2011-12 ANNUAL REPORT MSP Steel & Power Limited

EMERGING STRONGER

Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 'anticipates', 'estimates', '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 achievement of results is 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.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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MSP STEEL & POWER LIMITED IS EMERGING STRONGER BY CONSOLIDATING NEW CAPACITIES AND LEVERAGING ON ITS CORE COMPETENCIES TO GAIN THE STEEL EDGE.

Our excellent execution capabilities facilitated the completion of the first phase of expansion, way ahead of schedule. For more than a decade, we have been directing our efforts towards enhancing our operational efficiencies. Our unwavering commitment to innovate enables us to enhance our offerings and service delivery. We are evolving from a regional to a national player and strengthening our foundation for a better tomorrow.

GROWING SUSTAINABLY

A flagship Company of MSP Group, MSP Steel & Power Limited is fully integrated across the value chain and is engaged in the production of iron and steel. The organisation has a diversified portfolio, including pellets, sponge iron, steel, power generation and value added products like TMT bars and structurals (angles, channels and beams).

One vision

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

Dedicated mission

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

MSP facts

- Pioneers of pelletisation and beneficiation plant, since 2009, in India.
- Transformed to a Public Limited Company in 2003.
- Listed on the NSE and BSE since 2005.
- Reputed brands — MSP Gold TMT Bar, Quadra Power and Next-Gen TMT Bar.
- Granted license rights to use the THERMEX® QUENCHING SYSTEM and TECHNOLOGY of M/s Hennigsdorfer Stahl Engineering GmbH, Germany.
- ISO 9001:2008 quality management system certification for its high grade construction bars.

The evolving world of MSP

2003
Commissioned operations of 0.10 MTPA DRI plant at Raigarh, Chhattisgarh

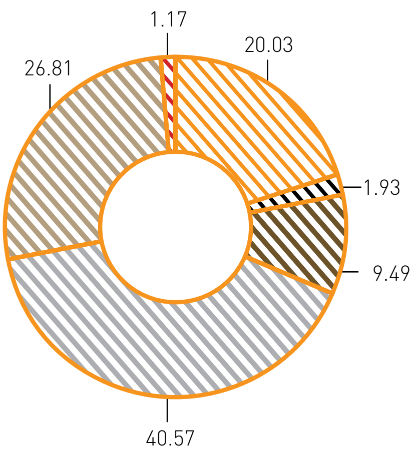
2005
Expanded DRI capacity to 0.19 MTPA and billets capacity to 0.10 MTPA

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 total installed capacity of billets to 0.14 MTPA

Diversified product portfolio

Contribution to revenue in 2011-12 (%)



	Sponge Iron
	Power
	MS Ingots/Billets
	TMT Bars
	Structural Products
	Pellet

Sponge Iron

	2010-11	2011-12
Production (MT)	155, 851	195,595
Sales (₹ in crore)	109.19	124.73
Margin (%)	21.45	22.01
Capacity utilisation (%)	74.88	63.61

MS Ingots/Billets

	2010-11	2011-12
Production (MT)	102,326	143,371
Sales (₹ in crore)	28.36	59.08
Margin (%)	24.23	18.70
Capacity utilisation (%)	71.01	99.49

Pellet

	2010-11	2011-12
Production (MT)	185,220	271,118
Sales (₹ in crore)	2.95	7.28
Margin (%)	31.48	46.26
Capacity utilisation (%)	61.74	79.41

TMT Bars

	2010-11	2011-12
Production (MT)	49,379	75,693
Sales (₹ in crore)	135.55	252.70
Margin (%)	22.33	20.72
Capacity utilisation (%)	61.72	94.62

Power

	2010-11	2011-12
Production (MT)	192,995,100	269,777,140
Sales (₹ in crore)	15.34	12.04
Margin (%)	57.94	36.04
Capacity utilisation (%)	90.25	73.78

Structural Products

	2010-11	2011-12
Production (MT)	53,196	49,501
Sales (₹ in crore)	140.18	167.00
Margin (%)	8.12	14.68
Capacity utilisation (%)	42.85	38.67

2009

Set up 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 0.12 MTPA DRI plant; crossed ₹ 500 crore topline and ₹ 50 crore bottomline

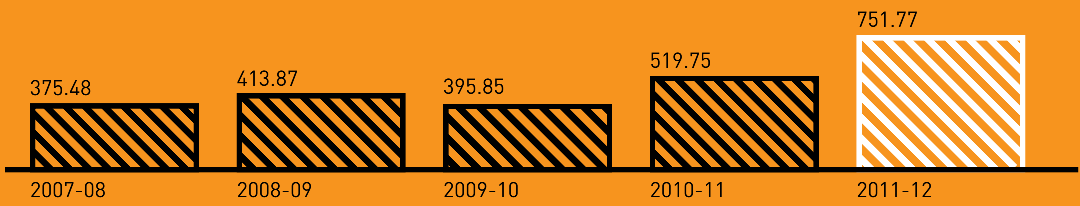
2012

Operationalised a 0.38 MTPA coal washery.

FINANCIAL STATISTICS

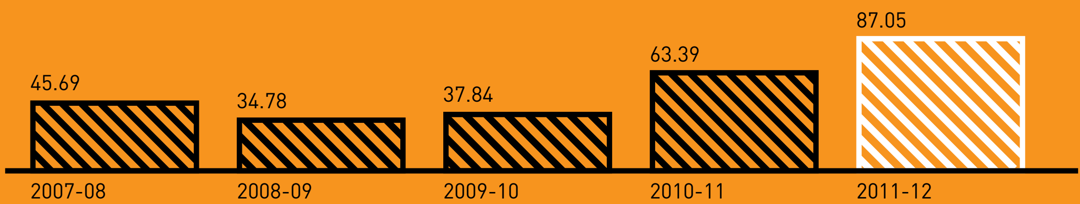
Gross turnover

(₹ in crore)



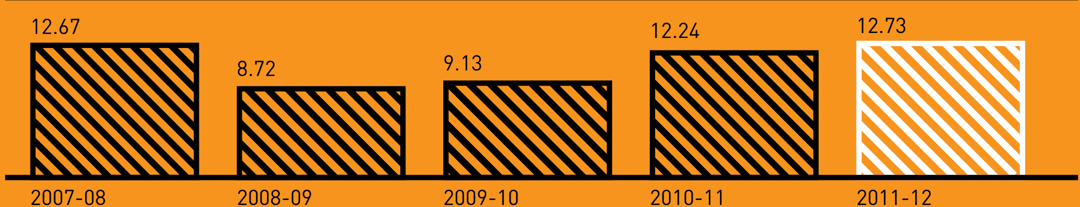
Operating profit

(₹ in crore)



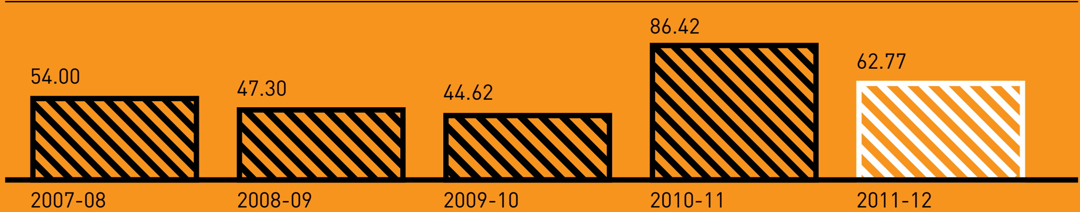
Operating profit margin

(%)



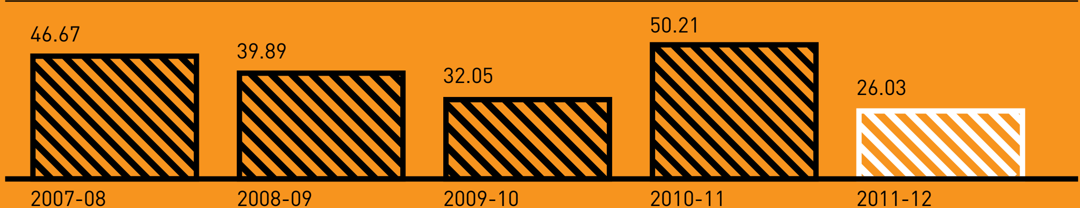
Cash profit

(₹ in crore)



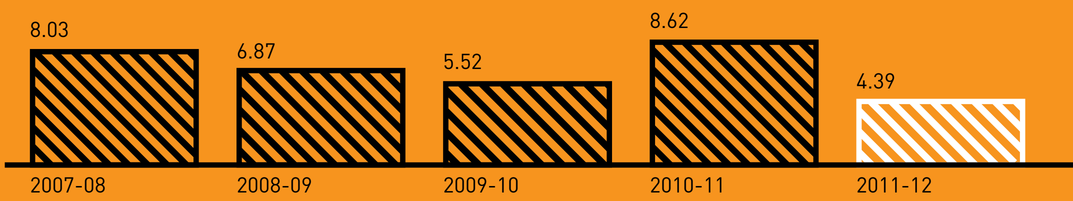
Profit after tax

(₹ in crore)

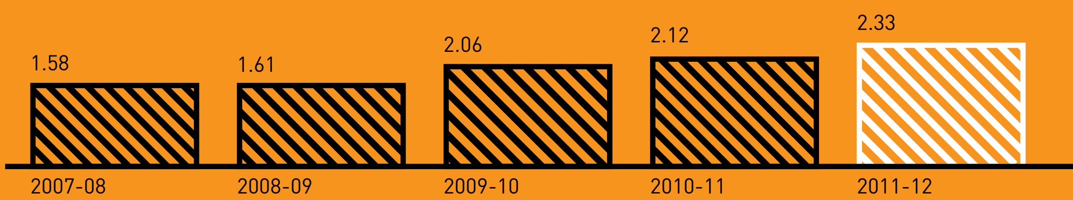


Earnings per share (basic)

(₹)

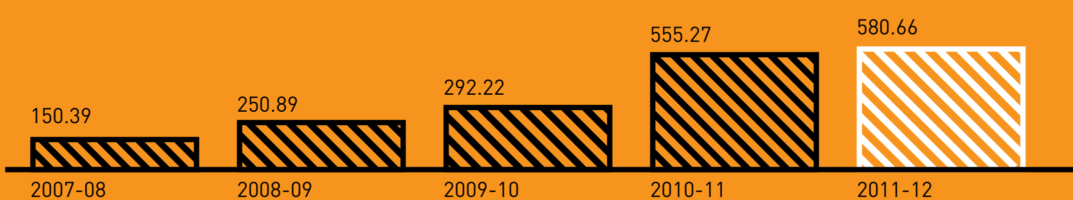


Gearing ratio



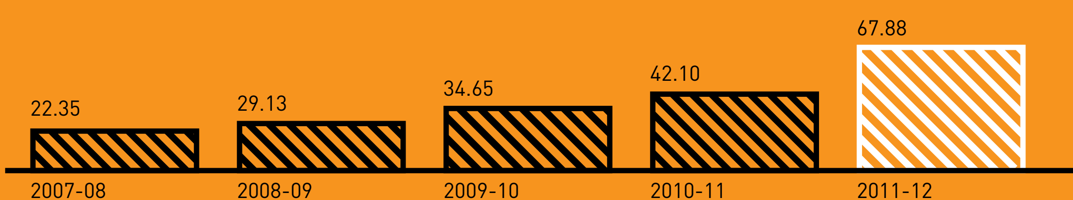
Gross block

(₹ in crore)



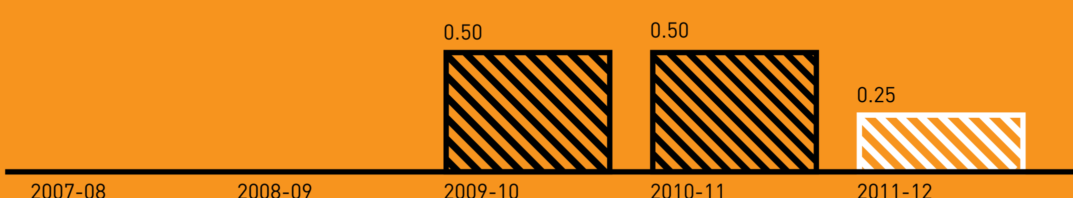
Book value per share

(₹)



Dividend per share

(₹)



CHAIRMAN'S MESSAGE

I AM GLAD TO SAY THAT THE YEAR MARKED THE COMPLETION OF OUR FIRST PHASE OF EXPANSION, WHICH WAS WAY AHEAD OF SCHEDULE. THANKS TO OUR EXCELLENT EXECUTION CAPABILITIES THAT WE ACHIEVED THIS AMIDST CHALLENGES.

