on</b>		
Long-term investments	0.25	0.25
Profit on sale of fixed assets	36.74	-
Other Non-Operating Income	44.75	1.20
	<b>593.99</b>	<b>522.76</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the period	12,201.83	5,224.60
Add : Purchases	61,100.29	49,786.19
[includes material transferred from trial run production ₹ 3,738.40 lacs (₹ 1,560.77 lacs)] (refer Note No. 13)		
Less : Inventory at the end of the period	20,689.99	12,201.83
	<b>52,612.13</b>	<b>42,808.96</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Coal and Coke (including fines) *	18,470.35	16,368.26
Iron Ore (including fines)	16,174.97	11,226.51
Dolomite/Limestone	224.50	123.49
Iron Ore Pellets	3,738.40	4,253.65
Silico Manganese	1,523.71	1,054.54
Sponge/Pig Iron/Scrap	10,464.76	8,534.70
MS Billets/Ingots	2,015.44	1,185.75
Others	-	62.06
	<b>52,612.13</b>	<b>42,808.97</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>DETAILS OF INVENTORY</b>		
<b>Raw materials and components</b>		
Coal and Coke	13,722.18	5,143.13
Iron Ore (including fines)	6,808.79	6,908.73
Dolomite/Limestone	101.68	89.31
Sponge/Pig Iron	40.76	-
Others	16.58	60.66
	<b>20,689.99</b>	<b>12,201.83</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 23. PURCHASE OF TRADED GOODS</b>		
MS Joist	36.96	-
MS Wire	469.28	1,106.02
MS Plate	31.62	-
Steel Flat	-	250.05
TMT Bar	785.84	-
Steel Round	6,255.50	2,113.57
M.S.Angle	16.89	333.66
M.S.Channel	390.42	75.97
M.S.Round	-	1,288.91
Round Bar	30.92	-
Coal	385.38	355.95
Iron Ore	-	272.31
	<b>8,402.81</b>	<b>5,796.43</b>

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 24. CHANGES IN INVENTORIES IF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCTS</b>		
<b>Inventories at the end 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>
Transfer from Trial Run-Finished Goods (refer note no. 13)	-	-
Transfer to Stores and Spares Consumed (refer Note No. 27)	-	58.60
Transfer to CWIP- Finished Goods (refer Note No. 13)	174.82	285.98
	<b>174.82</b>	<b>344.58</b>
<b>Inventories at the beginning of the period</b>		
By-Products	1,454.27	1,190.93
Work-in-progress	1,903.40	845.16
Finished goods	4,053.33	3,918.70
	<b>7,411.00</b>	<b>5,954.79</b>
Finished Goods transferred from Trial Production [refer note no. 13]	-	-
<b>(Increase)/Decrease in Inventories</b>		
By-Products	320.64	(263.34)
Work-in-progress	(432.75)	(1,058.24)
Finished goods	(723.23)	(479.21)
	<b>(835.34)</b>	<b>(1,800.79)</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>DETAILS OF INVENTORY</b>		
<b>By-Products</b>		
Coal Fines	19.31	1,454.27
Dolochar	1,114.32	-
	<b>1,133.63</b>	<b>1,454.27</b>
<b>Work-in-Progress</b>		
Iron Ore Pellet	1,707.22	1,369.74
Sponge Iron	255.49	293.84
M.S. Billets	293.22	239.82
Others	80.23	-
	<b>2,336.15</b>	<b>1,903.40</b>
<b>Finished Goods</b>		
Iron Ore Pellet	1,246.90	344.22
Sponge Iron	443.56	877.22
M.S. Billets	834.91	325.85
TMT Bar	653.41	748.41
Structural Steel	1,422.95	1,757.63
	<b>4,601.74</b>	<b>4,053.33</b>

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	2,381.62	1,732.57
Contribution to Provident and Other Funds	91.07	69.07
Staff welfare expenses	29.79	38.85
	<b>2,502.48</b>	<b>1,840.49</b>

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 26. FINANCE COSTS</b>		
Interest Expenses	8,427.21	5,650.94
Other finance charges	223.29	199.13
Net (gain)/ loss on foreign currency transactions and translation	400.13	9.06
	<b>9,050.63</b>	<b>5,859.13</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 27. OTHER EXPENSES</b>		
Consumption of stores and spares [includes ₹ Nil (₹ 58.60 lacs) transferred from Note No. 24]	3,968.65	3,307.69
(Increase)/Decrease of excise duty on inventory	55.06	145.01
Power and Fuel	1,455.94	1,219.16
Power and Fuel generated from Trial run [Includes ₹ 926.79 lacs (₹ 653.45 lacs) transferred from Note No. 13]	926.79	653.45
Rent	45.43	46.62
Rates and Taxes	114.24	86.43
Insurance	50.90	22.12
Repairs and Maintenance		
Plant and machinery	578.49	224.59
Buildings	61.51	7.28
Others	95.67	43.27
Material Handling Charges	1,170.35	588.19
Vehicle Running Expenses	438.41	241.25
Cash Discount	187.43	157.93
Advertising and Sales Promotion	70.37	113.32
Freight Outward	1,436.25	1,021.70
Sales Commission	299.85	228.34
Legal and Professional charges	198.31	163.55
Charity and Donations	8.79	33.20
Payment to Auditors (Refer details below)	17.12	20.79
Exchange differences (net)	242.07	60.95
Premium on forward contract amortised	-	211.82
Bad debts/ advances written off	153.88	52.73
Less : Adjusted with provisions	76.19	-
Provision for doubtful debts and advances	51.58	182.44
Less : Written back	76.19	-
Loss on Disposal/discard of Fixed Assets	-	6.34
Loss on project abandonment (refer Note No. 46)	902.82	-
Prior Period Expenses (net)	15.29	6.68
Miscellaneous expenses	977.24	529.36
<b>TOTAL</b>	<b>13,370.05</b>	<b>9,374.22</b>

# Notes

to the Financial Statements for the year ended 31st March, 2013

	(₹ in lacs)	
	2012-13	2011-12
<b>PAYMENT TO AUDITORS</b>		
<b>As Auditors</b>		
Statutory Audit fee	9.00	9.00
Limited Review	3.48	7.50
<b>In other capacity</b>		
Other Services (certification fees)	2.78	2.50
Reimbursement of expenses	1.86	1.79
	<b>17.12</b>	<b>20.79</b>

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

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 28. EARNINGS PER SHARE (EPS)</b>		
Profit after tax	2,012.52	2,603.08
Less : Dividends on non cumulative preference shares and tax thereon	-	54.61
<b>Net profit for calculation of Basic and Diluted EPS</b>	<b>2,012.52</b>	<b>2,548.47</b>
	No.	No.
Weighed average number of equity shares in calculating Basic EPS	6,80,45,205	5,81,00,000
<b>Effect of dilution:</b>		
Share Application Money Pending Allotment	-	17,90,264
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>6,80,45,205</b>	<b>5,98,90,264</b>
<b>Earnings Per share</b>		
<b>Basic (₹)</b>	<b>2.96</b>	<b>4.39</b>
<b>Diluted (₹)</b>	<b>2.96</b>	<b>4.26</b>

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

	(₹ in lacs)			
	Gratuity		Leave	
	2012-13	2011-12	2012-13	2011-12
Current service cost	59.55	60.26	10.69	2.46
Interest cost	21.78	12.06	7.33	5.21
Expected return on plan assets	(10.63)	(6.77)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses/(gains)	(12.29)	(25.56)	(2.25)	6.00
<b>Net benefit expense</b>	<b>58.41</b>	<b>39.99</b>	<b>15.77</b>	<b>13.67</b>



# Notes

## to the Financial Statements for the year ended 31st March, 2013

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

(₹ in lacs)

	Gratuity		Leave	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Defined benefit obligation	257.57	191.14	86.80	75.24
Fair value of plan assets	149.24	105.33	-	-
<b>Net liability</b>	<b>108.33</b>	<b>85.81</b>	<b>86.80</b>	<b>75.24</b>

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

(₹ in lacs)

	Gratuity		Leave	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Opening defined benefit obligation	191.14	144.38	75.24	63.16
Interest cost	21.78	12.06	7.33	5.21
Current service cost	59.55	60.26	10.69	2.46
Benefit paid	(3.64)	-	(4.22)	(1.59)
Actuarial losses/(gains)	(11.26)	(25.56)	(2.25)	6.00
<b>Closing defined benefit obligation</b>	<b>257.57</b>	<b>191.14</b>	<b>86.80</b>	<b>75.24</b>

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

(₹ in lacs)

	Gratuity	
	As at 31st March, 2013	As at 31st March, 2012
Opening fair value of plan assets	105.33	63.56
Expected return on plan assets*	10.63	6.77
Contribution by the Company	35.89	35.00
Benefits paid	(3.64)	-
Actuarial gains/(loss)	1.03	-
<b>Closing fair value of plan assets</b>	<b>149.24</b>	<b>105.33</b>

\*Determine based on govt. bond rate

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

(₹ in lacs)

	Gratuity	
	As at 31st March, 2013	As at 31st March, 2012
Debt Funds	149.24	105.33
<b>TOTAL</b>	<b>149.24</b>	<b>105.33</b>

# Notes

## to the Financial Statements for the year ended 31st March, 2013

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

	As at 31st March, 2013	As at 31st March, 2012
Discount rate (%)	8.25	8.75
Return on Plan Assets (Gratuity Scheme) (%)	8.25	8.75
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Employee Turnover (%)	6.2	6.2

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

(₹ in lacs)

	Gratuity				
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
Defined benefit obligation	257.57	191.14	144.38	61.30	24.87
Fair value of plan assets	149.24	105.33	63.56	32.36	12.09
Deficit	108.33	85.81	80.82	28.94	12.78
Experience adjustments on plan liabilities – (gains)/losses	(29.82)	(25.56)	(25.56)	(3.64)	(0.07)
Experience adjustments on plan assets	1.03	Nil	Nil	(1.62)	Nil

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

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

	2012-13	2011-12
Provident Fund	96.11	80.69

### NOTE 30. SEGMENT INFORMATION

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

#### Information for Secondary Geographical Segments

(₹ in lacs)

	2012-13	2011-12
Domestic Revenues (Net of Excise Duty and Trade discount)	88,488.20	61,369.18
Export Revenues (Including Export Benefits)	3,667.98	8,263.74
<b>TOTAL</b>	<b>92,156.18</b>	<b>69,632.92</b>

The Company has common fixed assets for producing goods for domestic and overseas markets which are located at only one place i.e. Raigarh. Hence, separate figures for fixed assets/additions to fixed assets cannot be furnished. Export debtors at the year end amounts to ₹ 104.04 lacs (₹ 62.01 lacs).

# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTES 31. RELATED PARTY DISCLOSURES

### Related Parties where control exists:-

Subsidiary Companies	: MSP Group International Singapore (PTE) Limited MSP Cement Limited AA ESS TradeLink Private Limited
Jointly Venture	: Madanpur South Coal Company Limited
Key Management Personnel and their Relatives	: Puranmal Agrawal – Chairman Suresh Kumar Agrawal – Managing Director Manish Agrawal – Director Saket Agrawal – Director Kiran Agrawal (wife of Chairman) Nisha Agrawal (wife of Managing Director) Ekta Agrawal (Wife of Saket Agrawal) Richa Agrawal (Wife of Manish Agrawal) Pranay Agrawal (son of Managing Director)
Enterprises over which Key Management Personnel : and/or their Relatives have significant influence	: Adhunik Gases Limited Ashirwad Steels and Industries Limited B.S. Confin Private Limited Chaman Metallica Limited Danta Vyappar Kendra Limited Dexo Trading Private Limited Dhanrashi Developers Consultants Private Limited Emerald Tradelink Private Limited Gajgamani Vinimay Private Limited High Time Holding Private Limited Howrah Gases Limited Ilex Private Limited K.C.Texofine Private Limited K P J Concast Limited Larigo Investment Private Limited MSP Infotech Private Limited MSP Metallica 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 Sidhsilver Infra Properties Private Limited Sikhar Commotrade Private Limited

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
<b>Sales</b>					
MSP Sponge Iron Limited				163.65	163.65
				(259.92)	(259.92)
MSP Metallica Limited				346.25	346.25
				(762.41)	(762.41)
Chaman Metallica Limited				-	-
				(281.51)	(281.51)
MSP Properties (India) Limited				41.90	41.90
				(49.20)	(49.20)
Howrah Gases Limited				1,158.05	1,158.05
				(-)	(-)
<b>Purchase of Raw Material &amp; Components Consumed</b>					
MSP Sponge Iron Limited				3,242.32	3,242.32
				(1,946.83)	(1,946.83)
MSP Metallica Limited				7,993.70	7,993.70
				(8,917.91)	(8,917.91)
Howrah Gases Limited				310.49	310.49
				(938.87)	(938.87)
<b>Contractual Services Paid</b>					
MSP Mines and Minerals Limited				23.60	23.60
				(33.09)	(33.09)
<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				26.29	26.29
				(18.20)	(18.20)
<b>Expenses Reimbursed</b>					
Chaman Metallica Limited				0.14	0.14
				(0.03)	(0.03)
MSP Infotech Private Limited				0.05	0.05
				(1.14)	(1.14)
MSP Metallica Limited				136.19	136.19
				(112.66)	(112.66)
MSP Mines and Minerals Limited				3.60	3.60
				(6.38)	(6.38)