Dear Shareholders,

Amid the sombre backdrop of the challenging and sluggish macro environment, the global crude steel production witnessed a 1.8% growth during the year. India's cumulative steel production witnessed a growth of 7% for FY 2011-12, against 13.2% growth in FY 2010-11. The slowdown in the production was owing to a lull in the commissioning of greenfield projects accompanied by severe raw material crunch from the ongoing crisis in coal and iron-ore sectors. The steel demand on the other hand has drastically declined owing to low consumption across major steel consuming areas like automobile, fast moving consumer goods and construction.

India has witnessed rapid steel capacity expansion over recent decades and has emerged as the fourth largest steel producer globally. The government has allocated US$ 1 trillion for the XIIth Five Year Plan period towards infrastructure development, which will further enhance the demand for steel. The consumption growth, on the other hand, is expected to increase considerably owing to urbanisation and increasing construction activities. MSP Steel & Power Limited is strategically positioned to respond to the anticipated demand. Our proactive strategy is based on our ambition to evolve from a regional player to one of the leading national players.

For more than a decade, we have been directing our efforts towards enhancing our operational efficiencies. Besides, we have invested around ₹ 840 crore over the past four years towards expansions of pellet plant, sponge iron and captive power plant capacities. I am glad to say that the year marked the completion of our first phase of expansion, which was way ahead of schedule. Thanks to our excellent execution capabilities that we achieved this amidst challenges.

Our team's dynamic and professional mindset has further enabled us to meet the untold challenges. Our continuous ability to innovate enables us to enhance our execution and service delivery. The growing levels of dedication and passion to excel give us the confidence to meet our desired growth objectives. In addition, we will fulfil our obligations to all our stakeholders, customers and employees as well as the nation and the larger society, providing all of them with industry-leading values through advanced and responsible management.

AT THIS JUNCTURE, STABILISATION WOULD BE THE FOCUS OF OUR STRATEGY TO ENSURE SMOOTHER OPERATIONS, ACHIEVE ECONOMIES OF SCALE AND ENHANCE COST AND OVERALL EFFICIENCIES

At this juncture, stabilisation would be the focus of our strategy to ensure smoother operations, achieve economies of scale and enhance cost and overall efficiencies. I believe we have developed a framework that will bring significant success to MSP Steel & Power Limited and all its shareholders over the next several years and enable us to emerge stronger. I express my gratitude to all the shareholders, customers and employees for their continued support and confidence in our abilities. This gives us the courage to excel further in our future endeavours.

Warm Regards,

Puranmal Agrawal
Chairman

MD'S PERSPECTIVE

OVER THE NEXT TWO YEARS, WE SHALL FIRMLY FOCUS ON STABILISING OUR OPERATIONS AND ACHIEVE ₹ 1,000 CRORE TURNOVER LANDMARK. WE ASPIRE TO TRULY EVOLVE FROM A REGIONAL PLAYER TO A NATIONAL PLAYER.

Dear Shareholders,

In 2011, the world economy looked on in disbelief as significant financial stimulus measures that were supposed to rescue the United States and European countries from the global economic meltdown of 2008 began to backfire, leading to further financial problems in the United States and Europe. The global steel industry was faced with a similar situation, as prices for raw materials continued to climb despite of sluggish steel demand.

During a year of high volatility and persistent economic challenges, we continued our expansion programmes, underpinned by a robust demand anticipated from the infrastructure sector.

Performance

We registered a growth of 45% in gross turnover owing to higher volumes and better realisations. However, our profits suffered a de-growth owing to increasing coal prices and iron-ore scarcity because of illegal mining and environmental issues in Karnataka and Goa and higher interest rates. However, these factors were common across the industry. Our positives arise from the fact that our capacity execution plans were implemented ahead of schedule despite global adversities. Our core fundamental strengths further enabled us to emerge stronger amid growing challenges.

Focus on consolidation

This year we have completed phase I of our expansion and commenced commercial operations. Besides, our steel melting shops and DRI plant have successfully operated at

WE SHALL EMERGE STRONGER AS WE HAVE BEEN GRANTED RIGHTS FOR CAPTIVE MINES THROUGH A 14.90% JOINT VENTURE WITH MADANPUR SOUTH COAL COMPANY LIMITED.

higher capacity utilisation levels, compared to the industry at large. In order to further strengthen our value proposition, over the next two years, we shall look forward towards consolidating our additional capacities and ensure higher utilisation levels to attain a balance.

We shall strategically focus towards strengthening our resources. We already have access to cheap sources of coal through coal linkages of 0.26 MTPA with Coal India for our existing plant facilities. Besides, we have the competitive advantage of adopting low-cost pelletisation route to manufacture direct reduced iron (DRI).

We shall emerge stronger as we have been granted rights for captive mines through a 14.90% joint venture with Madanpur South Coal Company Limited. The commercial operations are expected to commence by 2014. The captive coal block will further reduce MSP Steel & Power Limited's dependence on external suppliers and significantly lower the procurement cost by ₹ 1,100 per tonne. We have also received a prospective license for a 36 MTPA iron ore mine in Chhattisgarh. We are in the process to attain permits for forest and environmental clearances.

We are also looking forward to fortify our topline and bottomline by merchant sale of surplus power and further de-risk ourselves from the cyclicality in the steel business. Our full capacity of 76 MW is in place and has the potential to generate higher revenues and EBIDTA. Additionally, our flexibility to intermediary products also reduces downside risk.

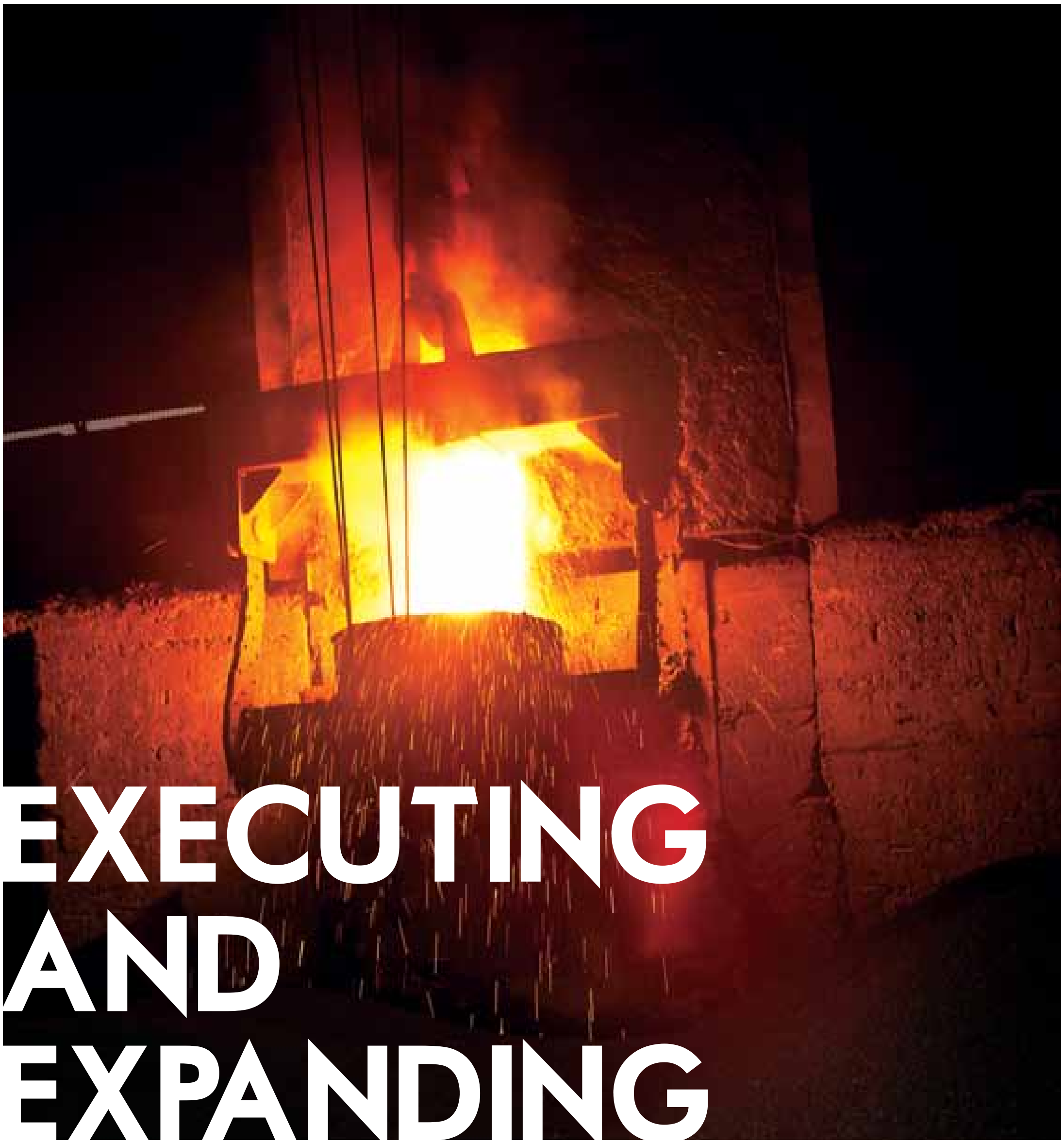
Our steel edge

Over the next two years, we shall firmly focus on stabilising our operations and achieve ₹ 1,000 crore turnover landmark. We aspire to truly evolve from a regional player to a national player. We are also looking ahead towards our next phase of expansion in 2014-15. We shall utilise our surplus land bank of 212 acres in Chhattisgarh to set up ingot/billets/slabs (0.70 MTPA), rolling mill (0.48 MTPA), pig iron (0.4 MTPA), and sinter plant (0.641 MTPA) capacities.

We will continue strengthening our foundations for growth and this steel edge is a strategy for both qualitative and quantitative growth. Today, we are fairly confident of achieving our planned objectives and create value for both the Company and our stakeholders. Looking forward to have another wonderful year at MSP Steel & Power Limited

Best Wishes,

Suresh Kumar Agrawal
Managing Director



We are building a business that is stronger and growing faster by overcoming challenges. Growth is core to MSP Steel & Power Limited and we are capitalising on every opportunity to satiate the growing steel demand. We have built a strong foundation through backward integration and are simultaneously expanding our capacities to reap the benefits of low operating costs and significant future growth.

Over the years, MSP Steel & Power Limited has evolved from being an unconsolidated direct reduced iron (sponge iron) manufacturer to a completely integrated steel manufacturer. This evolution has been possible due to operational brilliance and growing expansion. The Company has been relentlessly expanding since the past two years.

It has successfully augmented capacity in Raigarh, and has exhibited an impressive track record in terms of timely implementation and successful commissioning of new projects.

Our roadmap of strategic expansion and execution

Pellet plant

- Capacity tripled from 300,000 MTPA in FY 2009-10 to 900,000 MTPA in FY 2011-12.

Plant commissioned

9

months ahead of schedule

Sponge iron

- Capacity expansion plans from 192,000 MTPA to 307,500 MTPA.
- Phase one capacity addition of 111,500 TPA completed in FY 2010-11.

Plant commissioned

6

months ahead of schedule

Captive power

- Capacity expanded from 24 MW in FY 2009-10 to 42 MW in FY 2010-11 (Phase 1) and added 34 MW in FY 2011-12, taking the total to 76 MW.

Plant commissioned

3

months ahead of schedule

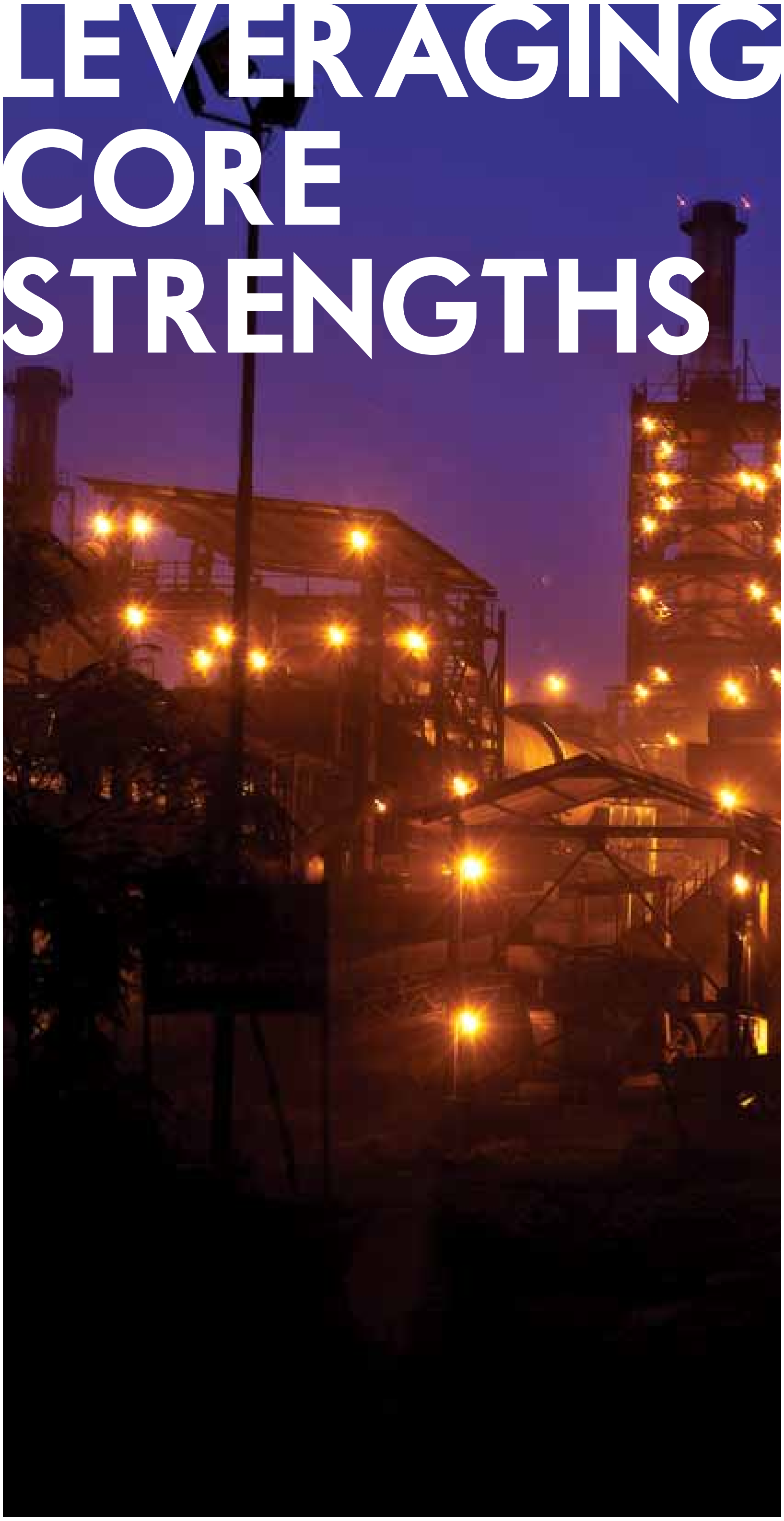
Coal washery

- Coal washery capacity doubled from 360,000 MTPA to 383,125 MTPA.

We are now in the process of expanding the existing capacity of Steel Melting Shop (SMS) plant from 144,109 MTPA to 261,109 MTPA by the end of FY 2012-13.

Besides, we are also in the process of constructing Housing Colony, Road, Water Pipe Line and Reservoir, Installing Induction Furnaces, Producer Gas Plant, additional machineries in SMS and Structural Mill plants and diversion of 132 KV line. These additional infrastructural installations and additions will lead to better operational efficiency and lead to reduction of costs.

LEVERAGING CORE STRENGTHS



We embrace every opportunity to evolve and are confident in achieving our goals with passion and ingenuity. We continue to overcome obstacles such as business slowdowns and rising cost of raw materials, by leveraging on our core strengths. It not only gives us an edge against our peers but also help us weather uncertainties. We aim to emerge as a stronger, larger and respected player in the industry.

Our competitiveness is reflected in:

Coal washery

MSP Steel & Power Limited eradicates the impurities of coal through a mechanical process, leading to finest quality of coal.

Advantages

- Provides flexibility between usage of low grade coal (D, E and F Grade) and high grade coal (B and C grade).
- Enables the direct use of high-quality coal in the sponge iron plant.
- Provides a cushion against procuring high-quality coal directly, which is in severe shortage globally.
- Coal rejects of the coal washery facilitates power generation, thereby reducing the overall production cost.

Pelletisation plant

The pelletisation process facilitates the conversion of iron ore fines into uniform iron ore pellets that can be charged into sponge iron plant for the production of sponge iron.

Advantages

- Reduces cost of production by ₹ 1,600 per tonne, thereby improving margins.
- Leads to higher utilisation of iron ore fines and reduction in coal usage.

Beneficiation plant

The beneficiation process reduces impurities in low grade iron ore and enhances the quality of iron ore.

Advantages

- Enables utilisation of low grade iron ore fines (of 57-58 grade) which are abundantly available locally and convert them into high grades (of 64 -65 grade).
- Leads to cost savings of ₹ 1,500 per tonne.

Captive power plant

MSP Steel & Power Limited's power plant is based on the waste energy of DRI plant and coal rejects resulting in low cost per unit for the generation of power. It has been registered with the United Nations Framework Convention on Climate Change (UNFCCC) under the Clean Development Mechanism (CDM) project.

Advantages

- Reduces around 59,000 metric tonnes of CO_2 equivalent per annum, leading to CER credits (Certified Energy Reduction) that will accrue ₹ 4 crore (at the current price of Euros) to the Company for a decade.
- Suffices captive requirement of the Company and the surplus is available for sale in the merchant markets.

Logistics

Our manufacturing capacities are proximate to the coal mines (80 km from the manufacturing site) and iron ore belt (150 km from the manufacturing site). Besides, MSP Steel & Power Limited has also set up a private railway siding of 2.4 km, 90% raw materials are received here. It further plans to introduce automated wagon tipplers and stacker reclaimers to accelerate iron ore flow.

Advantages

- Reduces logistic costs owing to proximity to resource belt.
- Ensures timely deliverable of goods from the pit to the manufacturing facilities.

EXPERIENCED MANAGEMENT TEAM

Mr. Puranmal Agrawal

Chairman

- Expertise in steel business over the past 27 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 22 years in the steel business.
- Sound technical knowledge, looks after 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 8 years.
- Effectively manages the marketing and purchases of the Company.

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 8 years.
- Responsible for smooth management of finance and accounts of the Company.

DEDICATED EXECUTIVE TEAM

Mr. D. Singh
Director-Works

- Over 47 years of rich experience in the steel industry.
- Currently looks after overall plant operations at the site.

Mr. Kamal Kumar Jain
Head (Finance and Accounts)

- Commerce graduate with a CA degree from ICAI and CS degree from ICSI.
- Over 12 years of experience in the field of finance and legal compliance.
- Heading the finance, taxation and accounts team.

Mr. B.K. Singh
President (Works & Power Projects)

- Mechanical engineer with over 20 years of experience in the field of plant operations, maintenance, erection and commissioning.

Mr. Manish Seth
President (Commercial & Pellet)

- Vast experience of over 18 years in the field of production and commercial management.
- Looks after production and labour management.

Mr. George Thomas
(Sr. General Manager- Corporate HR and Administration)

- Bachelor of Science (Physics), with a Post Graduate Diploma in Personnel Management (PGDPM) from Sambalpur University, Orissa.
- Around 13 years of rich experience in the field of human resource and administration.

Ms. Pinky Gupta
(Company Secretary)

- Qualified CS, with 7-year experience in the secretarial work and statutory compliance.

Mr. Sambeet Das
(Vice President- Marketing & Sales)

- Masters in Business Administration from the Regional College of Management, Utkal University, Orissa.
- Possesses an overall experience of about 16 years in the field of marketing and sales.

CORPORATE SOCIAL RESPONSIBILITY

MSP Steel & Power Limited is geared towards accomplishing sustainable development objectives for the upliftment of society.

Our focus comprises educational support, health and safety, economic development, medical services, environment protection and promoting socio-economic activities.

Our endeavours include

Education

- Developing infrastructure for local primary school & college of Butmool Ashram.
- Administering the English medium MSP public school.
- Managing a music school.
- Sponsoring teachers at a local public school.

Health and safety

- Installing submersible pumps and hand pumps to provide clean drinking water.
- Improving the quality of 3-4 ponds by deepening, widening and beautifying them.
- Providing fire brigade facility in neighbouring villages.

Economic development

- Constructing *pacca* roads connecting 15 villages.
- Constructing roads and culverts for smooth transportation.
- Constructing tarmac road connecting Jamgaon, Manuapalli village and main plant with the nearest state highway point.

Medical services

- Managing hospital and pathology facility at Jamgaon village.
- Conducting periodic medical and eye camp in the neighbouring villages.
- Distributing medicines and blankets among the nearby villagers.
- Financing aid to the rural underprivileged for the treatment of critical diseases.
- Providing ambulance facility to villagers for sending patients to hospitals at Raigarh.

Environment

- Our Company complies with the national environmental protection standards and ensure water and energy conservation. We have planted Gulmohar, along the constructed tarmac road.

Encourage socio-economic activities

- Sponsoring the construction and development of local temples.
- Sponsoring at "CHAKRADHAR SAMAROH" [Raigarh].
- Constructing and developing sports field at nearby villages and actively encouraging sports like cricket and football.
- Created a favourable and conducive environment for MSP employees.