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
MSP Sponge Iron Limited				100.32	100.32
				(19.39)	(19.39)
<b>Rent Paid</b>					
Larigo Investment Private Limited				-	-
				(0.18)	(0.18)
MSP Infotech Private Limited				6.00	6.00
				(6.00)	(6.00)
Shree Khatupati Mercantiles Private Limited				3.60	3.60
				(3.6)	(3.6)
Nisha Agrawal			1.20		1.20
			(0.36)		(0.36)
Kiran Agrawal			1.20		1.20
			(0.36)		(0.36)
Manish Agrawal			0.48		0.48
			(0.48)		(0.48)
Saket Agrawal			0.48		0.48
			(0.48)		(0.48)
Ekta Agarwal			3.00		3.00
			(3.00)		(3.00)
Richa Agarwal			3.00		3.00
			(3.00)		(3.00)
<b>Other Income</b>					
MSP Metallics Limited				3.16	3.16
				(1.36)	(1.36)
<b>Share Application Money Given</b>					
Madanpur South Coal Company Limited		18.17			18.17
		(11.92)			(11.92)
AA ESS Tradelinks Private Limited	-				-
	(2,500.18)				(2,500.18)
MSP Cement Limited	-				-
	(4.20)				(4.20)
<b>Share application Money Received</b>					
Adhunik Gases Limited				264.00	264.00
				(666.00)	(666.00)
B.S. Confin Private Limited				3,768.00	3,768.00
				(750.00)	(750.00)

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
High Time Holding Private Limited				3,300.00	3,300.00
				(915.00)	(915.00)
Raj Securities Limited				350.00	350.00
				(250.00)	(250.00)
Larigo Investment Private Limited				-	-
				(650.00)	(650.00)
Emerald Tradelink Private Limited				1,500.00	1,500.00
				(-)	(-)
Rajnath Vyapaar Private Limited				1,500.00	1,500.00
				(-)	(-)
Ilex Private Limited				5,169.00	5,169.00
				(-)	(-)
K C Texofine Private Limited				729.00	729.00
				(-)	(-)
Dexo Trading Private Limited				3,135.00	3,135.00
				(-)	(-)
Sikhar Commotrade 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				2,118.00	2,118.00
				(-)	(-)
Emerald Tradelink Private Limited				1,500.00	1,500.00
				(-)	(-)
High Time Holding Private Limited				1,815.00	1,815.00
				(-)	(-)
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
				(-)	(-)
Ilex Private Limited				2,469.00	2,469.00
				(-)	(-)
K C Texofine Private Limited				729.00	729.00

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
				(-)	(-)
Dexo Trading Private Limited				435.00	435.00
				(-)	(-)
Sikhar Commotrade Private Limited				246.00	246.00
				(-)	(-)
<b>Loans &amp; Advances given</b>					
Chaman Metallica Limited				978.00	978.00
				(60.65)	(60.65)
MSP Sponge Iron Limited				1,690.00	1,690.00
				(1,470.57)	(1,470.57)
MSP Group International Singapore (PTE) Limited	3.00				3.00
	(-)				(-)
AA ESS Tradelinks Private Limited	237.60				237.60
	(-)				(-)
<b>Repayment of Loans &amp; Advances given</b>					
Chaman Metallica Limited				130.00	130.00
				(243.14)	(243.14)
MSP Sponge Iron Limited				1,690.00	1,690.00
				(1,211.06)	(1,211.06)
<b>Loans &amp; Advances Taken</b>					
Adhunika Gases Limited				5.00	5.00
				(-)	(-)
B.S. Confin Private Limited				304.00	304.00
				(-)	(-)
Danta Vyappar Kendra Limited				320.00	320.00
				(-)	(-)
Larigo Investment Private Limited				1,310.00	1,310.00
				(-)	(-)
MSP Infotech Private Limited				1,045.00	1,045.00
				(-)	(-)
MSP Properties (India) Limited				150.00	150.00
				(-)	(-)
MSP Sponge Iron Limited				331.17	331.17
				(425.00)	(425.00)
Ilex Private Limited				14.00	14.00



# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
				(-)	(-)
Sikhar Commotrade Private Limited				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 Vyappar Kendra Limited				320.00	320.00
				(-)	(-)
Larigo Investment Private Limited				355.00	355.00
				(-)	(-)
MSP Infotech Private Limited				-	-
				(49.56)	(49.56)
MSP Properties (India) Limited				70.00	70.00
				(-)	(-)
MSP Sponge Iron Limited				200.00	200.00
				(425.00)	(425.00)
Ilex Private Limited				14.00	14.00
				(-)	(-)
High Time Holding Private Limited				300.00	300.00
				(-)	(-)
Sikhar Commotrade Private Limited				139.00	139.00
				(-)	(-)
Larigo Investment Private Limited				50.00	50.00
				(-)	(-)
<b>Guarantee given on behalf of</b>					
Madanpur South Coal Company Limited		660.75			660.75
		(660.75)			(660.75)
AA ESS Tradelinks Private Limited	7,500.00				7,500.00
	(7,500.00)				(7,500.00)
<b>Interest expense</b>					
MSP Infotech Private Limited				19.31	19.31
				(5.87)	(5.87)

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
MSP Properties (India) Limited				9.54	9.54
				(3.00)	(3.00)
MSP Sponge Iron Limited				2.33	2.33
				(7.62)	(7.62)
<b>Interest received on loans</b>					
Chaman Metallics Limited				68.24	68.24
				(1.00)	(1.00)
MSP Sponge Iron Limited				46.01	46.01
				(11.99)	(11.99)
<b>Loans &amp; Advances (Closing balance)</b>					
Howrah Gases Limited				-	-
				(105.57)	(105.57)
Puranmal Agrawal			-		-
			(0.03)		(0.03)
Suresh Kumar Agrawal			-		-
			(0.20)		(0.20)
Chaman Metallics Limited				848.00	848.00
				(-)	(-)
Madanpur South Coal Company Limited		2.00			2.00
		(1.10)			(1.10)
MSP Cement Limited	1.20				1.20
	(1.2)				(1.20)
MSP Group International Singapore (PTE) Limited	11.33				11.33
	(8.33)				(8.33)
MSP Metallics Limited				-	-
				(174.57)	(174.57)
MSP Mines and Minerals Limited				7.57	7.57
				(15.24)	(15.24)
MSP Power Limited				3.20	3.20
				(3.20)	(3.20)
Prateek Mines & Minerals Private Limited				2.05	2.05
				(-)	(-)
MSP Sponge Iron Limited				-	-
				(259.51)	(259.51)

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
<b>Trade Receivables (Closing balance)</b>					
MSP Properties (India) Limited				9.86	9.86
				(24.20)	(24.20)
MSP Sponge Iron Limited				-	-
				(108.71)	(108.71)
Howrah Gases Limited				142.53	142.53
				(-)	(-)
<b>Other Receivables (Closing balance)</b>					
Chaman Metallica Limited				61.42	61.42
				(-)	(-)
<b>Share application money paid (Closing balance)</b>					
AA ESS Tradelinks Private Limited	237.60				237.60
	(2,500.18)				(2,500.18)
Madanpur South Coal Company Limited		9.16			9.16
		(11.92)			(11.92)
<b>Trade payable (Closing balance)</b>					
MSP Sponge Iron Limited				189.24	189.24
				(123.79)	(123.79)
MSP Metallica Limited				905.76	905.76
				(-)	(-)
<b>Other Liabilities (Closing balance)</b>					
Chaman Metallica Limited				0.14	0.14
				(-)	(-)
MSP Infotech Private Limited				1.35	1.35
				(4.05)	(4.05)
Shree Khatupati Mercantiles Private Limited				0.81	0.81
				(2.43)	(2.43)
<b>Interest accrued and due (Closing balance)</b>					
MSP Infotech Private Limited				17.37	17.37
				(-)	(-)
MSP Properties (India) Limited				5.89	5.89
				(-)	(-)

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
<b>Share application money pending allotment (Closing balance)</b>					
Adhunik Gases Limited				-	-
				(666.00)	(666.00)
B.S. Confin Private Limited				2,400.00	2,400.00
				(750.00)	(750.00)
<b>Share application money pending allotment (Closing balance)</b>					
High Time Holding Private Limited				2,400.00	2,400.00
				(915.00)	(915.00)
Larigo Investment Private Limited				-	-
				(600.00)	(600.00)
Ilex Private Limited				2,700.00	2,700.00
				(-)	(-)
Raj Securities Limited				-	-
				(250.00)	(250.00)
Dexo Trading 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 Metallica Limited				-	-
				(121.21)	(121.21)
<b>Share Application money pending refund</b>					
Larigo Investment Private Limited				-	-
				(50.00)	(50.00)
<b>Loans &amp; Advances Taken (Closing balance)</b>					
MSP Properties (India) Limited				105.00	105.00
				(25.00)	(25.00)
B.S. Confin Private Limited				300.00	300.00
				(-)	(-)
MSP Infotech Private Limited				180.00	180.00
				(-)	(-)
Larigo Investment Private Limited				955.00	955.00

# Notes

to the Financial Statements for the year ended 31st March, 2013

(₹ 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/ Shareholders/ Relatives have significant influence	Total
				(-)	(-)
MSP Sponge Iron Limited				131.17	131.17
				(-)	(-)
High Time Holding Private Limited				300.00	300.00
				(-)	(-)
<b>Investments</b>					
MSP Group International Singapore (PTE) Limited	0.33				0.33
	(0.33)				(0.33)
Madanpur South Coal Company Limited		223.12			223.12
		(214.11)			(214.11)
AA ESS Tradelinks Private Limited	2,500.18				2,500.18
	(2,500.18)				(2,500.18)
MSP Cement Limited	5.00				5.00
	(5.00)				(5.00)
Ashirwad Steels and Industries Limited				0.25	0.25
				(0.25)	(0.25)
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)
MSP Metallics Limited				402.00	402.00
				(402.00)	(402.00)
Howrah Gases Limited				15.91	15.91
				(15.91)	(15.91)

Note :- Figures in brackets represents previous year figure.

## NOTE 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 :

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Within one year	42.07	43.61

# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTE 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:

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Share Capital	16.16	15.71
Reserve & Surplus	206.63	198.07
Share Application money pending allotment	9.16	11.92
Non Current Liabilities	0.89	0.90
Current Liabilities	0.13	0.56
Non Current Assets	158.12	149.03
Current Assets	74.86	78.13
Revenue	0.17	0.17
Other Expenses	0.18	0.21
Tax Expenses	-	(0.02)
(Loss) After Tax	0.01	(0.03)

The Company's proportionate share of the capital commitments of the jointly controlled entity amounts to ₹ 5.27 lacs (₹ 5.12 lacs ).

## NOTE 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, 2013.

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

(₹ in lacs)

	Provision for Doubtful debts		Provision for Advances	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Carrying amount-begning of the year	346.56	164.12	19.40	19.40
Additional provision during the year	51.58	182.44	-	-
	<b>398.14</b>	<b>346.56</b>	<b>19.40</b>	<b>19.40</b>
Less:written back during the year	76.19	-	-	-
Carrying amount-end of the year	<b>321.96</b>	<b>346.56</b>	<b>19.40</b>	<b>19.40</b>

## NOTICE 36. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Excise Matters under dispute/appeal	3,934.52	3,335.42
Sales Tax & VAT Matters under dispute/appeal	130.14	130.14
Income Tax Matters under dispute/appeal	0.55	99.31
Corporate guarantees given	8,160.75	8,160.75

# Notes

to the Financial Statements for the year ended 31st March, 2013

**Contingent liabilities comprise of :**

(₹ in lacs)		
	<b>Financial effect estimate</b>	
	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
<b>Excise Matters under dispute/appeal</b>		
Disputed disallowances of CENVAT credit and service tax	3,296.90	2,649.18
Removal of finished goods without payment of duty	143.31	148.02
Sale of iron ore & coal fines without payment of duty	282.57	326.48
Sale of electricity without payment of duty	211.74	211.74
<b>Sub total</b>	<b>3,934.52</b>	<b>3,335.42</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	99.31
<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.*	7,500.00	7,500.00
<b>Sub total</b>	<b>8,160.75</b>	<b>8,160.75</b>

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 ₹ 7,500 lacs (₹ 7,500 lacs) on 31st May, 2011. The management believes that the terms of the guarantee given are not prejudicial to the interest of the Company.