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in placing before you the 43rd Annual Report along with Audited Annual Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year Ended 2011-12	Year Ended 2010-11
Revenue from Operations (Gross)	75,177.84	51,975.44
Profit before Depreciation and Tax	6,277.24	8,642.90
Less: Depreciation	2,908.78	1,932.90
Profit Before Tax	3,368.46	6,710.00
Less: : Provision for Income Tax (Including earlier years)	294.70	337.36
: Provision for Deferred Tax	470.68	1,351.54
Net Profit	2,603.09	5,021.10
Add: Balance brought forward	18,593.04	1,4263.21
Less: Appropriations	223.43	691.27
Surplus carried to Balance Sheet	20,972.69	18,593.04

DIVIDEND

The Directors recommended a proportionate dividend of sixty paisa per share on 6% Non Cumulative Redeemable Preference Shares and Dividend of twenty five paisa per equity share for the year ended 31st March, 2012 for approval by the Members at the ensuing Annnual General Meeting. The dividend will be distributed to the members whose names appear on the register of members as on the date of Annual General Meeting.

THE GROSS REVENUES FROM OPERATIONS OF THE COMPANY HAVE INCREASED TO ₹ 751.77 CRORE, REGISTERING A GROWTH OF 44.64% OVER PREVIOUS YEAR'S LEVEL OF ₹ 519.75 CRORE.

HIGHLIGHT

During the year, your company has commissioned 383,625 MTPA of coal washery at Jamgaon, Raigarh.

The gross revenues from operations of the company have increased to ₹ 751.77 crore, registering a growth of 44.64% over previous year's level of ₹ 519.75 crore.

EXPANSION PROJECT

The company started its backward integration with capacity of 9 lacs MTPA of Beneficiation Plant, 6 lacs MTPA of Pellet Plant, 34 MW of Power Plant and 117,952 MTPA of Billet Plant. Pellet, Beneficiation and Power Plant has started trial production and your company will be in full control of EBITDA margins.

The company has option to sell the surplus pellet in the market to maximise the margins.

EXPORTS

During the year, the company has achieved the Export Turnover of ₹ 82.64 crore. Most of the exports were made to Nepal.

With firm commitment and through sustained efforts, your company has increased its rapport with customers in Nepal. Our product quality and timely delivery have found wide acceptance in the highly competitive international market.

CREDIT RATING

The Company's rating improved to "BBB+" 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 financial position.

CHANGE IN SHARE CAPITAL

i) Issue and allotment of preference share

During the year the company has issued and allotted 1,254,000 6% Non Cummulative Redeemable Preference Shares. The proceeds has been used in setting up of 34 MW Power Plant and expansion of Pellet Plant.

ii) Issue of Equity Shares on Preferential Basis

The Company has obtained approval of shareholders by postal ballot to issue 10,000,000 equity shares to specified persons on preferential basis and have duly allotted the shares. The company is in the process of making application to the stock exchange(s) where the shares of the company are listed to obtain in principle approval for listing of shares. The proceeds will be used up coming infrastructure development projects in Raigarh and to meet working capital requirements.

DIRECTORS

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

Mr. Amit Mehta, 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 forms part of the notice of the Annual General Meeting.

Your Directors recommend their re-appointment.

AUDITORS

M/s. S.R Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and M/s B. Chhawchharia and Co., Chartered Accountants, be appointed as the Statutory Auditors of the Company at the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

The Statutory auditors in their report for the year ended 31st March, 2011, had considered the income from commodity transactions as speculative in nature and have expressed their inability to ascertain the impact of the same on the tax expense and networth of the company. On the basis of expert opinion obtained, your company has considered the income from commodity transactions as business income. The management does not see any impact of these transactions on the tax expense and net worth of the company.

The Statutory auditors in the annexure to the auditors report for the year ended 31st March, 2012, had reported that short term funds amounting to ₹ 11,276.41 lacs, consisting of project creditors ₹ 5,061.98, unsecured loans ₹ 3,945.42 lacs and other short term borrowings ₹ 2,269.01 lacs have been used for long term investment towards acquisition of fixed assets. In this regard, the management would like to inform that the company had purchased the fixed assets on credit basis from the supplier which could have been paid by way of taking disbursement of term loan from banks. Unsecured loans has been brought in from corporates for part financing the expansion project. Your company has saved interest by purchasing capital goods on credit basis hence no negative impact of short term loan has been utilised for long term investments is there.

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 FY 2011-12 for conducting the cost audit of the Company relating to steel plant for the financial year ended 31st March, 2012.

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, 2012, 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, 2012 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 have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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 Auditor regarding compliance of the conditions of Corporate Governance are annexed to this report.

SUBSIDIARIES & JOINT VENTURE

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its Circular No. 51/12/2007-CL-III dated 8th February,2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company,provided certain conditions are fulfilled. Accordingly, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at its Corporate Office in Kolkata and that of the subsidiary companies concerned.

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.

GUIDING PRINCIPLES

- Create a positive footprint within the society to make a meaningful difference in the lives of people by continually aligning its initiatives to the goals for sustainable development.
- Maintain commitment to quality, health and safety in every respect of the business and people.
- Undertake ethical business practices across the supply chain.
- Make positive impact on the environment and promote good environmental practices.
- Promote equality of opportunity and diversity of workforce throughout its business operations.

It is evident that there is a paradigm shift in the thought process on social responsibility. Today is the time when organisations have realised that social commitment is very much part of their business. Martin Luther King's words resonate powerfully when he made this earnest call for social justice: ***"human progress is neither automatic nor inevitable".*** We are faced now with the fact that tomorrow is today. Your company aims :

- At establishing and maintaining a dynamic organisational structure suited to meet present and future Company needs;
- Attracting competent personnel with growth potential, and developing their maximum capabilities in a working environment through the provision of opportunities for advancement and other incentives;
- Developing and sustaining a favourable employee attitude and obtaining maximum contribution from employees through stable employment, adequate salaries commensurate with the Company's capacity to pay and maintaining good and safe working conditions and job satisfaction;
- Establishing a system for redressal of employees' grievances in the shortest possible time;
- Providing training facilities, internal and external, and other opportunities for self-development in their current job and for advancement;

The steel making process is a highly resource and energy intensive process. All steel plants have upgraded their production processes with clean technologies so as to minimise the impact on the environment. The various factories and undertakings of the organisation comply with the rules and regulations laid down by the various regulatory bodies including carrying out of various checks and inspections from time to time. Your Company is committed to protection of the environment and the promotion of responsible corporate policies that conserve and optimally utilise resources and at the same time, sustain the economic environment for growth.

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	63	Chairman cum Whole time Director	9th July, 2007	36.00	23	-
Mr. Suresh Kumar Agrawal B.E Mechanical	59	Managing Director	9th July, 2007	30.00	18	-

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: 14th August, 2012

ANNEXURE TO THE DIRECTORS' REPORT

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) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Improvement in the productivity of the induction furnace, thereby reducing the specific energy consumption. Waste Heat recovery boilers are installed for utilising the waste heat generated from sponge iron kiln to produce power. Fluidised based boilers have been installed for utilising coal rejects/middlings to produce power.

(c) Impact of the measures at (a) and (b) above have resulted in conservation of energy.

(d) 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)

Particulars	Year Ended 2011-12	Year Ended 2010-11
Foreign Exchange earnings		
Export sales	7,371.89	2,102.56
Foreign Exchange Outgo		
Import – consumables - (stores)	48.74	36.43
– Capital goods	777.13	2,542.19
– Raw materials	1,728.31	526.89
Travelling and others	5.36	16.15
Interest	285.79	62.25
Professional fees	8.48	12.58
Foreign Membership Fees	14.22	-

FORM A

Disclosures Of Particulars With Respect To Conservation Of Energy:

	2011-12	2010-11
Power and fuel consumption		
Purchased		
Units in KWH	34,34,000	47,62,500
Total amount (In lacs)	312.57	341.63
Rate/unit (₹)	9.10	7.17
Electricity – own generation		
Through Diesel Generator		
Units generated (KWH)	25,668	15,780
Total cost (₹ in lacs)	10.95	4.62
Unit/Ltrs of Diesel (units)	1.07	1.43
Cost/Unit (₹ in lacs)	42.68	29.28
Through steam turbine generator :		
Units generated (KWH)	2,69,777,100	1,92,995,100
Cost/unit (₹)	2.13	1.95
Coal and coke :		
Quantity (MT)	5,65,460	3,94,556
Total cost (₹ In lacs)	12,918.94	8,262.21
Cost/unit (₹)	2,284.68	2,094.05
[Coal is used in the manufacturing process as reductant]		
Consumption per unit (MT) of production Particulars		
a) Electricity		
For sponge iron (KWH)	107	116
For billets/ ingot (KWH)	926	921
For TMT (KWH)	102	101
For Pellet (KWH)	77	83
b) Coal		
For sponge iron (MT/KWH)	1.89	1.59

FORM B

Form for Disclosure of Particulars with respect to Absorption:

RESEARCH AND DEVELOPMENT

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

Technology Absorption, Adaptation and Innovation

The Company implemented at its plant in Raigarh –

- Gasifier for structural Rolling Mill and Pellet plant to reduce fuel cost.
- Dust Injection in ABC kiln to increase steam generation.

For and on behalf of the Board

Sd/-

Puranmal Agrawal
Chairman

Place: Kolkata
Date: 14th August, 2012

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.

Sixteen Board Meetings were held during the FY 2011-12 and the gap between two Board Meetings did not exceed 4 months. The dates on which Board Meetings were held : 4th April, 2011, 22nd April, 2011, 25th May, 2011, 30th May, 2011, 28th June, 2011, 29th July, 2011, 11th August, 2011, 5th September, 2011, 14th November,2011, 23rd December, 2011, 7th January, 2012, 27th January, 2012, 13th February, 2012, 23rd February, 2012 ,13th March, 2012 and 31st March, 2012.

THE COMPANY FIRMLY BELIEVES IN THE VALUES OF TRUSTEESHIP, TRANSPARENCY, PROFESSIONALISM AND ACCOUNTABILITY IN ALL ITS DEALINGS WITH CUSTOMERS, DEALERS, EMPLOYEES AND SHAREHOLDERS.

The composition of the Board of Directors as on 31st March, 2012, 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)	16	No	13	--	--	186,620
Mr. Suresh Kumar Agrawal	MD(ED)	13	No	10	--	--	119,000
Mr. Manish Agrawal	NED	14	No	12	--	--	309,000
Mr. Saket Agrawal	NED	14	Yes	13	--	--	204,000
Mr. Amit Mehta	NEID	9	No	1	--	--	--
Mr. Navneet Jagatramka	NEID	7	No	-	--	--	--
Mr. Arvind Kumar Saraf	NEID	15	Yes	-	-	--	--
Mr. Pavan Kumar Gupta	NEID	4	No	6	-	-	-

Notes:

1. Other Directorships include Directorships in public companies only.
2. Committee positions in other companies relate to Chairmanships/ Memberships of Audit and Shareholders' Grievance Committees/Share Transfer Committee only.
3. 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.

C: Chairman, 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 five times during the year i.e on 4th April, 2011, 30th May, 2011, 11th August, 2011, 14th November, 2011 and 13th February, 2012 .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	5	5
Mr. Navneet Jagatramka	Member	5	2
Mr. Saket Agrawal	Member	5	5

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, 2012 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 Whole time Directors/Managing Directors.

b) Any fixation/change in sitting fees payable to Board/ Committee members for attending meeting.

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

d) To approve, in the event of loss or inadequate profit in any year, the minimum remuneration payable to the Managing Director and Whole time Directors within the limits and subject to the parameters prescribed in schedule XIII of the Companies Act, 1956.

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 – 30.09.2011

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, 2012.