## NOTE 37. CAPITAL AND OTHER COMMITMENTS

(₹ in lacs)		
	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,599.04 lacs (₹ 588.70 lacs))	650.54	955.07
Export obligation under EPCG scheme with respect to custom duty savings in import of equipments and spares parts	7,416.90	11,113.06



# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTE 38. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Derivative contracts outstanding as at the Balance sheet date:-

	Purpose
<b>Forward contract to buy USD</b>	Hedge of foreign currency loan
USD 1,60,00,000 (31st March, 2012 : USD 80,00,000) (₹ 8,702.29 lacs (31st March, 2012 : ₹ 4,092.52 lacs )	
<b>Forward contract to buy Singapore Dollar (SGD)</b>	Hedge of foreign currency loan
SGD 1,83,75,000 (31st March, 2012: SGD 2,10,00,000) (₹ 8,056.99 lacs (31st March, 2012: ₹ 8,660.08 lacs))	
Interest rate swaps on SGD loan of SGD 1,83,75,000 (31st March, 2012 : SGD 2,10,00,000) (₹ 8,056.99 lacs (31st March, 2012 : ₹ 8,660.08 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

	Amount
Trade payables (including acceptances)	USD Nil (31st March, 2012: USD 14,38,700) ₹ Nil (31st March, 2012: ₹ 736.04 lacs)
Foreign Currency Loans From Banks	USD 59,90,445 (31st March, 2012: USD 19,35,600) ₹ 3,258.27 lacs (31st March, 2011: ₹ 990.19 lacs)
Interest accrued but not due on borrowings	USD 20,893 (31st March, 2012: USD 15,357) ₹ 11.28 lacs (31st March, 2012: ₹ 7.86)

## NOTE 39. 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, 2013	31st March, 2012	Maximum Amount outstanding during the year	
					2012-13	2011-12
MSP Group International Singapore (PTE) Limited	Subsidiary	Repayable on demand	11.33	8.33	11.33	8.33
Chaman Metallics Limited	Company in which Directors are interested	Repayable on demand	909.42	-	909.42	107.49
MSP Cement Limited	Subsidiary	Repayable on demand	1.2	1.2	1.2	1.2
MSP Power Limited	Company in which Directors are interested	Repayable on demand	3.2	3.2	3.2	3.2

# Notes

to the Financial Statements for the year ended 31st March, 2013

## NOTE 40. VALUE OF IMPORTS (CALCULATED ON CIF BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Goods	5.16	777.13
Stores, Spares and Consumables	269.44	48.74
Raw Materials	5,677.56	1,728.31

## NOTE 41 (A). EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Interest	439.96	285.79
Travelling	10.42	5.36
Foreign Membership Fees	16.27	14.22
Professional fees	-	8.48

## NOTE 41 (B). EARNING IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
FOB Value of Exports [excluding sales made in Indian rupees ₹ 348.37 lacs (₹ 690.77 lacs)]	3,220.56	8,206.11

## NOTE 42. BREAK-UP OF CONSUMPTION OF RAW MATERIALS, STORES AND SPARES CONSUMED INCLUDING AMOUNT DEBITED TO PRE-OPERATIVE AND TRIAL RUN EXPENSES (PENDING ALLOCATION)]

	Raw Materials		Stores and Spares Consumed	
	₹ in lacs	%	₹ in lacs	%
Indigenous	55,083.84	96.92	3,798.21	95.36
	(42,279.79)	(95.10)	(3,279.53)	(98.85)
Imported	1,750.65	3.08	184.67	4.64
	(2,176.77)	(4.90)	(38.17)	(1.15)
<b>TOTAL</b>	<b>56,834.48</b>	<b>100.00</b>	<b>3,982.88</b>	<b>100.00</b>
	<b>(44,456.56)</b>	<b>100.00</b>	<b>(3,317.70)</b>	<b>100.00</b>

**NOTE 43.** There has been a delay in payment of dividend on preference shares during the year, and the same has been paid out of its regular bank account without opening a separate dividend account, as required in terms of Section 205 & 205A of the Companies Act, 1956.

## NOTE 44. 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.

# Notes

## to the Financial Statements for the year ended 31st March, 2013

**NOTE 45.** As per information available with the Company, there are no suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. As a result, no interest provision/payment has been made by the Company to such creditors, if any, and no disclosure thereof is made in the accounts.

**NOTE 46.** During the year, the Company has abandoned its sponge iron project (kiln 4) and extension of railway siding project, as a result of which the already capitalised borrowing costs and other expenses of ₹ 795.39 lacs and ₹ 107.43 lacs respectively upto 31st March, 2012 in respect of these projects has been charged off in the Statement of the Profit and Loss. The remaining expenditure/materials in respect of these projects have alternate use in Company's other projects and as such, the management is of the opinion that there is no value loss / impairment on the remaining amount.

**NOTE 47.** 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.

As per our attached report of even date

**For B. Chhawchharia & Co.**  
Firm Registration No.: 305123E  
Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**  
Partner  
Membership No. 060568

**Puranmal Agrawal**  
(Chairman)

**Suresh Kumar Agrawal**  
(Managing Director)

Place: Kolkata  
Date: 28th May, 2013

**Pinky Gupta**  
(Company Secretary)

# Independent Auditors' Report

To the Board of Directors

## MSP STEEL & POWER LIMITED

### 1. REPORT ON THE CONSOLIDATED 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 1(a)], which comprises the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit & 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 CONSOLIDATED FINANCIAL STATEMENTS

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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). 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 the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We have relied upon the management's representation relating to the disclosures in the consolidated financial statements regarding (a) segment reporting (Note 33); (b) related party disclosures (Note 30); (c) impairment of assets (Note 34); (d) reconciliation and confirmation of balance of current assets, loans and advances & current liabilities (Note 41); (e) dues to Micro, Small & Medium Enterprises (Note 39) and (f) abandoning the Company's sponge iron project and extension of railway siding project and having no impairment loss in respect of the expenditure/materials having alternate uses (Note 45).

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

### 4. BASIS FOR QUALIFIED OPINION

*As stated in Note 46 to the Consolidated Financial Statements, the financial statements of subsidiary companies namely MSP Group International (Singapore) Pte Ltd. and AA ESS Tradelinks Private Limited for the year ended 31st March, 2013 as compiled for consolidation purposes, has been prepared by the management and has not been subjected to audit. The financial statement of the subsidiary reflects total assets of ₹ 14,708.52 lacs as on 31st March, 2013, total revenue of ₹ 7.85 lacs and net cash flow of ₹ 15.32 lacs for the year then ended.*

### 5. QUALIFIED OPINION

*In our opinion, and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion paragraph and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entity as referred to in paragraph 7 below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit & Loss, of the profit for the year ended on that date; and

- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## 6. EMPHASIS OF MATTER

We draw attention to the notes to the consolidated financial statements regarding delay in payment of dividend on preference shares during the year and payment of the said dividend without opening a separate bank account which are not in compliance with the requirements of Sections 205 & 205A of the Companies Act, 1956 (Refer Note 40).

## 7. OTHER MATTERS

- (a) We did not audit the financial statements of MSP Cement Limited (a subsidiary company) and Madanpur South Coal Company Limited (a jointly controlled entity) respectively whose financial statements reflect total assets (net) of ₹ 1,572.96 lacs as at 31st March, 2013, total revenues (net) of ₹ (0.03) lacs and net cash flows amounting to ₹ (0.62) lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

- (b) We did not audit the financial statements of subsidiary companies namely MSP Group International (Singapore) Pte Limited and AA ESS Tradelinks Private Limited whose financial statements reflect total assets (net) of ₹ 14,708.52 lacs as at 31st March, 2013, total revenues of ₹ 7.85 lacs and net cash flows amounting to ₹ 15.32 lacs for the year then ended. These financial statements were not audited by their auditors, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiary, is based solely on the management accounts.

**For B. Chhawchharia & Co.**  
Firm Registration No.: 305123E  
Chartered Accountants

**Vikram Dhanania**  
Partner  
Membership No. 060568

Place: Kolkata  
Date: 28th May, 2013

# Consolidated Balance Sheet

as at 31st March, 2013

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	9,491.77	6,491.24
Reserves and Surplus	4	46,404.62	28,878.52
Share Application money pending allotment	5	13,836.91	3,181.00
		<b>69,733.30</b>	<b>38,550.76</b>
<b>Minority Interest</b>			
		<b>2,001.54</b>	<b>1,999.78</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	6	54,929.13	53,023.75
Deferred Tax Liabilities (net)	7	4,814.97	3,808.01
Other Long Term Liabilities	8	161.78	297.29
Long Term Provisions	9	193.74	158.98
		<b>60,099.62</b>	<b>57,288.03</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	10	38,324.97	36,094.98
Trade Payables	11	14,923.98	5,247.54
Other Current Liabilities	8	20,570.17	18,403.59
Short Term Provisions	9	1,331.92	626.09
		<b>75,151.04</b>	<b>60,372.20</b>
<b>TOTAL</b>		<b>2,06,985.50</b>	<b>1,58,210.77</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12 A	88,639.66	49,638.95
Intangible Assets	12 B	310.74	310.74
Capital Work-In-Progress	13	18,702.40	52,793.87
Deferred Tax Assets (net)	7	0.21	0.18
Non Current Investments	14	4,818.56	4,818.55
Long-Term Loans and Advances	15	14,756.27	12,008.67
Other Non-Current Assets	16	1,808.08	1,514.79
		<b>1,29,035.92</b>	<b>1,21,085.75</b>
<b>Current Assets</b>			
Inventories	17	30,754.99	21,008.04
Trade Receivables	18	12,634.63	4,600.85
Cash and Bank Balances	19	810.45	807.94
Short-Term Loans and Advances	15	33,169.15	10,142.94
Other Current Assets	16	580.36	565.25
		<b>77,949.58</b>	<b>37,125.02</b>
<b>TOTAL</b>		<b>2,06,985.50</b>	<b>1,58,210.77</b>
Summary of significant accounting policies	2		

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

**Vikram Dhanania**

Partner

Membership No. 060568

Place: Kolkata

Date: 28th May, 2013

For and on behalf of the Board of Directors

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

**Pinky Gupta**

(Company Secretary)

# Statement of Consolidated Profit and Loss Account

for the year ended 31st March, 2013

(₹ in lacs)

	Notes	2012-13	2011-12
<b>INCOME</b>			
Revenue from Operations (gross)	20	1,01,551.57	75,190.67
Less: Excise duty		9,379.44	5,544.92
<b>Revenue from operations (net)</b>		<b>92,172.13</b>	<b>69,645.75</b>
Other Income	21	606.53	533.83
<b>TOTAL (I)</b>		<b>92,778.66</b>	<b>70,179.58</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	22	52,612.13	42,808.96
Purchase of Traded Goods	23	8,412.30	5,804.39
Changes in Inventories of finished goods work-in-progress and traded goods	24	(835.34)	(1,800.82)
Employee benefits expense	25	2,507.13	1,843.82
Finance Costs	26	9,050.63	5,859.13
Depreciation and amortisation expense	12A	4,628.00	2,908.90
Other Expenses	27	13,377.39	9,378.95
<b>TOTAL (II)</b>		<b>89,752.24</b>	<b>66,803.33</b>
<b>Profit before tax (I-II)</b>		<b>3,026.42</b>	<b>3,376.25</b>
<b>Tax expenses</b>			
Current Tax [Minimum Alternate Tax (MAT)]		603.48	729.80
Less: MAT Credit Entitlement		(599.16)	(435.08)
Deferred Tax		1,006.96	470.66
<b>Total tax expense</b>		<b>1,011.28</b>	<b>765.38</b>
<b>Profit for the year before Share of Minority Interests</b>		<b>2,015.14</b>	<b>2,610.87</b>
<b>Minority Interest</b>		<b>1.76</b>	<b>4.65</b>
<b>Profit for the period</b>		<b>2,013.38</b>	<b>2,606.22</b>
<b>Earnings per equity share [nominal value of share ₹ 10 each (31st March, 2012: ₹ 10 each)]</b>	28		
Basic (₹)		3.04	4.50
Diluted (₹)		3.04	4.36
Summary of significant accounting policies	2		

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**

Partner

Membership No. 060568

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

Place: Kolkata

Date: 28th May, 2013

**Pinky Gupta**

(Company Secretary)

# Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxes	3,026.43	3,376.25
Adjustments for :		
Depreciation	4,628.01	2,908.90
Unrealised Loss/(Gain) on Foreign Exchange Fluctuation/Forward	(31.39)	(33.34)
Profit on Sale of Land	(36.74)	-
Irrecoverable Debts, Deposits and Advances written off	77.69	52.73
Provision for bad and doubtful debts/advances	(24.61)	182.44
Liabilities no longer required written back	-	(183.94)
Loss on sale of fixed assets	-	6.25
Preliminary Expenses written off	0.28	0.33
Loss on Project Abandonment	902.82	-
Interest on loans, deposits etc.	(524.63)	(522.80)
Interest Expenses	8,427.21	5,548.74
Other Finance Expenses	58.82	102.20
Dividend Income	(0.25)	(9.81)
<b>Operating Profit before working capital changes</b>	<b>16,503.64</b>	<b>11,427.95</b>
Movement in Working Capital for:		
(Increase) in Trade Receivables	(8,086.87)	(741.46)
(Increase) in Loans and Advances	(24,339.37)	(513.69)
(Increase) in Other Assets	(492.86)	(154.38)
(Increase) in Inventories	(9,746.95)	(8,922.33)
Increase in Trade Payables	9,702.25	2,785.57
Increase in Other Liabilities	1,671.02	244.69
Increase in Provisions	841.25	40.14
<b>Cash generated from Operations</b>	<b>(13,947.89)</b>	<b>4,166.49</b>
Direct Taxes Paid	488.93	1,071.25
<b>Net Cash generated from Operating Activities</b>	<b>(14,436.82)</b>	<b>3,095.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(13,685.21)	(21,984.24)
Discard of Fixed Assets	2.55	8.56
Profit On Sale Of Land	36.74	-
Purchase of Investments	-	(7.95)
Fixed Deposits (with maturity period of more than three months) (made)	(283.87)	-
Interest received	818.21	237.98
Dividends received	0.25	9.81
<b>Net cash used in investing activities</b>	<b>(13,111.33)</b>	<b>(21,735.84)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Application money received towards Equity Shares	10,655.91	3,181.00
Unpaid Dividend	(3.66)	-
Dividend and dividend distribution tax paid	(244.29)	(351.40)
Proceeds from Preferential issue of Equity Shares	18,000.45	1,254.00



# Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
Proceeds from issue of shares (to minority)	-	101.02
Deferred payment credit (paid)	-	(4,014.23)
Long Term Borrowings Received	13,059.42	15,004.10
Long Term Borrowings Repaid	(5,203.07)	(3,798.95)
Short Term Borrowings (paid) (Net)	(4,005.02)	(804.71)
Cash credit and working capital Received (Net)	3,060.88	13,293.71
Interest Paid	(7,965.68)	(5,506.48)
Other Finance Expenses Paid	(58.82)	(102.20)
<b>Net cash generated in financing activities</b>	<b>27,296.12</b>	<b>18,255.86</b>
<b>D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>	0.09	1.30
<b>Net (Decrease)/Increase in Cash and Cash equivalents (A+B+C)</b>	<b>(251.94)</b>	<b>(383.44)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	508.31	883.50
Add: Acquired pursuant to acquisition of subsidiary	-	8.25
<b>Cash and Cash equivalents as at the end of the year *</b>	<b>256.37</b>	<b>508.31</b>

(₹ in lacs)

	2012-13	2011-12
<b>* Components of Cash and Cash Equivalents</b>		
Cash on hand	111.60	115.26
Cheques in hand	0.18	-
With Scheduled Banks on Current Account	142.37	391.00
Fixed Deposits with original maturity period being three months or less	2.22	2.05
	<b>256.37</b>	<b>508.31</b>

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

As per our attached report of even date

**For B. Chhawchharia & Co.**

Firm Registration No.: 305123E

Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**

Partner

Membership No. 060568

**Puranmal Agrawal**

(Chairman)

**Suresh Kumar Agrawal**

(Managing Director)

Place: Kolkata

Date: 28th May, 2013

**Pinky Gupta**

(Company Secretary)

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

### NOTE 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.

### NOTE 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, 2013	As at 31st March, 2012
MSP Group International (Singapore) Pte Ltd.	Singapore	100.00	100.00
MSP Cement Ltd.	India	100.00	100.00
AA ESS Tradelinks Pvt. Ltd.	India	52.32	52.32
Madanpur South Coal Company Ltd. (JV)	India	14.90	14.90

#### Consolidation Procedure:

- 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.
- The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances, unless otherwise stated.
- The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.
- 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.
- 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.

- 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 recognised in the consolidated statement of profit and loss

- 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, (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention.

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

### (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 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, is capitalised 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 capitalised as "Pre-operative & Trial Run Expenses (pending allocation)"
- Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any

### (e) Depreciation/Amortisation 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.

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 amortised over the period of lease.

The intangible assets are amortised 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 recognised 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 recognised 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, amortisation 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 capitalised 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 recognised 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 recognised 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 recognised as deferred

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

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 recognised at a nominal value.

### (j) Investments

Investments that are readily realisable 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 recognised 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 realisable 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 realisable 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 realisable value
- ▶ Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale

### (l) Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognised 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 recognised 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 recognised on transmission of power to the customers from the grid.

### Sale of carbon credits

Revenue is recognised 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 recognised 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 recognised 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 recognised as income or expenses in the year in which they arise.

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

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

### (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 recognised 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

### (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 recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

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

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

### (q) Derivative Instruments

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

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 3. SHARE CAPITAL</b>		
<b>Authorised shares</b>		
10,20,00,000 (8,20,00,000) equity shares of ₹ 10/- each (₹ 10/- each)	10,200.00	8,200.00
1,50,00,000 (1,50,00,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each)	1,500.00	1,500.00
	<b>11,700.00</b>	<b>9,700.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
8,61,98,686 (5,61,93,362) Equity Shares of ₹ 10/- each (₹ 10/- each), fully paid up	8,619.87	5,619.34
87,19,000 (87,19,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each), fully paid up	871.90	871.90
<b>Total issued subscribed and fully paid-up share capital</b>	<b>9,491.77</b>	<b>6,491.24</b>

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

	As at 31st March, 2013		As at 31st March, 2012	
	No.	(₹ in lacs)	No.	(₹ in lacs)
<b>Equity shares</b>				
At the beginning of the period/year	5,81,00,000	5,810.00	5,81,00,000	5,810.00
Issued during the period	3,00,00,000	3,000.00	-	-
Elimination on account of consolidation *	(19,01,314)	(190.13)	(19,06,638)	(190.66)
<b>Outstanding as at the end of the period/year</b>	<b>8,61,98,686</b>	<b>8,619.87</b>	<b>5,61,93,362</b>	<b>5,619.34</b>

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

	As at 31st March, 2013		As at 31st March, 2012	
	No.	(₹ in lacs)	No.	(₹ in lacs)
<b>Preference Shares</b>				
At the beginning of the period/year	87,94,000	879	75,40,000	754.00
Issued during the period/year	-	-	12,54,000	125.40
Elimination on account of consolidation *	(75,000)	(7.50)	(75,000)	(7.50)
<b>Outstanding as at the end of the period/year</b>	<b>87,19,000</b>	<b>871.90</b>	<b>87,19,000</b>	<b>871.90</b>

\* AA ESS Tradelinks Private Limited, one of the subsidiaries of Company is holding 1,90,314 (19,06,638) equity shares and 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 dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2013, dividend of ₹ Nil (31st March, 2012 : ₹ 0.25). has been recognised as proposed distributions to equity shareholders.

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.

During the year the Company had issued 3,00,00,000 number of equity shares of ₹ 10/- each at a premium of ₹ 50/- per share on preferential basis.

### Terms/rights attached to preference shares

The Company has only one class of preference shares (i.e. 6% non cumulative redeemable preference shares) having a nominal value

of ₹ 10/- per share. The preference shareholders shall have the right to vote on any resolution of the Company directly affecting their rights. The Company declares and pays preferential dividends in Indian rupees.

The preference share of the Company are non cumulative in nature and therefore in case the Company does not declare dividend in any particular year, dividend right gets lapsed and is not eligible for carry forward in future years.

During the year ended 31st March, 2013, dividend of ₹ Nil (31st March, 2012 : ₹ 0.60) has been recognised as proposed distributions to preference shareholders.

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

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

### Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2013		As at 31st March, 2012	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of ₹ 10/- each</b>				
MSP Infotech Pvt Ltd	71,29,760	8.09	71,29,760	12.69
MSP Properties (I) Ltd.	60,30,500	6.85	60,30,500	10.73
Adhunik Gases Ltd.	55,54,000	6.30	40,04,000	7.12
K. C. Texofine Pvt. Ltd.	51,47,000	5.84	39,32,000	7.00
Raj Securities Ltd.	48,72,000	5.53	38,72,000	6.89
Larigo Investment Pvt. Ltd.	48,35,000	5.49	38,35,000	6.82
Rama Alloys Pvt. Ltd.	29,65,000	3.37	29,65,000	5.28

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

	As at 31st March, 2013		As at 31st March, 2012	
	No.	% holding in the class	No.	% holding in the class
<b>Preference shares of ₹ 10/- each</b>				
Jaik Leasing and Commercial Investment Ltd.	15,40,000	17.51	15,40,000	17.66
Dexo Trading Pvt. Ltd.	12,20,000	13.87	12,20,000	13.99
M.A. Hire Purchase Pvt. Ltd.	11,05,000	12.57	11,05,000	12.67
Sikhar Commotrade Pvt. Ltd.	9,35,000	10.63	9,35,000	10.72
Ravi Business Services Pvt. Ltd.	7,60,000	8.64	7,60,000	8.72
Shree Vinay Finvest Pvt. Ltd.	6,80,000	7.73	6,80,000	7.80
Mod Commodeal Pvt. Ltd.	4,42,000	5.03	4,42,000	5.07
Shringar Mercantile Pvt. Ltd.	4,42,000	5.03	4,42,000	5.07

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 4. RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Balance as per the last financial statements	7,902.69	6,841.59
Add : Received during the year	15,000.00	1,128.60
Less : Elimination on account of consolidation	-	(67.50)
Closing Balance	<b>22,902.69</b>	<b>7,902.69</b>
<b>Surplus in the statement of Profit and Loss</b>		
Balance as per last financial statements	20,975.27	18,587.26
Profit for the period/year	2,013.39	2,606.22
Income Tax for earlier years	541.70	-
<b>Less: Appropriations</b>		
Proposed Dividend on preference shares (Amount per share ₹ Nil [31st March, 2012 ₹ 0.60])	-	46.54
Dividend distribution tax on above	-	7.62
Proposed final equity dividend (Amount per share ₹ Nil [31st March, 2012 ₹ 0.25])	-	140.48
Dividend distribution tax on above	-	23.57
Dividend Paid for earlier year	25.02	-
Dividend tax for earlier year	4.06	-
<b>Surplus</b>	<b>23,501.28</b>	<b>20,975.27</b>
Foreign Currency Translation Difference Account	0.65	0.56
<b>Total reserves and surplus</b>	<b>46,404.62</b>	<b>28,878.52</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

## NOTE 5. SHARE APPLICATION MONEY PENDING ALLOTMENT

### Terms and Conditions relating to Share Application Money pending allotment

- The Company is proposing to issue 6% Non Cumulative Redeemable Preference shares amounting to ₹ 120.00 crore for which the necessary approval of the shareholders was obtained in the annual general meeting held on 18th September, 2012. The Company is also proposing to issue equity shares of ₹ 9.37 Crs in its subsidiary. The Company has received share application money for the proposed issue.
- The Company expects to allot the proposed Preference shares and equity shares by August, 2013.
- The Preference and equity shares so issued and allotted shall rank pari passu in all respects including voting & dividend with the existing Preference and equity shares of the Company.
- The Company proposes to increase the authorised share capital by obtaining the shareholders approval to facilitate the above issue of Preference shares and have sufficient share capital for issue of the equity shares.

(₹ in lacs)

	Non-current Portion		Current Maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 6. LONG TERM BORROWINGS</b>				
<b>Secured</b>				
<b>Term loans</b>				
<b>From Banks</b>				
Indian rupee loan	34,558.89	44,666.01	9,757.25	7,864.60
Foreign currency loan	14,457.29	7,577.57	2,302.00	1,082.51
<b>Finance Lease Obligation</b>				
From Banks	4.05	30.91	26.71	38.16
From Body Corporates	40.83	29.26	50.78	29.41
<b>Unsecured</b>				
Inter Corporate Deposits	3,898.00	695.00	-	-
Loans and Advances from related parties	1,970.07	25.00	-	-
	<b>54,929.13</b>	<b>53,023.75</b>	<b>12,136.74</b>	<b>9,014.68</b>
<b>The above amount includes :</b>				
Secured borrowings	49,061.06	52,303.75	12,136.74	9,014.68
Unsecured borrowings	5,868.07	720.00	-	-
Less: Amount disclosed under the head "Other Current Liabilities" (Note No. 8)	-	-	(12,136.74)	(9,014.68)
<b>Net amount</b>	<b>54,929.13</b>	<b>53,023.75</b>	<b>-</b>	<b>-</b>



# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 7. DEFERRED TAX ASSETS/LIABILITIES (NET)</b>		
<b>In respect of the Company</b>		
<b>Deferred Tax Liabilities</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	6,959.87	4,143.51
<b>Deferred Tax Assets</b>		
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	(324.82)	(335.50)
Tax impact of unabsorbed loss/allowances	(1,820.08)	-
<b>Deferred Tax Liability (Net)</b>	<b>4,814.97</b>	<b>3,808.01</b>

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>In respect of components</b>		
<b>Deferred Tax Assets</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	0.04	0.04
<b>Deferred Tax Assets</b>		
Tax impact of expenses charged to the statement of profit & loss but allowable under tax laws deferred	-	0.14
Tax impact of unabsorbed loss/allowances	0.17	
<b>Deferred Tax Assets (Net)</b>	<b>0.21</b>	<b>0.18</b>

(₹ in lacs)

	Non-current Portion		Current Maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 8. OTHER LIABILITIES</b>				
Advance from customers	-	-	3,488.03	3,288.15
Forward contract Premium Payable	-	-	573.60	99.85
Retention/Security Deposit	161.78	297.29	153.93	153.23
Current maturities of long-term borrowings (refer Note No. 6)	-	-	12,136.74	9,014.68
Interest accrued and due on borrowings	-	-	495.13	114.18
Interest accrued but not due on borrowings	-	-	80.59	-
Other Payables on capital purchases	-	-	1,838.48	5,061.98
Share Application money pending refund	-	-	3.00	53.00
Unpaid Dividend	-	-	3.66	-
Others (including statutory dues payable)	-	-	1,797.01	618.52
	<b>161.78</b>	<b>297.29</b>	<b>20,570.17</b>	<b>18,403.59</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 9. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
For gratuity (refer Note No. 29)	103.70	84.81	-	1.00
For leave benefits	86.80	74.17	-	1.07
	<b>190.50</b>	<b>158.98</b>	<b>-</b>	<b>2.07</b>
<b>Other provisions</b>				
For equity dividend	-	-	-	140.48
For tax on proposed equity dividend	-	-	3.00	23.57
For preference dividend	-	-	-	46.54
For tax on proposed preference dividend	-	-	-	7.62
For Taxation [net of advance tax of ₹ 107.12 lacs (₹ 1,205.03 lacs)]	3.24	-	1,328.92	405.81
	<b>193.74</b>	<b>158.98</b>	<b>1,331.92</b>	<b>626.09</b>

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 10. SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Rupee Loan from Banks</b>		
Cash Credit Facility	35,902.83	24,446.30
Cash Credit Facility from non consortium banks	-	2,620.09
<b>Foreign Currency Loans from Banks</b>	2,207.14	5,082.71
<b>Unsecured</b>		
<b>From Body Corporates</b>		
Working Capital loan	-	2,900.00
Loans and Advances from JV partner	-	0.46
Inter Corporate Deposits	215.00	1,045.42
	<b>38,324.97</b>	<b>36,094.98</b>
<b>The above amount includes</b>		
Secured borrowings	38,109.97	32,149.10
Unsecured borrowings	215.00	3,945.88

## Terms and conditions attached to Short term borrowings

Cash Credit and other working capital 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).

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Current	
	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 11. TRADE PAYABLES</b>		
Trade payables (including acceptances) (refer Note No. 39)	14,923.98	5,247.54
	<b>14,923.98</b>	<b>5,247.54</b>

## Term loans from banks and financial institutions

	Repayment terms		
	Outstanding including current maturities	Date of Maturity with respect to 31st March, 2013	Rate of interest (%)
	No. of Installment	₹ in lacs	
From Banks			
Indian rupee loan (Quarterly installments)*	4	1,622.25	March, 2014 13.10-14.50
	5	1,045.78	June, 2014 14.40
	8#	453.79	March, 2015 14.40
	17#	9,394.35	June, 2017 12.75-14.90
	27	12,000.00	December, 2019 13.20-13.75
	26	8,000.00	March, 2020 13.20-13.90
	28#	5,706.20	September, 2021 13.15-14.00
	13 **	6,093.75	June, 2016 14.25
<b>TOTAL (A)</b>		<b>44,316.12</b>	
Foreign currency loan (Half yearly installments)*			
ECB	7	8,056.99	June, 2016 8.80 (After considering the hedge effect)
FCNR(B)#	-	8,702.30	- 11.11 (After considering the hedge effect)
<b>TOTAL (B)</b>		<b>16,759.29</b>	
Finance lease obligation (Monthly installments)***			
From banks	3-20	30.76	June, 2013 - November, 2014 7.99-12.79
From body corporate	6-29	91.61	September, 2013 - August, 2015 10.45-12.51
<b>TOTAL (C)</b>		<b>122.37</b>	
<b>Grand Total [A+B+C]</b>		<b>61,197.78</b>	

# FCNR(B) Loan is the Sub limit of Indian Rupee Term Loan and the terms of repayment are in line with Indian Rupee Term Loan.

### 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 (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.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

## NOTE 12 A. TANGIBLE ASSETS

Description	Gross Block (at cost)				Depreciation			Net Block (₹ in lacs)
	As at 1st April, 2012	Additions pursuant to acquisition	Deletions	As at 31st March, 2013	As at 1st April, 2012	Additions pursuant to acquisition	Less : On Deletions	As at 31st March, 2013
Freehold Land	985.42	-	0.17	983.04 (a)	-	-	-	983.04
Factory Building	6,508.00	-	5,380.24	12,449.79	661.50	-	366.89	11,421.40
Other Building	1,155.29	-	353.08	1,545.22	35.66	-	23.62	1,485.94
Plant and Machinery	48,755.95	-	33,683.31	85,938.86	7,492.85	-	4,161.52	74,284.49
Vehicles	610.93	-	89.07	700.00 (b)	252.37	-	67.21	380.42
Office Equipment	20.00	-	19.80	39.80	2.51	-	3.06	34.23
Furniture and Fixture	78.22	-	7.60	85.82	29.97	-	5.70	50.15
<b>TOTAL</b>	<b>58,113.81</b>	<b>-</b>	<b>39,533.27</b>	<b>1,01,742.53</b>	<b>8,474.86</b>	<b>-</b>	<b>4,628.00</b>	<b>88,639.67</b>

Description	Gross Block (at cost)				Depreciation			Net Block (₹ in lacs)
	As at 1st April, 2011	Additions pursuant to acquisition	Deletions	As at 31st March, 2012	As at 1st April, 2011	Additions pursuant to acquisition	Less : On Deletions	As at 31st March, 2012
Freehold Land	966.59	-	18.83	985.42 (a)	-	-	-	985.42
Factory Building	6,020.54	-	454.60	6,508.00	457.71	-	203.79	5,846.50
Other Building	1,135.91	-	18.00	1,155.29	16.54	-	19.12	1,119.63
Plant and Machinery	46,820.93	-	1,821.00	48,755.95	4,877.96	-	2,616.08	41,263.10
Vehicles	557.01	0.40	54.19	610.93 (b)	195.25	0.31	57.04	358.56
Office Equipment	17.52	-	2.48	20.00	1.31	-	1.20	17.49
Furniture and Fixture	77.70	-	0.52	78.22	18.30	-	11.67	48.25
<b>TOTAL</b>	<b>55,596.20</b>	<b>0.40</b>	<b>2,369.62</b>	<b>58,113.81</b>	<b>5,567.07</b>	<b>0.31</b>	<b>2,908.90</b>	<b>49,638.95</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.

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

b) Vehicles includes cars taken of finance lease :

(₹ in lacs)

<b>Gross Block</b>	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
Original Cost	700.00	610.93
Depreciation charge	67.21	57.04
Accumulated Depreciation	319.58	252.37
<b>Net Book Value</b>	<b>380.42</b>	<b>358.56</b>

\* Includes ₹ 39,437.35 lacs (₹ 2,196.12 lacs) capitalised from Capital Work in progress (CWIP)

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

### NOTE 12 B. INTANGIBLE ASSETS

(₹ in lacs)

Description	Gross Block (at cost)				Amortisation			Net Block	
	As at 1st April, 2012	Additions pursuant to acquisition of Subsidiary	Additions during the year	As at 31st March, 2013	As at 1st April, 2012	Additions pursuant to acquisition	For the year	As at 31st March, 2013	As at 31st March, 2013
Goodwill arising on consolidation	310.74	-	-	310.74	-	-	-	-	310.74
<b>TOTAL</b>	<b>310.74</b>	<b>-</b>	<b>-</b>	<b>310.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310.74</b>

(₹ in lacs)

Description	Gross Block (at cost)				Amortisation			Net Block	
	As at 1st April, 2011	Additions pursuant to acquisition of Subsidiary	Additions during the year	As at 31st March, 2012	As at 1st April, 2011	Additions pursuant to acquisition	For the year	As at 31st March, 2012	As at 31st March, 2012
Goodwill arising on consolidation	-	310.74	-	310.74	-	-	-	-	310.74
<b>TOTAL</b>	<b>-</b>	<b>310.74</b>	<b>-</b>	<b>310.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310.74</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 13. CAPITAL WORK IN PROGRESS</b>		
Buildings **	10,611.36	7,444.31
Plant and Machinery	38,854.55	37,755.33
Capital Goods in Stock	459.43	565.26
[including in transit ₹ 342.54 lacs (₹ 30.65 lacs)]		
Less: Capitalised during the year	35,330.95	2,134.55
	<b>14,594.39</b>	<b>43,630.35</b>
Preoperative and Trial Run expenses (Pending Allocation)	4,108.01	9,163.52
	<b>18,702.40</b>	<b>52,793.87</b>
<b>Details of Pre-Operative and Trial run expenses (Pending Allocation)</b>		
Opening Balance Brought Forward	9,163.52	3,097.66
<b>Raw Materials Consumed</b>	4,222.35	1,647.60
<b>Personnel Cost</b>		
Salary, Wages and Bonus	189.05	276.79
Contribution to Provident and Other Funds	5.04	11.62
Staff Welfare	1.08	5.35
<b>Administrative and Other Indirect Overheads</b>		
Stores and Spares Consumed	14.23	10.01
Power and Fuel	213.24	465.98
Repairs and Maintenance		
- Plant and Machinery	65.02	41.38
- Others	1.84	1.66
Material Handling Charges	26.30	23.43
Travelling and Conveyance	0.92	13.76
Vehicle Running and Maintenance Expenses	17.87	62.73
Printing and Stationary	1.95	0.05
Postage and Communication	3.21	1.95
Legal and Professional Charges	49.39	122.19
Rent and Hire Charges	23.03	254.24
Rates and Taxes	-	1.94
Miscellaneous Expenses	8.96	20.66
<b>Borrowing Cost</b>		
Interest on term loans	3,616.11	5,228.63
Finance Charges	284.94	316.03
	<b>17,908.05</b>	<b>11,603.66</b>
<b>Less:</b>		
Expenses relating to abandoned projects charged off (Refer Note No. 45)	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. 22)	3,738.40	1,560.77
Generation cost of Power consumed in Production (Refer Note No. 27)	926.79	653.45
Capitalised during the year	8,204.40	225.92
<b>TOTAL</b>	<b>4,108.01</b>	<b>9,163.52</b>

\*\* Includes ₹ 174.82 lacs (₹ 285.98 lacs) transferred from (Increase)/Decrease in Inventories refer Note No. 24

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

	Number of Shares as at 31st March, 2013	Number of Shares as at 31st March, 2012	Face Value per share (₹)	As at 31st March, 2013 (₹ in lacs)	As at 31st March, 2012 (₹ in lacs)
<b>NOTES 14. NON CURRENT INVESTMENTS</b>					
<b>Long Term Investments in Equity Shares fully paid up (at Cost)</b>					
<b>Trade Investments - Unquoted Investments in Equity Instruments</b>					
MSP Metallics Limited	14,41,000	14,41,000	10	1,408.60	1,408.60
MSP Properties (I) Limited	97,500	97,500	10	9.75	9.75
MSP Sponge Iron Limited	5,84,250	5,84,250	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	50,000	10	50.00	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.	2,64,000	2,64,000	10	8.50	8.50
Mod Commodeal Pvt Ltd.	5,000	5,000	10	5.00	5.00
Raj Securities Ltd.	2,50,000	2,50,000	10	5.00	5.00
Metalite Fuel Industries Ltd	1,29,500	1,29,500	10	2.59	2.59
Ravi Business Services Pvt Ltd	16,650	16,650	10	1.67	1.67
B.S.Confin Pvt Ltd .	13,560	13,560	10	22.20	22.20
Hightime Holding Pvt Ltd .	1,34,600	1,34,600	10	13.46	13.46
Kamyabi Vanijya Pvt Ltd.	3,61,000	3,61,000	10	12.80	12.80
Nairit Tieup Pvt Ltd.	1,01,000	1,01,000	10	5.05	5.05
Nivedan Vyapaar Pvt Ltd.	1,95,000	1,95,000	10	9.75	9.75
Mohit Vyapaar Pvt Ltd	6,00,000	6,00,000	10	3,000.00	3,000.00
SK Fintex Pvt Ltd	12,600	12,600	10	63.00	63.00
				<b>4,792.70</b>	<b>4,792.70</b>
<b>Non Trade Investments - Quoted Investments in Equity Instruments</b>					
Howrah Gases Limited	1,11,263	1,11,263	10	20.18	20.17
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
Arihante 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>25.85</b>
<b>TOTAL</b>				<b>4,818.56</b>	<b>4,818.55</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

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

(₹ in lacs)

	As at 31st March, 2013		As at 31st March, 2012	
	Cost	Market Value	Cost	Market Value
-Quoted	25.86	44.47	25.85	32.97
-Unquoted	4,792.70	NA	4,792.70	NA
<b>TOTAL</b>	<b>4,818.56</b>		<b>4,818.55</b>	

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 15. LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
<b>Loans to bodies Corporate</b>	2.54	-	1,805.45	2,741.00
<b>(A)</b>	<b>2.54</b>	<b>-</b>	<b>1,805.45</b>	<b>2,741.00</b>
<b>Capital advances</b>	9,565.54	9,088.44	-	-
<b>(B)</b>	<b>9,565.54</b>	<b>9,088.44</b>	<b>-</b>	<b>-</b>
<b>Security deposit</b>	159.35	111.25	-	201.24
<b>(C)</b>	<b>159.35</b>	<b>111.25</b>	<b>-</b>	<b>201.24</b>
<b>Advances recoverable in cash or kind</b>				
considered good	1.45	-	28,809.44	4,903.71
considered Doubtful	19.40	19.40	-	-
	<b>20.85</b>	<b>19.40</b>	<b>28,809.44</b>	<b>4,903.71</b>
Less: Provision for doubtful advances	19.40	19.40	-	-
<b>(D)</b>	<b>1.45</b>	<b>-</b>	<b>28,809.44</b>	<b>4,903.71</b>
<b>Other loans and advances</b>				
MAT Credit Entitlement (*)	3,560.11	2,350.96	-	-
Advance Income Tax & TDS [Net of provision of ₹ 760.15 lacs (₹ 2,823.47 lacs)]	857.55	-	1.85	50.53
Share application money pending allotment	386.66	-	-	-
Prepaid expenses	-	-	66.08	20.97
Loans and advances to employees	-	-	37.62	37.61
Export Incentive Receivable	-	-	94.49	-
Balances with statutory/government authorities	-	-	1,417.45	1,605.70
<b>(E)</b>	<b>4,804.32</b>	<b>2,350.96</b>	<b>1,617.49</b>	<b>1,714.81</b>
<b>Loans and advances to related parties</b>	223.07	458.02	936.77	582.18
<b>(F)</b>	<b>223.07</b>	<b>458.02</b>	<b>936.77</b>	<b>582.18</b>
<b>TOTAL (A+B+C+D+E+F)</b>	<b>14,756.27</b>	<b>12,008.67</b>	<b>33,169.15</b>	<b>10,142.94</b>



# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>Advances recoverable in cash or kind include</b>				
Dues from officers			37.62	37.61
<b>Loans and advances to related parties include</b>				
Dues from companies include enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence			936.77	582.18

(\*) During the period, the Company has recognised MAT credit entitlement of ₹ 599.16 lacs (₹ 435.08 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)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 16. OTHER ASSETS</b>				
<b>(Unsecured, considered good unless otherwise stated)</b>				
Deposits with Banks (Refer Note No. 19)	86.46	53.41	-	-
<b>(A)</b>	<b>86.46</b>	<b>53.41</b>	-	-
<b>Unamortised expenditure</b>				
Unamortised	0.55	0.05	0.33	1.48
Unamortised premium on forward contract	-	-	543.33	26.78
<b>(B)</b>	<b>0.55</b>	<b>0.05</b>	<b>543.66</b>	<b>28.26</b>
<b>Others</b>				
Interest accrued on Fixed Deposits and others	-	-	36.70	330.28
Gain receivable on forward exchange contract	1,721.07	1,461.33	-	203.33
Share application money pending allotment	-	-	-	3.38
<b>(C)</b>	<b>1,721.07</b>	<b>1,461.33</b>	<b>36.70</b>	<b>536.99</b>
<b>TOTAL (A)+(B)+(C)</b>	<b>1,808.08</b>	<b>1,514.79</b>	<b>580.36</b>	<b>565.25</b>

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
Raw materials and components [includes in transit ₹ 3,463.43 lacs (31st March, 2012 : ₹ 720.50 lacs)]	20,689.99	12,201.83
Work-in-progress	2,336.15	1,903.40
Finished goods	4,601.74	4,053.32
Trading goods	0.28	0.28
Stores and spares [includes in transit ₹ 79.45 lacs (31st March, 2012 : ₹ 25.48 lacs)]	1,993.20	1,394.94
By Products (at net realisable value)	1,133.63	1,454.27
	<b>30,754.99</b>	<b>21,008.04</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 18. TRADE RECEIVABLES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Outstanding for a period exceeding six months, considered good	-	-	590.39	349.35
Considered Doubtful	321.96	346.56	-	-
Less: Provision for doubtful receivables	(321.96)	(346.56)	-	-
<b>(A)</b>	-	-	<b>590.39</b>	<b>349.35</b>
<b>Other receivables</b>	-	-	12,044.24	4,251.50
<b>(B)</b>	-	-	<b>12,044.24</b>	<b>4,251.50</b>
<b>TOTAL (A)+(B)</b>	-	-	<b>12,634.63</b>	<b>4,600.85</b>
<b>Trade receivables include:</b>				
Dues from related parties.	-	-	152.39	132.91

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As a 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
<b>NOTE 19. CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
<b>Balance with banks</b>				
On current accounts	-	-	142.37	391.00
Fixed Deposits with original maturity of less than three months*	-	-	2.22	2.05
Unpaid Dividend accounts	-	-	3.66	-
Cheques/drafts on hand	-	-	0.18	-
Cash on hand	-	-	111.60	115.26
	-	-	<b>260.03</b>	<b>508.31</b>
<b>Other bank balances</b>				
Fixed Deposits with original maturity for more than 12 months*	86.46	53.41	298.42	32.85
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	252.00	266.78
	<b>86.46</b>	<b>53.41</b>	<b>550.42</b>	<b>299.63</b>
Amount disclosed under non-current assets ( Note No. 16)	(86.46)	(53.41)	-	-
	-	-	<b>810.45</b>	<b>807.94</b>

\* Fixed deposits with a carrying amount of ₹ 636.88 lacs (₹ 353.04 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.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 20. REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Finished goods	88,406.23	66,546.41
Power	3,258.76	1,203.86
Traded goods	8,839.38	6,126.29
<b>Other operating revenue</b>		
Scrap sales and By products	872.79	496.21
Sale of Raw Materials	91.14	88.70
Sale of Carbon Credits	-	301.99
Export Incentives	75.30	201.08
Others	7.97	226.13
	<b>1,01,551.57</b>	<b>75,190.67</b>

(₹ in lacs)

	2012-13	2011-12
<b>DETAILS OF PRODUCT SOLD</b>		
<b>Finished goods sold</b>		
Pellet	14,226.99	812.03
Sponge Iron	9,500.06	13,573.94
MS Billets	15,891.40	5,910.80
TMT Bar	32,965.48	27,825.58
Structural Steel	15,822.30	18,424.06
	<b>88,406.23</b>	<b>66,546.41</b>
<b>Traded goods sold</b>		
MS Joist	38.63	-
MS Wire	504.99	1,178.63
MS Plate	33.69	-
Steel Flat	-	258.08
TMT Bar	819.95	-
Steel Round	6,574.38	2,208.29
M.S.Angle	17.92	356.56
M.S.Channel	409.21	80.97
M.S.Round	-	1,386.39
Round Bar	31.50	-
Coal	393.16	363.03
Iron Ore	-	281.51
Industrial Oxygen Gas	15.95	12.83
	<b>8,839.38</b>	<b>6,126.29</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 21. OTHER INCOME</b>		
<b>Interest income on</b>		
Loans, Fixed Deposits, etc	524.79	522.82
<b>Dividend Income on</b>		
Long-term investments	0.25	9.56
Current investments	-	0.25
Profit on sale of fixed assets	36.74	-
Other Non-Operating Income	44.75	1.20
	<b>606.53</b>	<b>533.83</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the period	12,201.83	5,224.60
Add : Purchases	61,100.29	49,786.19
[includes material transferred from trial run production ₹ 3,738.40 lacs (₹ 1,560.77 lacs)] (refer Note No. 13)		
Less : Inventory at the end of the period	20,689.99	12,201.83
	<b>52,612.13</b>	<b>42,808.96</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Coal and Coke (including fines) *	18,470.35	16,368.26
Iron Ore (including fines)	16,174.97	11,226.51
Dolomite/Limestone	224.50	123.49
Iron Ore Pellets	3,738.40	4,253.65
Silico Manganese	1,523.71	1,054.54
Sponge/Pig Iron/Scrap	10,464.76	8,534.70
MS Billets/Ingots	2,015.44	1,185.75
Others	-	62.06
	<b>52,612.13</b>	<b>42,808.96</b>

\* Includes consumption relating to power plant

	(₹ in lacs)	
	2012-13	2011-12
<b>DETAILS OF INVENTORY</b>		
<b>Raw materials and components</b>		
Coal and Coke	13,722.18	5,143.13
Iron Ore (including fines)	6,808.79	6,908.73
Dolomite/Limestone	101.68	89.31
Sponge/Pig Iron	40.76	60.66
Others	16.58	-
	<b>20,689.99</b>	<b>12,201.83</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 23. PURCHASE OF TRADED GOODS</b>		
MS Joist	36.96	-
MS Wire	469.28	1,106.02
MS Plate	31.62	-
Steel Flat	-	250.05
TMT Bar	785.84	-
Steel Round	6,255.50	2,113.57
M.S.Angle	16.89	333.66
M.S.Channel	390.42	75.97
M.S.Round	-	1,288.91
Round Bar	30.92	
Coal	385.38	355.95
Iron Ore	-	272.31
Industrial Oxygen Gas	9.49	7.95
	<b>8,412.30</b>	<b>5,804.39</b>

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 24. CHANGES IN INVENTORIES IF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCTS</b>		
<b>Inventories at the end 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	4,053.32
Trading goods	0.28	0.28
	<b>8,071.80</b>	<b>7,411.27</b>
Transfer to Stores and Spares Consumed (refer Note No. 27)	-	58.60
Transfer to CWIP - Finished Goods (refer Note No. 13)	174.81	285.98
	<b>174.81</b>	<b>344.58</b>
<b>Inventories at the beginning of the period</b>		
By-Products	1,454.27	1,190.93
Work-in-progress	1,903.40	845.16
Finished goods	4,053.32	3,918.66
Trading goods	0.28	0.28
	<b>7,411.27</b>	<b>5,955.03</b>
<b>(Increase)/Decrease in Inventories</b>		
By-Products	320.64	(263.34)
Work-in-progress	(432.75)	(1,058.24)
Finished goods	(723.23)	(479.24)
Trading goods	-	-
	<b>(835.34)</b>	<b>(1,800.82)</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

	(₹ in lacs)	
	2012-13	2011-12
<b>DETAILS OF INVENTORY</b>		
<b>By-Products</b>		
Coal Fines	19.31	1,454.27
Dolochar	1,114.32	-
	<b>1,133.63</b>	<b>1,454.27</b>
<b>Work-in-Progress</b>		
Iron Ore Pellet	1,707.21	1,369.74
Sponge Iron	255.49	293.84
M.S. Billets	293.22	239.82
Others	80.23	-
	<b>2,336.15</b>	<b>1,903.40</b>
<b>Finished Goods</b>		
Iron Ore Pellet	1,246.91	344.22
Sponge Iron	443.56	877.22
M.S. Billets	834.91	325.85
TMT Bar	653.41	748.41
Structural Steel	1,422.95	1,757.62
	<b>4,601.74</b>	<b>4,053.32</b>
<b>Trading Goods</b>		
Industrial Oxygen Gas	0.28	0.28
	<b>0.28</b>	<b>0.28</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	2,386.00	1,735.80
Contribution to Provident and Other Funds	91.07	69.07
Staff welfare expenses	30.05	38.95
	<b>2,507.12</b>	<b>1,843.82</b>

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 26. FINANCE COSTS</b>		
Interest Expenses	8,427.21	5,650.94
Other finance charges	223.30	199.13
Net (gain)/loss on foreign currency transactions and translation	400.12	9.06
	<b>9,050.63</b>	<b>5,859.13</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	2012-13	2011-12
<b>NOTE 27. OTHER EXPENSES</b>		
Consumption of stores and spares	3,968.65	3,307.69
[includes ₹ Nil (₹ 58.60 lacs) transferred from Note No. 24]	-	
(Increase)/Decrease of excise duty on inventory	55.06	145.01
Power and Fuel	1,456.09	1,872.76
Power and Fuel generated from Trial run	926.79	
[Includes ₹ 926.79 lacs (₹ 653.45 lacs) transferred from Note No. 13]		
Rent	45.58	46.71
Rates and Taxes	114.30	86.78
Insurance	50.90	22.19
Repairs & Maintenance		
Plant and machinery	578.49	224.59
Buildings	61.51	7.28
Others	95.67	43.27
Material Handling Charges	1,172.46	588.19
Vehicle Running Expenses	438.46	241.25
Cash Discount	187.43	157.93
Advertising and Sales Promotion	70.37	113.32
Freight Outward	1,436.25	1,022.21
Sales Commission	299.85	228.34
Legal and Professional charges	199.76	165.80
Charity and Donations	8.79	33.20
Payment to Auditors (Refer details below)	17.12	20.79
Exchange differences (net)	242.07	60.95
Premium on forward contract amortised		211.82
Bad debts/advances written off	153.88	52.73
Less : Adjusted with provisions	76.19	77.69
Provision for doubtful debts and advances	51.58	182.44
Less : Written back	76.19	(24.61)
Loss on Disposal/discard of Fixed Assets		6.25
Loss on project abandonment (refer Note No. 45)	902.82	-
Prior Period Expenses (net)	15.29	6.68
Preliminary Expenses w/off	0.28	0.33
Miscellaneous expenses	980.32	530.44
<b>TOTAL</b>	<b>13,377.39</b>	<b>9,378.95</b>

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

	(₹ in lacs)	
	2012-13	2011-12
<b>PAYMENT TO AUDITORS</b>		
<b>As Auditors</b>		
Statutory Audit fee	9.00	9.00
Limited Review	3.48	7.50
<b>In other capacity</b>		
Other Services (certification fees)	2.78	2.50
Reimbursement of expenses	1.86	1.79
	<b>17.12</b>	<b>20.79</b>

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

	(₹ in lacs)	
	2012-13	2011-12
<b>NOTE 28. EARNINGS PER SHARE (EPS)</b>		
Profit after tax	2,013.38	2,606.22
Less : Dividends on non cumulative preference shares and tax thereon	-	54.16
<b>Net profit for calculation of Basic and Diluted EPS</b>	<b>2,013.38</b>	<b>2,552.06</b>
	Nos.	Nos.
Weighted average number of equity shares in calculating Basic EPS	6,61,43,891	5,67,03,883
<b>Effect of dilution:</b>		
Share Application Money Pending Allotment	-	17,90,264
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>6,61,43,891</b>	<b>5,84,94,147</b>
<b>Earnings Per share</b>		
<b>Basic (₹)</b>	<b>3.04</b>	<b>4.50</b>
<b>Diluted (₹)</b>	<b>3.04</b>	<b>4.36</b>