Name	Salary (₹)	Period of Contract	
		From	To
Mr. Puranmal Agrawal (Chairman)	300,000/-per month	09.07.2007	08.07.2012
Mr. Suresh Kumar Agrawal (Managing Director)	250,000/-per month	09.07.2007	08.07.2012

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 2nd May, 2011 & 7th February, 2012. 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 : 6

b. No. of complaints not resolved / no actions taken : Nil

c. No. of pending Share Transfers as on 31st March, 2012 : 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	40th Annual General Meeting	24.09.2009	Rotary Sadan, 94/2 Chowringhee Road, Kolkata - 700020	2
2.	41st Annual General Meeting	29.09.2010	Rotary Sadan, 94/2 Chowringhee Road, Kolkata - 700020	--
3.	42nd Annual General Meeting	19.09.2011	Rotary Sadan, 94/2 Chowringhee Road, Kolkata - 700020	--

Any special resolution passed during the last year through postal ballot - details of voting pattern: No

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. 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 AA ESS 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. 43rd Annual General Meeting (AGM)

i. **Day, Date and Time:**
18th, September, 2012 at 4.00 PM

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

2. Date of Book Closure

11th September, 2012 to 18th September, 2012
(both days inclusive)

3. Financial Calendar for 2012-13

Financial results for

First Quarter:
On or before 15th August, 2012

Second Quarter:
On or before 15th November, 2012

Third Quarter:
On or before 15th February, 2013

Annual Results:
On or before 30th May, 2013

4. Dividend Payment

On or after September 2012, but within statutory time limit of 30 days.

5. 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.

6. Management Discussion & Analysis Report

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

7. 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 2012-13 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.

8. Share Transfer System

Karvy Computer Share Pvt. Ltd, the Registrars of the Company register the transfers after the Share Transfer Committee approves the transfer and transmission of shares, issue of duplicate share certificates and allied matters, subject to the transfer instrument being valid and complete in all respects. In compliance with the Listing Agreement, a Company Secretary in practice audits the system of share transfer every six months and a Certificate to that effect is issued.

Payment of dividend through Electronic Clearing Service

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends. As per the recent RBI guidelines, effective from 30th September, 2009, ECS credit will be moved completely on to the National Electronic Clearance System (NECS) platform, through the core banking system. Accordingly, dividend will be credited to the Members' bank account through NECS, wherever complete core banking details are available with the company. In the event, any branch of a bank has not migrated to the core banking system, or where the core banking account number is not furnished by the Members to its Depository Participant wherever shares are held in electronic form or to the company in case of physical shareholding, the Company will print the details available in its records on the dividend warrants to be issued to the Members. The Company is in compliance with SEBI's directive in this regard.

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, 2012

Category	No. of Shareholders	% of Holders	Shares	% of Shares
1-5000	11,079	83.77%	19,34,117	3.33%
5001-10000	1108	8.38%	9,53,263	1.64%
10001-20000	495	3.74%	7,85,006	1.35%
20001-30000	165	1.25%	4,30,392	0.74%
30001-40000	69	0.52%	2,47,972	0.43%
40001-50000	60	0.45%	2,83,364	0.49%
50001-100000	100	0.76%	7,31,299	1.26%
100001 And Above	150	1.13%	5,27,34,587	90.77%
Total	**13,226**	**100.00%**	**5,81,00,000**	**100.00%**

9. Shareholding Pattern for the year ended 31st March, 2012

Category	Category Wise Total Holding	
	No.of Shares Held	% of Holding
A PROMOTERS HOLDING		
1 Promoters		
-Indian Promoters	41,773,500	71.90%
Sub Total	41,773,500	71.90%
B NON-PROMOTERS HOLDING		
2 Institutional Investors		
a. Mutual Funds and UTI	0	0.00%
b. Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions/ Non-Govt. Institutions)	254,990	0.44%
c. FIIs		
Sub Total	254,990	0.44%
3 Others		
a. Bodies Corporate	9,079,547	15.62%
b. Indian Public	6,805,021	11.72%
c. NRI's/OCBs	158,144	0.27%
d. Any other		
Clearing Members	28,798	0.05%
Sub total:	16,326,500	28.10%
Grand Total	**58,100,000**	**100.00%**

10. Stock Price Data

	Bombay Stock Exchange		National Stock Exchange	
Month	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Apr-2011	68.80	56.25	69.00	56.10
May-2011	57.50	46.10	59.95	45.35
Jun-2011	53.90	43.05	53.95	42.05
Jul-2011	61.00	42.80	61.90	42.65
Aug-2011	58.20	41.00	58.25	40.60
Sep-2011	50.00	42.00	49.45	41.75
Oct-2011	50.00	39.15	45.00	39.25
Nov-2011	42.45	30.10	42.50	30.10
Dec-2011	37.60	26.00	36.95	26.00
Jan-2012	33.90	27.00	34.00	26.95
Feb-2012	39.95	31.05	40.05	31.00
Mar-2012	35.70	29.75	35.00	30.00

11. Depository Registrar and Share Transfer Agent

M/s, Karvy Computer Share 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 2012

Category	No. of Shareholders	No. of Shares	% of Shares
Shares held in dematerialised form- NSDL	8934	55,288,747	95.16
Shares held in dematerialised form- CSDL	4262	2,747,949	4.73
Shares held in physical form	30	63,304	0.11
Total	13226	58,100,000	100.00

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.

Audit Qualification

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

Other Items

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

For and on behalf of the Board

Sd/-
Puranmal Agrawal
Chairman

Place: Kolkata
Date: 29th May, 2012

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, 2012 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, 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 **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968

Place: Kolkata
Date: 29th May, 2012

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 31.03.2012.

Suresh Kr. Agrawal
Managing Director

Place: Kolkata
Date: 29th May, 2012

CEO & CFO Certification

The Board of Directors
MSP Steel and 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, 2012 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, 2012 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.

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

   i) There have been no significant changes in internal control over financial reporting during the year;

   ii) There have been no significant changes in accounting policies during the year.

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

Place: Kolkata
Date: 29th May, 2012

Suresh Kr. Agrawal
Managing Director

Puranmal Agrawal
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIA'S ECONOMIC SCENARIO

India went through a turbulent year, affected by worsening global conditions and domestic concerns such as high inflation, tight monetary policy and infrastructure constraints. The GDP rate stood at 6.5%, the lowest in nine years. Though the agriculture and services sectors performed well, weakening industrial activity hampered overall economic growth. Due to the rising uncertainty in the Eurozone and muted domestic investment, economic growth for FY 2012-13 is likely to be restricted at FY 2011-12 levels. Further, WPI inflation is expected to remain high at 7% for FY 2012-13.

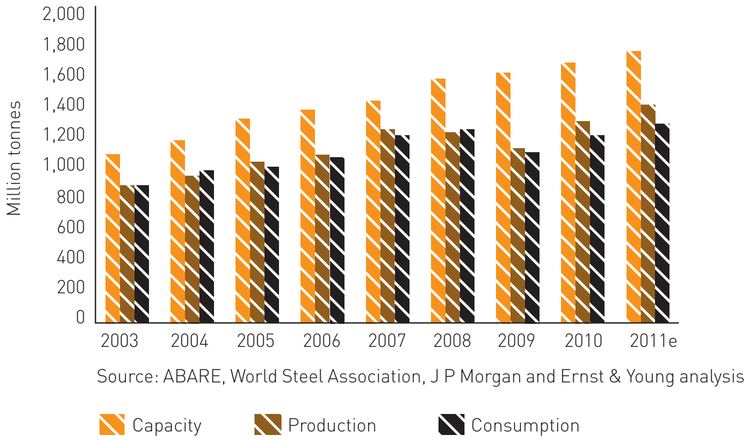
GLOBAL STEEL INDUSTRY

The world steel production for the year ending 2011 grew by 4.8% to reach 1,486 million metric tonnes (MMT) compared to 1,418 MMT in the previous year.Steel production is gradually shifting from developed markets to emerging economies. China is anticipated to outperform globally, whereas the NAFTA region and Europe are likely to grow at 5% and 2.5%, respectively. Steel consumption, on the other hand, has witnessed a slower growth of 3.6% in 2011, due to the Eurozone crisis and lower steel-intensive growth in China.

(Source: World Steel Association, Ernst & Young)

DURING THE YEAR, THE COMPANY ACQUIRED A 52.66% STAKE IN AA ESS TRADELINKS PRIVATE LIMITED TO IMPROVE ITS LOGISTIC SUPPORT IN ODISHA.

Global steel capacity, production and consumption



(Source:Ernst & Young analysis)

INDIA'S STEEL INDUSTRY

India's steel industry plays a pivotal role in the country's growth and development. Globally, India is the fourth largest steel producer. The acquisition of global capacities, constant modernisation and upgradation of old plants, improving energy efficiency and backward integration into global raw material sources have enhanced India's position on the global steel map.

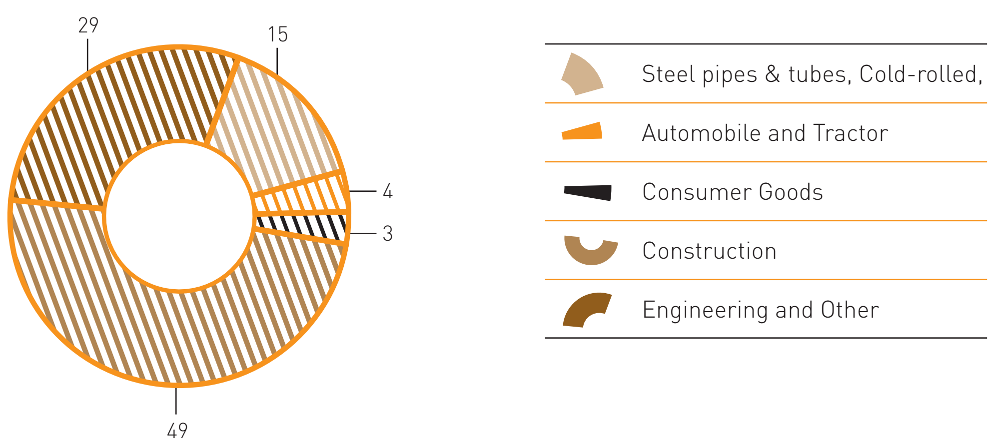
Production

India's finished steel production witnessed a growth of 7% in FY 2011-12, against 13.2% growth in FY 2010-11. Crude steel production grew 3.3% in FY 2011-12. Net imports increased from 6 million tonnes in FY 2011-12 compared to 2.5 million tonnes in FY 2010-11. The decrease the production was caused by a slowdown in the commissioning of green-field projects accompanied by a severe raw material crunch from the ongoing crisis in the coal and iron ore sectors.

Consumption

Steel consumption registered a growth of 5.5% in FY 2011-12 as per preliminary estimates. India's per capita consumption has significantly increased by 25% over the past five years to 57 kg in 2011, compared to 45.8 kg in 2007. Even though there has been a strong improvement in the total demand, India still lags behind the world's average demand of 214.7 kg and China's average demand of 459.8 kg. Major steel consuming sectors include construction, capital goods and automobiles.

Consumption of steel (%)



(Source: JP Morgan)

Key challenges

- **Macro-economic concerns**: The slowdown in the global economy has eventually slowed down infrastructure and construction activities of the country, impacting the demand for steel.
- **Land availability:** The availability of free land with environmental clearance is a long-drawn affair, which has hindered the viability of many green field steel projects.
- **Raw material availability:** Iron-ore and coal are the major inputs for steel production. The industry is facing several challenges in procuring these raw materials.
- **High capital expenditure:** Steel, being a capital intensive industry, has to undertake high capex plans. With the increase in interest rates, there is a growing burden on the balance sheets of steel makers.
- **Other factors:** The poor quality of basic infrastructure like roads and ports, low technology adoption, labor unrest and the rise in international raw material prices pose serious problems to the industry.

Demand drivers

Infrastructural growth

The government has allocated US$1 trillion for the development of the infrastructure in the XIIth Five Year Plan period and aims to increase investment in infrastructure to around 9% of GDP by 2014.

Automobile sector

The automobile sector is estimated to grow to US$ 146 billion by 2016 owing to the expansion in the operational capacities.

Growth in airports

The development of airports in Tier-II cities are expected to increase by more than 20% over the next few years.

Growth in oil and gas sector

The Government aims to increase the pipeline network of liquid fuel from 16,800 km, currently, to 22,000 km by 2014.

Growth in power sector

The Government plans to add 100,000 MW of power capacity by the end of the XIIth Plan period.

These factors would lead to a substantial rise in the demand for steel.

BUSINESS OVERVIEW

Performance Review of the Company

The overall operational performance of the Company has been satisfactory during the year. The brief financial performance of the Company is as follows:-

(₹ in lacs)

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Revenue from Operations (Gross)	75,177.84	51,975.44
PBDIT	12,136.37	10,993.45
Interest and Financial Charges	5,859.13	2,350.55
Cash Profit	6,277.24	8,642.91
Depreciation	2,908.78	1,932.90
Tax Expenses	765.37	1,688.90
Net Profit	2,603.09	5,021.10

A brief operational performance of the Company is as follows:-

i) **Pellet plant**

Pellet production was 271,118 MT as compared with 185,219 MT during the previous year

ii) **Sponge Iron plant**

The production of sponge iron increased to 195,595 MT compared to 158,187 MT in the previous year.

iii) **Power generation**

The total power generation was 269,777,140 KWH compared to 192,995,100 KWH during the previous year.

iv) **Ingot/Billets**

The production of Ingot/billets was 143,371 MT compared to the previous year's production of 102,326 MT.

v) **TMT Bars**

The production of TMT Bar was 75,693 MT compared to 49, 379 MT during the previous year.

vi) **Structural Rolling Mill**

The production of structural steel was 49,501 MT compared to 53,196 MT in the previous year.

A two-pronged strategy has been adopted by the Company towards achieving long-term sustainability. On the demand side, the strategy is to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy is to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and HRD and encourage the creation of infrastructure such as roads, railways, and ports.

The Company is in the process of demerging its cement division into MSP Cement Limited. The Company's cost reduction measures and improvements of products are expected to provide a competitive edge in the market. The proposed demerger will increase the ability to compete in international and domestic markets, thereby creating enhanced value for shareholders. It will also allow a focused strategy in operations, which would be in the best interest of all stakeholders. The demerger will also provide scope for independent collaboration and expansion without committing the existing organisation in its entirety.

During the year, the Company acquired a 52.66% stake in AA ESS Tradelinks Private Limited to improve its logistic support in Odisha. AA ESS Trade Link Limited has rights to use a private railway siding in Odisha, which the Company will leverage to transport iron ore fines.

The three ingredients for steel production are Power, Iron-Ore and Coal. The Company strives to achieve of economies of scale and to enhance production capacity. The Company is also working to increase its captive power generation capacity in steel and power.

The Company has, over the years, built a strong technical and managerial team with expertise in setting up and managing ventures.

The Company is committed to sustainable development, fulfilling its responsibility towards the society while accomplishing business objectives.

RISK MANAGEMENT AND CONCERNS

The board has being trying to set the right tone at the managerial level of the Company. It believes in the motto that: *"To improve performance, one has to understand how to manage risk better."*

The Board's deliberations include the following considerations:

- The nature and the extent of the risks faced by the Company;
- The extent and categories of risk which it regards as acceptable for the Company to bear;
- The Company's ability to reduce the incidence and impact on the business of risks that do materialise; and
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks.

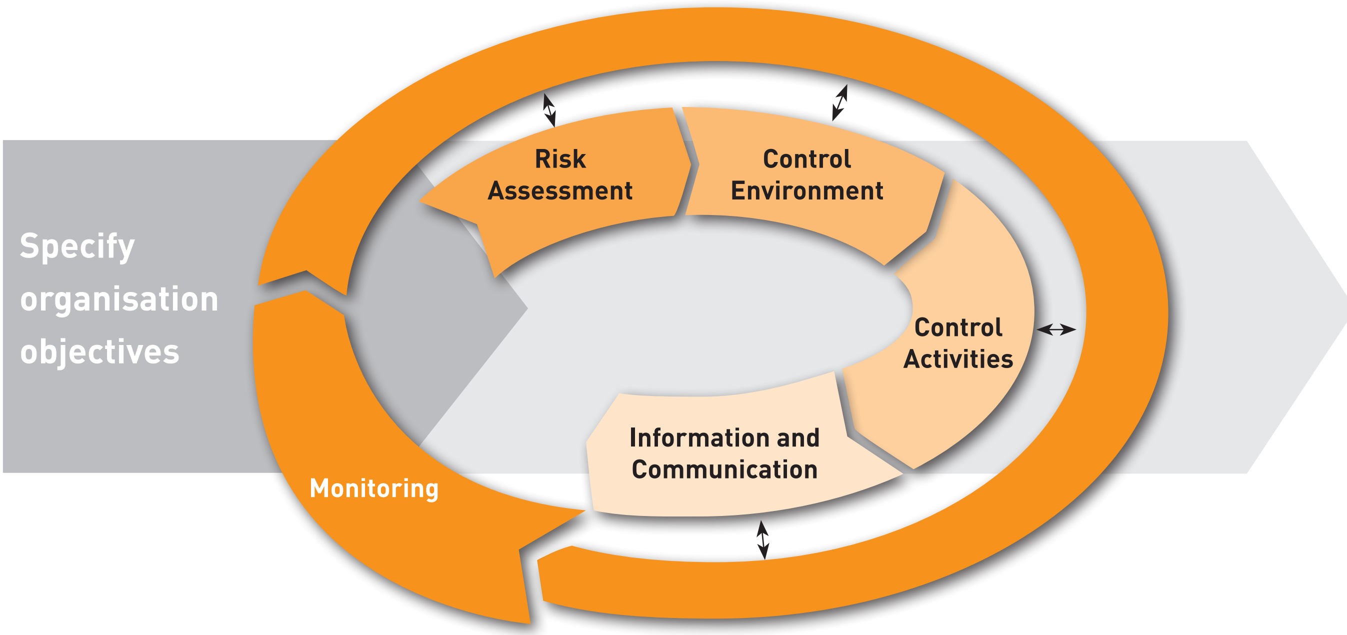
The Company possesses a comprehensive risk management system. It has a centralised framework to document and manage all risks faced to meet business objectives and adapt to new circumstances. The Company has been taking part in continuous modernisation programmes to maintain efficient operations of its steel and engineering activities. During the year, the management initiated training programs on risk and control issues throughout the Company.

The Company integrates concepts of strategic planning, Operations management and internal control systems mitigate and monitor IT security risk, market risks, financial reporting risks, exchange risks, contractual compliance risks and compliance risks, among others.

INTERNAL CONTROLS AND SYSTEMS

The Board of Directors of the Company has put in place an extensive system of internal controls. Internal Control refers to the plans and policies of the organisation which ensure the orderly and efficient business operations. The Board has also set up appropriate processes to monitor external and internal risks associated with the organisation. Following the COSO model of Internal Control System, the Company incorporates all five components of the Internal Control System. These are:

- Risk Assessment;
- Control Environment;
- Control Activities;
- Information and communication and
- Monitoring the activities of the different levels of the organisation.



Internal audit is carried out to ensure an independent and systematic assessment of data, records and performance of the organisation. It, emphasises:

- Effectiveness and efficiency of operations;
- Protection of resources;
- Reliability of internal and external reporting and
- Compliance with applicable laws and regulations and internal policies.

Internal audit provides insights and recommendations based on analysis and assessment of data and business processes. The organisation promotes independent examination of the 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, promoting independent examination, encouraging independent decision making, documentation of shortcomings of the various processes and departments and correction of the work processes.

The audit systemis supplemented by well-documented policies, guidelines, procedures and regular reviews, carried out by our Internal Audit Department. The reports containing significant audit findings are periodically submitted to the management and Audit Committee of the Company.

FINANCIAL MANAGEMENT

Capital budgeting and subsequent progress of projects under implementation are monitored on a periodic basis by senior management personnel. Funding is arranged by borrowing from a consortium of banks at competitive rates. The balance is covered by internal accruals and promoter contributions. During the year, the Company issued 1,254,000 units of 6% non-cumulative,non-convertible redeemable preference shares of ₹ 10 each with a premium of ₹ 90 per share on private placement basis. The Company is under process to raise ₹ 60 crore of equity by way of issue of equity shares on a preferential basis.

Well-trained and highly efficient professionals are responsible for operations in the factories and in the Accounting &Finance department of the Company. The team ensures that established organisational procedures, laid down by the senior management at a strategic level, are followed and incorporated into financial results and periodic management reports. Regular audits are conducted to ensure that proper controls are in place.

FINANCIAL PERFORMANCE

The Company's performance during FY 2011-12 was one of growth with consolidation. We benefitted from a full year's working of the 115,500 MTPA of Sponge Iron Plant and the 18 MW Power Plant. Further, the two month trial working of the 6 lacs MTPA Pellet Plant helped to boost the Company's revenues. Going forward, the Company expects that revenues from the newly-commissioned projects and incremental capacity utilisations from existing projects will improve the revenues and EBITDA margins.

STATUTORY COMPLIANCE

A declaration regarding compliance with the provisions of the various statutes is made by the Managing Director at each Board Meeting on obtaining a confirmation from various units. The Company Secretary, as Compliance Officer, ensures compliance with SEBI regulations and provisions of the listing agreements.

INDUSTRIAL RELATIONS AND HUMAN MANAGEMENT

Our work force is created, developed and motivated with a customer-centric, process-based, transparent and agile work culture. This is responsive to business needs and challenges while giving employees a sense professional ownership. As a result, our human resource pool is an admirable and competitive work force that not only epitomises our Company's long term vision but also owns the skills to realise it.

People are the foundation for our success and growth. Various HR initiatives like change dynamics, retention policies of key business drivers based on their competencies and their performance have been undertaken.

CAUTIONARY STATEMENT

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions 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 global and Indian demand supply conditions, finished goods prices, cyclical demand and pricing in the Company's principal markets, changes in the Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

For and on behalf of the Board

Sd/-

Puranmal Agrawal

Chairman

Place: Kolkata

Date: 29th May, 2012

AUDITORS' REPORT

To

The Members of

MSP Steel & Power Limited

1. We have audited the attached Balance Sheet of MSP Steel & Power Limited ('the Company') as at 31st March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Attention is drawn to the tax treatment regarding gain of ₹ 3,025 lacs arisen on settlement of commodity transactions in the earlier year, settled otherwise than through actual delivery, which was in the nature of speculative income. However based on a legal opinion obtained, the same had been treated as income from normal business by the Company. Consequently, we are unable to comment on the income tax impact of these transactions in the financial statements.

   In respect of above matter, audit report for the year ended 31st March, 2011 was similarly modified.

5. Further to our comments in the Annexure referred to above, 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 purposes 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. Except for the matter stated in para 4 above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. Except for the possible effects of our observation in para 4 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      b) in the case of Statement of Profit & Loss, of the profit for the year ended on that date; and

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

For **S.R. BATLIBOI & CO.**
Firm Registration number: 301003E
Chartered Accountants

per **Sanjoy K Gupta**
Partner
Membership No.:54968

Place: Kolkata
Date: 29th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF

MSP STEEL & POWER LIMITED

AS AT AND FOR THE YEAR ENDED 31st MARCH, 2012)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management 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 and as informed, no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted loans to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 957.14 lacs and the year-end balance of loans granted to such parties was ₹ 259.51 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans 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 have been regular.