## NOTE 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 recognised in the statement of profit and loss/pre-operative and trial run expenses (pending allocation) for respective years are as follows: –

	(₹ in lacs)			
	Gratuity		Leave	
	2012-13	2011-12	2012-13	2011-12
Current service cost	59.55	60.26	10.69	2.46
Interest cost	21.78	12.06	7.33	5.21
Expected return on plan assets	(10.63)	(6.77)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses/(gains)	(12.29)	(25.56)	(2.25)	6.00
<b>Net benefit expense</b>	<b>58.41</b>	<b>39.99</b>	<b>15.77</b>	<b>13.67</b>



# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

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

(₹ in lacs)

	Gratuity		Leave	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Defined benefit obligation	257.57	191.14	86.80	75.24
Fair value of plan assets	149.24	105.33	-	-
<b>Net liability</b>	<b>108.33</b>	<b>85.81</b>	<b>86.80</b>	<b>75.24</b>

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

(₹ in lacs)

	Gratuity		Leave	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Opening defined benefit obligation	191.14	144.38	75.24	63.16
Interest cost	21.78	12.06	7.33	5.21
Current service cost	59.55	60.26	10.69	2.46
Benefit paid	(3.64)	-	(4.22)	(1.59)
Actuarial losses/(gains)	(11.26)	(25.56)	(2.25)	6.00
<b>Closing defined benefit obligation</b>	<b>257.57</b>	<b>191.14</b>	<b>86.80</b>	<b>75.24</b>

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

(₹ in lacs)

	Gratuity	
	As at 31st March, 2013	As at 31st March, 2012
Opening fair value of plan assets	105.33	63.56
Expected return on plan assets*	10.63	6.77
Contribution by the Company	35.89	35.00
Benefits paid	(3.64)	-
Actuarial gains/(loss)	1.03	-
<b>Closing fair value of plan assets</b>	<b>149.24</b>	<b>105.33</b>

\* Determined based on government bond rate.

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

(₹ in lacs)

	Gratuity	
	As at 31st March, 2013	As at 31st March, 2012
Debt Funds	149.24	105.33
<b>TOTAL</b>	<b>149.24</b>	<b>105.33</b>

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

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

	As at 31st March, 2013	As at 31st March, 2012
Discount rate (%)	8.25	8.75
Return on Plan Assets (Gratuity Scheme) (%)	8.25	8.75
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Employee Turnover (%)	6.2	6.2

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

(₹ in lacs)

	Gratuity				
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
Defined benefit obligation	257.57	191.14	144.38	61.30	24.87
Fair value of plan assets	149.24	105.33	63.56	32.36	12.09
Deficit	108.33	85.81	80.82	28.94	12.78
Experience adjustments on plan liabilities – (gains)/losses	(29.82)	(25.56)	(25.56)	(3.64)	(0.07)
Experience adjustments on plan assets	1.03	Nil	Nil	(1.62)	Nil

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

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

	2012-13	2011-12
Provident Fund	96.11	80.69

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

## NOTES 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 – Director
		Saket Agrawal – Director
		Kiran Agrawal (wife of Chairman)
		Nisha Agrawal (wife of Managing Director)
		Ekta Agrawal (wife of Saket Agrawal)
		Richa Agrawal (wife of Manish Agrawal)
		Kasturi Devi Agrawal (mother of Managing Director)
Enterprises over which Key Management Personnel and/or their Relatives have significant influence	:	Adhunik Gases Limited
		Ashirwad Steels and Industries Limited
		B.S. Confin Private Limited
		Chaman Metallics Limited
		Danta Vyappar Kendra Limited
		Dexo Trading Private Limited
		Dhanrashi Developers Consultants Private Limited
		Emerald Tradelink Private Limited
		Gajgamani Vinimay Private Limited
		High Time Holding Private Limited
		Howrah Gases Limited
		Ilex Private Limited
		K.C. Texofine Private Limited
		K P J Concast 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
		Sidhsilver Infra Properties Private Limited
		Sikhar Commotrade Private Limited

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
<b>Sales</b>			
MSP Sponge Iron Limited		163.65	163.65
		(259.92)	(259.92)
MSP Metallica Limited		346.25	346.25
		(762.41)	(762.41)
Chaman Metallica Limited		-	-
		(281.51)	(281.51)
MSP Properties (India) Limited		41.90	41.90
		(49.20)	(49.20)
Howrah Gases Limited		1,158.05	1,158.05
		(-)	(-)
<b>Purchase of Raw Material &amp; Components Consumed</b>			
MSP Sponge Iron Limited		3,242.32	3,242.32
		(1,946.83)	(1,946.83)
MSP Metallica Limited		7,993.70	7,993.70
		(8,917.91)	(8,917.91)
Howrah Gases Limited		310.49	310.49
		(938.87)	(938.87)
Rama Alloys Private Limited		-	-
		(5.08)	(5.08)
<b>Contractual Services Paid</b>			
MSP Mines and Minerals Limited		23.60	23.60
		(33.09)	(33.09)
<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		26.29	26.29
		(18.20)	(18.20)
<b>Expenses Reimbursed</b>			
Chaman Metallica Limited		0.14	0.14
		(0.03)	(0.03)
MSP Infotech Private Limited		0.05	0.05
		(1.14)	(1.14)
MSP Metallica Limited		136.19	136.19
		(112.66)	(112.66)
MSP Mines and Minerals Limited		3.60	3.60
		(6.38)	(6.38)
MSP Sponge Iron Limited		100.32	100.32
		(19.39)	(19.39)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
<b>Rent Paid</b>			
Larigo Investment Private Limited		-	-
		(0.18)	(0.18)
MSP Infotech Private Limited		6.00	6.00
		(6.00)	(6.00)
Shree Khatupati Mercantiles Private Limited		3.60	3.60
		(3.6)	(3.6)
Nisha Agrawal	1.20		1.20
	(0.36)		(0.36)
Kiran Agrawal	1.20		1.20
	(0.36)		(0.36)
Manish Agrawal	0.48		0.48
	(0.48)		(0.48)
Saket Agrawal	0.48		0.48
	(0.48)		(0.48)
Ekta Agarwal	3.00		3.00
	(3.00)		(3.00)
Richa Agarwal	3.00		3.00
	(3.00)		(3.00)
Kasturi Devi Agrawal	-		-
	(0.12)		(0.12)
<b>Other Income</b>		3.16	3.16
MSP Metallica Limited		(1.36)	(1.36)
<b>Share application Money Received</b>			
Adhunik Gases Limited		264.00	264.00
		(666.00)	(666.00)
B.S. Confin Private Limited		3,768.00	3,768.00
		(750.00)	(750.00)
High Time Holding Private Limited		3,300.00	3,300.00
		(915.00)	(915.00)
Raj Securities Limited		350.00	350.00
		(250.00)	(250.00)
Larigo Investment Private Limited		-	-
		(650.00)	(650.00)
Emerald Tradelink Private Limited		1,500.00	1,500.00
		(-)	(-)
Rajnath Vyapaar Private Limited		1,500.00	1,500.00
		(-)	(-)
Ilex Private Limited		5,169.00	5,169.00
		(-)	(-)
K C Texofine Private Limited		729.00	729.00
		(-)	(-)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
Dexo Trading Private Limited		3,135.00	3,135.00
		(-)	(-)
Sikhar Commotrade 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		2,118.00	2,118.00
		(-)	(-)
Emerald Tradelink Private Limited		1,500.00	1,500.00
		(-)	(-)
High Time Holding Private Limited		1,815.00	1,815.00
		(-)	(-)
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
		(-)	(-)
Ilex Private Limited		2,469.00	2,469.00
		(-)	(-)
K C Texofine Private Limited		729.00	729.00
		(-)	(-)
Dexo Trading Private Limited		435.00	435.00
		(-)	(-)
Sikhar Commotrade Private Limited		246.00	246.00
		(-)	(-)
<b>Loans &amp; Advances given</b>			
Chaman Metallica Limited		978.00	978.00
		(60.65)	(60.65)
MSP Sponge Iron Limited		1,690.00	1,690.00
		(1,470.57)	(1,470.57)
<b>Repayment of Loans &amp; Advances given</b>			
Chaman Metallica Limited		130.00	130.00
		(243.14)	-243.14
MSP Sponge Iron Limited		1,690.00	1,690.00
		(1,211.06)	(1,211.06)
<b>Loans &amp; Advances Taken</b>			
Adhunik Gases Limited		5.00	5.00
		(-)	(-)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
B.S. Confin Private Limited		304.00	304.00
		(-)	(-)
Danta Vyappar Kendra Limited		320.00	320.00
		(-)	(-)
Larigo Investment Private Limited		1,310.00	1,310.00
		(-)	(-)
MSP Infotech Private Limited		1,045.00	1,045.00
		(-)	(-)
MSP Properties (India) Limited		150.00	150.00
		(-)	(-)
MSP Sponge Iron Limited		331.17	331.17
		(425.00)	(425.00)
Ilex Private Limited		14.00	14.00
		(-)	(-)
Sikhar Commotrade Private Limited		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 Vyappar Kendra Limited		320.00	320.00
		(-)	(-)
Larigo Investment Private Limited		355.00	355.00
		(-)	(-)
MSP Infotech Private Limited		-	-
		(49.56)	(49.56)
MSP Properties (India) Limited		70.00	70.00
		(-)	(-)
MSP Sponge Iron Limited		200.00	200.00
		(425.00)	(425.00)
Ilex Private Limited		14.00	14.00
		(-)	(-)
High Time Holding Private Limited		300.00	300.00
		(-)	(-)
Sikhar Commotrade Private Limited		139.00	139.00
		(-)	(-)
Larigo Investment Private Limited		50.00	50.00
		(-)	(-)
<b>Guarantee Obtained</b>			
Manish Agrawal	192.77		192.77
	(192.77)		(192.77)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
Saket Agrawal	167.36		167.36
	(167.36)		(167.36)
Puranmal Agrawal	172.47		172.47
	(172.47)		(172.47)
Suresh Kumar Agrawal	135.00		135.00
	(135.00)		(135.00)
<b>Interest expense</b>			
MSP Infotech Private Limited		19.31	19.31
		(5.87)	(5.87)
MSP Properties (India) Limited		9.54	9.54
		(3.00)	(3.00)
MSP Sponge Iron Limited		2.33	2.33
		(7.62)	(7.62)
<b>Interest received on loans</b>			
Chaman Metallica Limited		68.24	68.24
		(1.00)	(1.00)
MSP Sponge Iron Limited		46.01	46.01
		(13.19)	(13.19)
Manish Agrawal	0.17		0.17
	(0.16)		(0.16)
<b>Loans &amp; Advances (Closing balance)</b>			
Howrah Gases Limited		-	-
		(105.57)	(105.57)
Puranmal Agrawal	-		-
	(0.03)		(0.03)
Suresh Kumar Agrawal	-		-
	(0.20)		(0.20)
Chaman Metallica Limited		848.00	848.00
		(-)	(-)
MSP Metallica Limited		-	-
		(174.57)	(174.57)
MSP Mines and Minerals Limited		7.57	7.57
		(15.24)	(15.24)
MSP Power Limited		3.20	3.20
		(3.20)	(3.20)
Prateek Mines & Minerals Private Limited		2.05	2.05
		(-)	(-)
MSP Sponge Iron Limited		-	-
		(737.91)	(737.91)
Manish Agrawal	0.25		0.25
	(2.37)		(2.37)



# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
<b>Trade Receivables (Closing balance)</b>			
MSP Properties (India) Limited		9.86	9.86
		(24.20)	(24.20)
MSP Sponge Iron Limited		-	-
		(108.71)	(108.71)
Howrah Gases Limited		142.53	142.53
		(-)	(-)
<b>Other Receivables (Closing balance)</b>			
Chaman Metallica Limited		61.42	61.42
		(-)	(-)
<b>Trade payable (Closing balance)</b>			
MSP Sponge Iron Limited		189.24	189.24
		(123.79)	(123.79)
MSP Metallica Limited		905.76	905.76
		(-)	(-)
<b>Other Liabilities (Closing balance)</b>			
Chaman Metallica Limited		0.14	0.14
		(-)	(-)
MSP Infotech Private Limited		1.35	1.35
		(4.05)	(4.05)
Shree Khatupati Mercantiles Private Limited		0.81	0.81
		(2.43)	(2.43)
<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		-	-
		(666.00)	(666.00)
B.S. Confin Private Limited		2,400.00	2,400.00
		(750.00)	(750.00)
<b>Share application money pending allotment (Closing balance)</b>			
High Time Holding Private Limited		2,400.00	2,400.00
		(915.00)	(915.00)
Larigo Investment Private Limited		-	-
		(600.00)	(600.00)
Ilex Private Limited		2,700.00	2,700.00
		(-)	(-)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

Nature of Transactions (Including taxes & duties where ever applicable)	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel/ Shareholders/Relatives have significant influence	Total
Raj Securities Limited		-	-
		(250.00)	(250.00)
Dexo Trading 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 Metallica Limited		2,985.00	2,985.00
		(3,021.21)	(3,021.21)
MSP Sponge Iron Limited		7.60	7.60
		(-)	(-)
<b>Share Application money pending refund</b>			
Larigo Investment Private Limited		-	-
		(50.00)	(50.00)
<b>Loans &amp; Advances Taken (Closing balance)</b>			
MSP Properties (India) Limited		105.00	105.00
		(25.00)	(25.00)
B.S. Confin Private Limited		300.00	300.00
		(-)	(-)
MSP Infotech Private Limited		180.00	180.00
		(-)	(-)
Larigo Investment Private Limited		955.00	955.00
		(-)	(-)
MSP Sponge Iron Limited		131.17	131.17
		(-)	(-)
High Time Holding Private Limited		300.00	300.00
		(-)	(-)
<b>Investments</b>			
Ashirwad Steels and Industries Limited		0.25	0.25
		(0.25)	(0.25)
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)
MSP Metallica Limited		402.00	402.00
		(402.00)	(402.00)
Howrah Gases Limited		15.91	15.91
		(15.91)	(15.91)

Note :- Figures in brackets represents previous year figure.