(d) In view of the above loans being repayable by the parties on demand, there is no overdue amount of loans granted to such parties.

(e) The Company had taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 25.30 lacs and the year-end balance of loans taken from such company was ₹ 25.30 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 is not prima facie prejudicial to the interest of the Company.

(g) As informed, the loan taken and interest thereon is payable after one year, and thus, there has been no default on the 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register maintained under that section, 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 exceeding the value of Rupees five lacs during the year have been entered into at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the purview of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central

ANNEXURE TO THE AUDITORS' REPORT

Government for the maintenance of cost records in respect of the company's products under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained.

(ix) (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, service tax, customs duty, excise duty, cess and other statutory dues with the appropriate authorities though there has been slight delay in some cases. During the year, there was no dues payable by the Company in respect of wealth tax.

(b) According to the information and explanations given to us, the Company did not have any undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the yearend for a period of more than six months from the date they became payable except as follows:

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due Date	Date of Payment
Entry Tax Act (Chhattisgarh), 1976	Entry tax on purchase of materials	319.10	April'09-August'11	At the end of respective subsequent month	Not Yet Paid

(c) According to the records of the Company, dues outstanding in respect of income tax, sales tax, wealth-tax, service tax, custom duty, excise duty, cess etc. which has not been deposited on account of any dispute are as follows :

Name of Statute	Nature of Dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Non Collection of 'C' Forms	105.57	2004-08	Appellate, Deputy Commissioner, Commercial Tax
West Bengal Value Added Tax Act, 2003	Disallowance of VAT credit	10.39	2007-08	Joint Commissioner of Sales tax, Kolkata
Central Excise Act, 1944	Disputed disallowances of CENVAT credit	776.32	2003-11	CESTAT, New Delhi
Central Excise Act, 1944	Disputed disallowances of CENVAT credit	1,872.86	2006-08 2010-12	Additional Commissioner central excise & customs
Central Excise Act, 1944	Removal of Finished Goods without payment of duty	87.22	2005-09	CESTAT, New Delhi
Central Excise Act, 1944	Removal of Finished Goods without payment of duty	38.79	2006-08	Additional Commissioner central excise & customs
Central Excise Act, 1944	Sale of iron ore & coal fines without payment of duty	31.89	2009-10	CESTAT, New Delhi
Central Excise Act, 1944	Sale of iron ore & coal fines without payment of duty	15.88	2004-07	Commissioner Appeals central excise & customs

ANNEXURE TO THE AUDITORS' REPORT

Name of Statute	Nature of Dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Sale of iron ore & coal fines without payment of duty	278.71	2004-11	Additional Commissioner central excise & customs
Central Excise Act, 1944	Sale of Electricity without payment of duty	131.90	2005-09	CESTAT, New Delhi
Central Excise Act, 1944	Sale of Electricity without payment of duty	79.84	2010-11	Additional Commissioner central excise & customs
Service Tax under Finance Act, 1994	Disputed disallowances of input service tax credit	5.28	2005-06	Additional Commissioner, Service Tax
Income tax Act, 1961	Tax on disputed disallowances	121.90	2004-11	Assistant Commissioner Income Tax

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company did not have any outstanding debentures during the year.

(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) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the Company has given guarantee of ₹ 8160.75 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 the management representation, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these 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 short term funds amounting to ₹ 11,276.41 lacs consisting of project creditors ₹ 5,061.98, unsecured loans ₹ 3,945.42 and other short term borrowings ₹ 2,269.01 have been used towards acquisition of fixed assets and long term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S.R. BATLIBOI & CO.**
Firm Registration number: 301003E
Chartered Accountants

per **Sanjoy K Gupta**
Partner
Membership No.:54968

Place: Kolkata
Date: 29th May, 2012

BALANCE SHEET

As at 31st March, 2012

(₹ in lacs)

	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	6,689.40	6,564.00
Reserves and Surplus	4	28,942.88	25,434.63
		35,632.28	**31,998.63**
Share Application money pending allotment	5	**3,181.00**	-
Non-Current Liabilities			
Long-Term Borrowings	6	46,930.75	44,149.38
Deferred Tax Liabilities (net)	7	3,808.01	3,337.34
Long Term Provisions	8	158.98	131.89
Other Long Term Liabilities	11	297.29	-
		51,195.03	**47,618.61**
Current Liabilities			
Short-Term Borrowings	9	36,094.52	23,564.33
Trade Payables	10	5,243.78	2,700.82
Other Current Liabilities	11	14,093.58	6,835.61
Short Term Provisions	8	631.31	1,087.50
		56,063.19	**34,188.26**
Total		**146,071.50**	**113,805.50**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	49,582.23	49,990.76
Capital Work-In-Progress	13	51,655.36	29,352.24
Non Current Investments	14	3,241.91	695.01
Long-Term Loans and Advances	15	3,062.75	6,903.92
Other Non-Current Assets	16	1,514.73	70.07
		109,056.98	**87,012.00**
Current Assets			
Inventories	17	21,007.76	12,085.47
Trade Receivables	18	4,598.53	4,040.40
Cash and Bank Balances	19	720.69	963.42
Short-Term Loans and Advances	15	10,127.68	9,658.94
Other Current Assets	16	559.86	45.27
		37,014.52	**26,793.50**
Total		**146,071.50**	**113,805.50**
Summary of significant accounting policies	2		

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

For and on behalf of Board of Directors

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2012

(₹ in lacs)

	Notes	2011-12	2010-11
INCOME			
Revenue from operations (gross)	20	75,177.84	51,975.44
Less: excise duty		5,544.92	4,042.56
Revenue from operations (net)		**69,632.92**	**47,932.88**
Other income	21	522.76	3,412.15
Total (I)		**70,155.68**	**51,345.03**
EXPENSES			
Cost of raw material and components consumed	22	42,808.96	31,657.18
Purchase of traded goods	23	5,796.44	3,491.33
(Increase) in inventories of finished goods, work-in-progress and traded goods	24	(1,800.79)	(3,835.57)
Employee benefits expenses	25	1,840.49	1,533.72
Other expenses	26	9,367.52	7,489.20
Depreciation expense	12	2,908.78	1,932.90
Finance costs	27	5,859.13	2,350.55
Prior period expenses	28	6.68	15.72
Total (II)		**66,787.21**	**44,635.03**
Profit before tax (I-II)		**3,368.47**	**6,710.00**
Tax expenses			
Current Tax [Minimum Alternate Tax (MAT)]		729.78	1,392.89
Less: MAT Credit Entitlement		(435.08)	(1,055.53)
Deferred Tax expense		470.68	1,351.54
Total		**765.38**	**1,688.90**
Profit for the year		**2,603.09**	**5,021.10**
Earnings per equity share [nominal value of share ₹10 each (31st March, 2011: ₹10 each)]	29		
Basic (₹)		4.39	8.62
Diluted (₹)		4.26	8.62
Summary of significant accounting policies	2		

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of Board of Directors

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(₹ in lacs)

		2011-12		2010-11	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before taxes	**3,368.47**		**6,710.00**	
	Adjustments for :				
	Depreciation	2,908.78		1,932.90	
	Unrealised Loss/(Gain) on Foreign Exchange Fluctuations /Forward Contracts	(33.34)		23.72	
	Irrecoverable Debts, Deposits and Advances written off	52.73		46.72	
	Provision for bad and doubtful debts/advances	182.44		49.80	
	Liabilities no longer required written back	(183.94)		(81.74)	
	Loss on sale of fixed assets	6.34		-	
	Interest on loans, deposits etc.	(521.31)		(383.68)	
	Interest Expenses	5,650.94		2,260.43	
	Dividend Income	(0.25)		(2.27)	
	Operating Profit before working capital changes	**11,430.86**		**10,555.88**	
	Movement in Working Capital for:				
	(Increase)/Decrease in Trade Receivables	(740.57)		2,546.80	
	(Increase) in Loans and Advances	(523.66)		(4,968.89)	
	(Increase) in Other Assets	(83.74)		(146.74)	
	(Increase) in Inventories	(8,922.30)		(5,251.47)	
	Increase/(Decrease) in Trade Payables	2,786.01		(2,243.15)	
	Increase in Other Liabilities	342.05		653.70	
	Increase in Provisions	40.09		76.89	
	Cash generated from Operations	**4,328.74**		**1,223.02**	
	Direct Taxes Paid	1,071.01		1,113.55	
	Net Cash generated from Operating Activities		**3,257.73**		**109.47**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(18,167.04)		(34,112.74)	
	Discard of Fixed Assets	8.56		-	
	Investment in Joint Venture	(11.92)		(42.52)	
	Purchase of Investments	(2,504.38)		-	
	Sale of Investments	-		3,800.41	
	Interest received	236.84		124.49	
	Dividends received	0.25		2.27	
	Net cash used in investing activities		**(20,437.69)**		**(30,228.09)**

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(₹ in lacs)

	2011-12		2010-11	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Application money received towards Equity Shares	3,181.00		-	
Dividend and dividend distribution tax paid	(351.40)		(339.87)	
Proceeds from issue of Preference Shares	1,254.00		5,320.00	
Deferred payment credit received/ (paid)	(4,014.23)		4,014.23	
Long Term Borrowings Received/ (paid)	13,704.10		22,850.05	
Long Term Borrowings Repaid	(3,798.05)		(4,049.05)	
Short Term Borrowings Received/ (paid) (Net)	(796.83)		(3,573.94)	
Cash credit and working capital received (Net)	13,293.71		5,199.29	
Interest Paid	(5,608.70)		(2,202.34)	
Net cash generated in financing activities		**16,863.60**		**27,218.37**
Net (Decrease) in Cash and Cash equivalents (A+B+C+D)		**(316.36)**		**(2,900.25)**
Cash and Cash equivalents as at the beginning of the year		803.87		3,704.12
Cash and Cash equivalents as at the end of the year *		**487.51**		**803.87**
*** Components of Cash and Cash equivalents**				
Cash-on-hand		108.63		104.18
Cheque in hand		-		369.77
With Scheduled Banks on Current Account		378.88		317.76
Fixed Deposits with original maturity period being three months or less)		-		12.16
		487.51		**803.87**

As per our report of even date.
For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

For and on behalf of Board of Directors

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

NOTES to the Financial Statements for the year ended March 31, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Corporate information

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

2. Summary of significant accounting policies

(a) Basis of preparation

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 respects with the accounting standards 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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

(b) Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(c) 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.

(d) 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 which takes substantial period of time 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.

  Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised

NOTES to the Financial Statements for the year ended March 31, 2012

in the statement of profit and loss when the asset is derecognised.

- Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment, are expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective assets.
- All direct expenditure relating to construction of project as well as administrative and in direct cost attributable to the construction of the project and/or bringing it to the working conditions for intended use, are capitalised as "Pre-operative & Trial Run Expenses (pending allocation)".

(e) Depreciation on 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.

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

(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 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 expensed in the period they occur.

(h) 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. The estimated future cash flows considered for determining the value in use, are discounted to their present value arrived using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(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 income and released to income in equal amounts over the expected useful life of the related asset.

NOTES to the Financial Statements for the year ended March 31, 2012

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. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, 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 in which they will be incorporated 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**

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. The following specific recognition criteria must also be met before revenue is recognised.

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. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of Power

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

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.

Commission Income

Revenue is recognised when the services are rendered and there is no significant uncertainty as regards the collection thereof.

Export Incentives

Export Incentives under the Duty Entitlement Pass Book (DEPB) scheme are recognised when such incentive accrues upon export of goods provided that

NOTES to the Financial Statements for the year ended March 31, 2012

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.