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

### NOTE 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:

	As at 31st March, 2013	As at 31st March, 2012
Within one year	42.07	43.61

### NOTE 32. INTEREST IN JOINT VENTURE

The Company holds 14.90 % interest in the Madanpur South Coal Company Limited (Joint Venture Company), established in India.

The Company's share of the assets, liabilities, income & expenses of the above jointly controlled entity for the year ended 31st March, 2013 are as follows:

	As at 31st March, 2013	As at 31st March, 2012
(₹ in lacs)		
<b>BALANCE SHEET</b>		
Shareholders' Fund		
Reserve & Surplus	(0.33)	(0.32)
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	0.89	0.89
Deferred Tax Liabilities (net)	-	-
Long Term Provisions	-	-
Other Liabilities	-	-
<b>Current Liabilities</b>		
Short-Term Borrowings	-	0.46
Trade Payables	0.08	0.08
Other Current Liabilities	0.04	0.01
Short Term Provisions	-	-
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	37.74	37.81
Intangible Assets		
Intangible Assets	-	-
Capital Work-In-Progress	106.46	97.21
Deferred tax assets (net)	0.18	0.18
Non Current Investments	-	-
Trade Receivables	-	-
Long-Term Loans and Advances	13.74	13.77
Other Non-Current Assets	-	0.05

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
<b>Current Assets</b>		
Inventories	-	-
Trade Receivables	-	-
Cash and Cash Equivalents	72.49	72.57
Short-Term Loans and Advances	1.99	1.60
Other Current Assets	0.38	0.58
<b>STATEMENT OF PROFIT AND LOSS</b>	<b>2012-13</b>	<b>2011-12</b>
Income		
Other Income	0.17	0.26
Expenditure		
Manufacturing, Selling & Administrative Expenses	0.11	0.21
Depreciation	0.07	0.10

## NOTE 33. INFORMATION RELATING TO SECONDARY SEGMENTS

### Geographical Segment:

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

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Geographical segment revenue		
Domestic (net of excise duty)*	88,504.15	61,382.01
Overseas	3,667.98	8,263.74
<b>TOTAL</b>	<b>92,172.13</b>	<b>69,645.75</b>

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

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Geographical segment assets		
Domestic	2,06,876.78	1,58,144.35
Overseas	108.72	66.42
<b>TOTAL</b>	<b>2,06,985.50</b>	<b>1,58,210.77</b>

## NOTE 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, 2013.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

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

(₹ in lacs)

	Provision for Doubtful debts		Provision for Advances	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Carrying amount - beginning of the year	346.56	164.12	19.40	19.40
Additional provision during the year	51.58	182.44	-	-
	<b>398.14</b>	<b>346.56</b>	<b>19.40</b>	<b>19.40</b>
Less: written back during the year	76.19	-	-	-
Carrying amount - end of the year	321.96	346.56	19.40	19.40

## NOTE 36. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

	Financial Effect Estimate	
	As at 31st March, 2013	As at 31st March, 2012
<b>Excise Matters under dispute/appeal</b>		
Disputed disallowances of CENVAT credit and service tax	3,296.90	2,649.18
Removal of finished goods without payment of duty	143.31	148.02
Sale of iron ore & coal fines without payment of duty	282.57	326.48
Sale of electricity without payment of duty	211.74	211.74
<b>Sub total</b>	<b>3,934.52</b>	<b>3,335.42</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	99.31
<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.*	7,500.00	7,500.00
<b>Sub total</b>	<b>8,160.75</b>	<b>8,160.75</b>

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 ₹ 7,500 lacs (₹ 7,500 lacs) on 31st May, 2011. The management believes that the terms of the guarantee given are not prejudicial to the interest of the Company.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

## NOTE 37. CAPITAL AND OTHER COMMITMENTS

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 1,599.04 lacs (₹ 588.70 lacs))	650.54	955.07
Export obligation under EPCG scheme with respect to custom duty savings in import of equipments and spares parts	7,416.90	11,113.06

## NOTE 38. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Derivative contracts outstanding as at the Balance sheet date:

	Purpose
<b>Forward contract to buy USD</b>	Hedge of foreign currency loan
USD 1,60,00,000 (31st March, 2012 : USD 80,00,000) (₹ 8,702.29 lacs (31st March, 2012 : ₹ 4,092.52 lacs))	
<b>Forward contract to buy Singapore Dollar (SGD)</b>	Hedge of foreign currency loan
SGD 1,83,75,000 (31st March, 2012: SGD 2,10,00,000) (₹ 8,056.99 lacs (31st March, 2012: ₹ 8,660.08 lacs))	
Interest rate swaps on SGD loan of SGD 1,83,75,000 (31st March, 2012 : SGD 2,10,00,000) (₹ 8,056.99 lacs (31st March, 2012 : ₹ 8,660.08 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

	Amount
Trade payables (including acceptances)	USD Nil (31st March, 2012: USD 14,38,700) ₹ Nil (31st March, 2012: ₹ 736.04 lacs)
Foreign Currency Loans From Banks	USD 59,90,445 (31st March, 2012: USD 19,35,600) ₹ 3,258.27 lacs (31st March, 2011: ₹ 990.19 lacs)
Interest accrued but not due on borrowings	USD 20,893 (31st March, 2012: USD 15,357) ₹ 11.28 lacs (31st March, 2012: ₹ 7.86)

**NOTE 39.** 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.

**NOTE 40.** There has been a delay in payment of dividend on preference shares during the year, and the same has been paid out of its regular bank account without opening a separate dividend account, as required in terms of Section 205 & 205A of the Companies Act, 1956.

## NOTE 41. 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.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2013

## NOTE 42. VALUE OF IMPORTS (CALCULATED ON CIF BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Goods	5.16	777.13
Stores, Spares and Consumables	269.44	48.74
Raw Materials	5,677.56	1,728.31

## NOTE 43 (A). EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
Interest	439.96	285.79
Travelling	10.42	5.36
Foreign Membership Fees	16.27	14.22
Professional fees	0.85	9.87
Filling fees	0.20	0.18
Rates & Taxes	-	0.34

## NOTE 43 (B). EARNING IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in lacs)

	As at 31st March, 2013	As at 31st March, 2012
FOB Value of Exports [excluding sales made in Indian rupees ₹ 348.37 lacs (₹ 690.77 lacs)]	3,220.56	8,206.11

## NOTE 44. BREAK-UP OF CONSUMPTION OF RAW MATERIALS, STORES AND SPARES CONSUMED INCLUDING AMOUNT DEBITED TO PRE-OPERATIVE AND TRIAL RUN EXPENSES (PENDING ALLOCATION)]

	Raw Materials		Stores and Spares Consumed	
	₹ in lacs	%	₹ in lacs	%
Indigenous	55,083.84	96.92	3,798.21	95.36
	(42,279.79)	(95.10)	(3,279.53)	(98.85)
Imported	1,750.65	3.08	184.67	4.64
	(2,176.77)	(4.90)	(38.17)	(1.15)
<b>TOTAL</b>	<b>56,834.48</b>	<b>100.00</b>	<b>3,982.88</b>	<b>100.00</b>
	<b>(44,456.56)</b>	<b>100.00</b>	<b>(3,317.70)</b>	<b>100.00</b>

# Notes

## to the Consolidated Financial Statements for the year ended 31st March, 2013

**NOTE 45.** During the year, the Company has abandoned its sponge iron project (kiln 4) and extension of railway siding project, as a result of which the already capitalised borrowing costs and other expenses of ₹ 795.39 lacs and ₹ 107.43 lacs respectively upto 31st March, 2012 in respect of these projects has been charged off in the Statement of the Profit and Loss. The remaining expenditure/materials in respect of these projects have alternate use in Company's other projects and as such, the management is of the opinion that there is no value loss/impairment on the remaining amount.

**NOTE 46.** The Financial Statements of subsidiary companies namely AA ESS Tradelinks Private Limited and MSP Singapore Pte Limited for the year ended 31st March, 2013 has not been subjected to audit.

**NOTE 47.** 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.

As per our attached report of even date

**For B. Chhawchharia & Co.**  
Firm Registration No.: 305123E  
Chartered Accountants

For and on behalf of the Board of Directors

**Vikram Dhanania**  
Partner  
Membership No. 060568

**Puranmal Agrawal**  
(Chairman)

**Suresh Kumar Agrawal**  
(Managing Director)

Place: Kolkata  
Date: 28th May, 2013

**Pinky Gupta**  
(Company Secretary)

## Statement Regarding Subsidiary Companies Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	(₹ in lacs)		
	MSP Group International (Singapore) PTE. Ltd.	MSP Cement Limited	AA ESS Tradelinks Private Limited
Reporting Currency	SG \$	₹	₹
Exchange Rate	43.75	1.00	1.00
Capital	0.41	5.00	477.83
Reserves	-7.90	-	372.26
Total Assets	4.68	9.34	14,703.84
Total Liabilities	4.68	9.34	14,703.84
Investments (excluding investment in subsidiaries)	-	-	4,562.12
Turnover	-	-	15.95
Profit before tax	-1.05	-	13.22
Provision for tax	-	-	4.32
Profit after tax	-	-	8.90
Proposed Dividend	-	-	-
Country	SINGAPORE	INDIA	INDIA



# Corporate Information

## BOARD OF DIRECTORS

### Chairman

Mr. Puranmal 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. Pinky Gupta

## AUDITORS

M/s. B. Chhawcharia & Co.

Chartered Accountants

## BANKERS

State Bank of India

ING Vysya Bank

Andhra 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

Corporate Office

16/S, Block 'A', New Alipore

Kolkata - 700 053

Ph No.: 40057777/23990038/3940

Fax No.: 40057788/23982239

E-mail: investor.contact@mspsteel.com

## SHARE REGISTRARS

Karvy Computershare Pvt. Ltd

46, Avenue 4, Street No.1

Banjara Hills

Hyderabad - 500 034





## **MSP Steel & Power Limited**

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

Ph no. 40057777/ 23990038/3940

Fax No. 23982239/40057788

E-mail: [investor.contact@mspsteel.com](mailto:investor.contact@mspsteel.com)



# MSP STEEL & POWER LIMITED

(An ISO 9001 : 2008, 18001 : 2007, 14001 : 2004 Certified Company)



## THE SECRETARY

Bombay Stock Exchange Ltd.

PJ Towers, Dalal Street,

Mumbai- 400 001

Fax: Fax No: (022) 22722037 / 39 / 41 / 61/3121

National Stock Exchange of India Ltd.

Exchange Plaza,

Bandra Kurla Complex, Bandra (E)

Mumbai - 400 051

Fax: (022) 26598237/38

Dear Sir/ Madam,

**Stock Code: BSE: MSPSTEEL**  
**NSE- MSPL**

## FORM-A

1.	Name of the Company:	MSP Steel & Power Ltd.
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	<b><u>Matter of Emphasis</u></b> We draw attention to the notes to the financial statements regarding delay in payment of dividend on preference shares during the year and payment of the said dividend without opening a separate bank account which are not in compliance with the requirements of Sections 205 & 205A of the Companies Act, 1956 (Refer Note 43). Our opinion is not qualified in respect of these matters.
4.	Frequency of observation	<i>Appeared First time</i>

You are requested to take the above on record.

Thanking you,

Yours faithfully

For B. Chhawchharia & Co.  
Firm Registration No.: 305123E  
Chartered Accountants

*[Signature]*  
Vikram Dhanania  
Partner  
Membership No. 060568

For and on behalf of the Board of Directors

*[Signature]*  
Puranimal Agrawal  
(Chairman-CEO)

*[Signature]*  
Suresh Kumar Agrawal  
(Managing Director-CFO)

*[Signature]*  
A.K Saraf  
(Chairman of Audit Committee)

Place: Kolkata

Date: *October 10, 2013*

Regd. Office : 1, Crooked Lane, Kolkata - 700 069, Ph. : +91-33-2248 3795, Fax : +91-33-2248 1720  
Corporate Office : 16/S, Block - A, New Alipore, Kolkata - 700 053, Ph. : +91-33-4005 7777, 4014 5678,  
Fax : +91-33-4005 7799, 2398 2239, Email : contactus@mspsteel.com, Web : www.mspsteel.com  
Works : Village & P.O. : Jamgaon, Dist. : Raigarh, Pin - 496 001, Chattisgarh,  
Ph. : 07762-264449/51/52/53, Fax : 07762-264450

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