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.

Insurance Claims

Claims receivable are accounted at the time when such income has been earned by the Company depending on the certainty of receipts.

(m) Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. 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.

(iii) Exchange differences

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or 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 are recognised in the statement of profit and loss in the period in which the exchange rates change. 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.

(n) Retirement and Other Employee Benefits

- Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit and Loss Account of the year when the contributions to the fund are due. There is no obligation other than contribution payable to the respective fund.
- Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation, as per projected unit credit method made at the balance sheet date.
- Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the balance sheet date.
- Actuarial gains/losses are taken to statement of profit and loss account and are not deferred.

(o) Income taxes

Tax expense comprises of current (net of MAT credit entitlement) and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions

NOTES to the Financial Statements for the year ended March 31, 2012

where the company operates. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(p) Segment Reporting Policies

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is predominantly engaged in a single reportable segment of Iron and Steel during the year. The risks and returns of existing captive power plants are directly associated with the manufacturing operations of iron and steel and hence treated as a single reportable segment as per Accounting Standard-17.

The analysis of geographical segments is based on the area in which the customers of the Company are located.

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

NOTES to the Financial Statements for the year ended March 31, 2012

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(r) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(s) Contingent liabilities & commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

'Capital commitments' are future liabilities for capital expenditure in respect of Capital Contracts yet to be executed.

'Other commitments' include all future liabilities for Contractual Commitments arising out of non cancelable contracts having penalty disproportionate to the benefits.

(t) Excise duty & custom duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(u) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(v) Derivative instruments

In accordance with the ICAI announcement, 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 March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 3. SHARE CAPITAL		
Authorised shares		
82,000,000 (82,000,000) equity shares of ₹ 10/- each (₹ 10/- each)	8,200.00	8,200.00
15,000,000 (15,000,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each)	1,500.00	1,500.00
	9,700.00	**9,700.00**
Issued, subscribed and fully paid-up shares		
58,100,000 (58,100,000) Equity Shares of ₹ 10/- each, fully paid up	5,810.00	5,810.00
8,794,000 (7,540,000) 6% non cumulative redeemable preference shares of ₹ 10 each, fully paid up	879.40	754.00
Total issued subscribed and fully paid-up share capital	**6,689.40**	**6,564.00**

Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31st March, 2012		As at 31st March, 2011	
	No.	(₹ in lacs)	No.	(₹ in lacs)
Equity shares				
At the beginning of the year	58,100,000	5,810.00	58,100,000	5,810.00
Outstanding at the end of the year	**58,100,000**	**5,810.00**	**58,100,000**	**5,810.00**

	As at 31st March, 2012		As at 31st March, 2011	
	No.	(₹ in lacs)	No.	(₹ in lacs)
Preference Shares				
At the beginning of the year	7,540,000	754.00	-	-
Issued during the year	1,254,000	125.40	7,540,000	754.00
Outstanding at the end of the year	**8,794,000**	**879.40**	**7,540,000**	**754.00**

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, 2012, the dividend per share recognised as proposed distributions to equity shareholders is ₹ 0.25 (31st March, 2011: ₹ 0.50).

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

Terms/rights attached to preference shares

The Company has only one class of preference shares (i.e. 6% non cumulative redeemable preference shares) having a nominal value of ₹ 10/- per share. The preference shareholders shall have the right to vote on any resolution of the Company

NOTES to the Financial Statements for the year ended March 31, 2012

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, the Company has issued 1,254,000 (31st March, 2011: 7,540,000) numbers of preference shares of ₹ 10 each in the same class with a premium of ₹ 90 per share on private placement basis.

During the year ended 31st March, 2012, the dividend per share recognised as proposed distributions to preference shareholders is ₹ 0.60 (31st March, 2011: ₹ 0.60).

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, 2012		As at 31st March, 2011	
Equity shares of ₹ 10/- each fully paid	Nos.	% holding in the class	Nos.	% holding in the class
MSP Infotech Pvt Ltd	7,129,760	12.27%	7,114,000	12.24%
MSP Properties (I) Ltd.	6,030,500	10.38%	6,030,500	10.38%
Adhunik Gases Ltd.	4,004,000	6.89%	4,004,000	6.89%
K. C. Texofine Pvt. Ltd.	3,932,000	6.77%	3,932,000	6.77%
Raj Securities Ltd.	3,872,000	6.66%	3,872,000	6.66%
Larigo Investment Pvt. Ltd.	3,835,000	6.60%	3,835,000	6.60%
Rama Alloys Pvt. Ltd.	2,965,000	5.10%	2,965,000	5.10%

Details of shareholders holding more than 5% shares in the company

	As at 31st March, 2012		As at 31st March, 2011	
Preference shares of ₹ 10/- each fully paid	Nos.	% holding in the class	Nos.	% holding in the class
Jaik Leasing and Commercial Investment Ltd.	1,540,000	17.51%	1,540,000	20.42%
Dexo Trading Pvt. Ltd.	1,220,000	13.87%	1,220,000	16.18%
M.A. Hire Purchase Pvt. Ltd.	1,105,000	12.57%	1,105,000	14.66%
Sikhar Commotrade Pvt. Ltd.	935,000	10.63%	935,000	12.40%
Ravi Business Services Pvt. Ltd.	760,000	8.64%	760,000	10.08%
Shree Vinay Finvest Pvt. Ltd.	680,000	7.73%	680,000	9.02%
Mod Commodeal Pvt. Ltd.	442,000	5.03%	-	-
Shringar Mercantile Pvt. Ltd.	442,000	5.03%	-	-

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 4. RESERVES AND SURPLUS		
Securities premium account		
Balance as per the last financial statements	6,841.59	55.59
Add : Received during the year	1,128.60	6,786.00
Closing Balance	**7,970.19**	**6,841.59**
Surplus in the statement of profit and loss		
Balance as per last financial statements	18,593.04	14,263.21
Profit for the year	2,603.09	5,021.10
Less: Appropriations		
Proposed Dividend on preference shares (Amount per share ₹ 0.60 [31st March, 2011 ₹ 0.60])	46.99	10.85
Dividend distribution tax on above	7.62	1.80
Proposed final equity dividend (Amount per share ₹ 0.25 [31st March, 2011 ₹ 0.50])	145.26	290.50
Dividend distribution tax on above	23.57	48.25
Dividend Paid for the year 2009-10	-	290.50
Dividend distribution tax on above	-	49.37
Surplus	**20,972.69**	**18,593.04**
Total reserves and surplus	**28,942.88**	**25,434.63**

NOTE 5. SHARE APPLICATION MONEY PENDING ALLOTMENT

Terms and Conditions relating to Share Application Money pending allotment

a. The Company has issued a special notice dated 31st March, 2012 to its shareholders in terms of section 192 (A) of the Companies Act 1956, read with Company (Passing of the Resolution by the Postal Ballot) Rules 2011, proposing to issue 10,000,000 equity shares to promoter and non-promoter group on preferential basis in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI ICDR Regulations') through postal ballot. Out of the total proposed shares to be issued, the Company has received share application money against 5,301,667 equity shares considering the proposed issue price of ₹ 60/- each (including a premium of ₹ 50/- per share).

b. The Company expects to allot the proposed equity shares before July 2012.

c. The Equity Shares to be allotted on preferential basis 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 and on such terms and conditions as may be decided and deemed appropriate by the board at its sole and absolute discretion.

d. The Equity shares so issued and allotted shall rank pari passu in all respects with the existing Equity Shares of the company. The Equity Shares so issued and allotted shall be listed and traded on all the Stock Exchanges on which the existing equity shares of the Company are Listed.

e. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of aforesaid share application money.

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 6. LONG TERM BORROWINGS				
Secured				
Term loans				
From Banks				
Indian rupee loan	38,573.01	31,987.36	6,457.60	2,778.80
Foreign currency loan	7,577.57	6,990.00	1,082.51	-
Finance Lease Obligation				
From Banks	30.91	32.05	38.16	29.59
From Body Corporates	29.26	25.60	29.41	18.74
Unsecured				
Deferred Payment Credits	-	4,014.23	-	-
Inter Corporate Deposits	695.00	1,025.58	-	-
Loans and Advances from related parties	25.00	74.56	-	-
	46,930.75	**44,149.38**	**7,607.68**	**2,827.13**
The above amount includes :				
Secured borrowings	46,210.75	39,035.01	7,607.68	2,827.13
Unsecured borrowings	720.00	5,114.37	-	-
Less: Amount disclosed under the head "other current liabilities" (Note No. 11)	-	-	(7,607.68)	(2,827.13)
Net amount	**46,930.75**	**44,149.38**	**-**	**-**

Term loans from banks and financial institutions

Particulars	Repayment terms				
	Outstanding including current maturities		Starting Month	Period of Maturity with respect to 31st March, 2012 (in Years)	Rate of interest
	No. of Installments	(₹ in lacs)			
From Banks					
Indian rupee loan (Quarterly installments)*	8	2,848.79	Jun.' 12	2	14.00% - 15.00%
	(12)	(4,547.58)	(Jun.' 11)	(3)	(12.75% - 13.50%)
	12	1,138.79	Jun.' 12	3	14.75%
	(16)	(1,518.79)	(Jun.' 11)	(4)	(13.00%)
	9	1,570.78	Jun.' 12	3	14.75%
	(13)	(2,270.78)	(Jun.' 11)	(4)	(13.00%)
	21	15,499.94	Jun.' 12	6	13.50% -15.00%
	(21)	(15,137.58)	(Jun.' 12)	(7)	(12.50%-13.75%)
	20	3,405.56	Mar.' 13	6	13.65%-14.25%
	(20)	(2,089.05)	(Mar.' 13)	(7)	(12.50%-13.00%)
	28	12,013.77	Mar.' 13	8	13.50%-14.00%
	(28)	(9,202.38)	(Mar.' 13)	(9)	(12.00%-13.75%)
	26	7,702.98	Dec.' 13	8	13.45%-13.90%
	-	-	-	-	-
	28	850.00	Dec.' 14	10	13.50%
	-	-	-	-	-
Total (A)		**45,030.61** **(34,766.16)**			

NOTES to the Financial Statements for the year ended March 31, 2012

Particulars	Repayment terms				
	Outstanding including current maturities		Starting Month	Period of Maturity with respect to 31st March, 2012 (in Years)	Rate of interest
	No. of Installments	(₹ in lacs)			
Foreign currency loan (Half yearly installments)**	8	8,660.08	Dec.' 12	5	8.80% (After considering the hedge effect)
	(8)	(6,990.00)	(Dec.' 12)	6	
Total (B)		**8,660.08**			
		(6,990.00)			
Finance lease obligation (Monthly installments)***					
From banks	3-32	69.07	Apr.' 12	3	7.99%-12.79%
	(1-33)	(61.64)	(Apr.' 11)	(3)	(7.99%-12.79%)
From body corporate	12-26	58.67	Apr.' 12	3	10.45%-11.50%
	(5-36)	(44.34)	(Apr.' 11)	(3)	(10.45%-11.50%)
Total (C)		**127.74**			
		(105.98)			
Deferred Payments Credits (unsecured) (Annual installments)					
From Bodies Corporate	-	-			
	-	(1,257.85)	(Apr.' 12)	(1)	Interest Free
From Related Parties	-	-			
	-	(2,756.38)	(Apr.' 12)	(1)	Interest Free
Total (D)		**-**			
		(4,014.23)			
Unsecured (Annual installments)					
Inter Corporate Deposits from Bodies Corporate	-	695.00	Apr.' 13	1	10.00% - 16.50%
	-	(1,025.58)	(Apr.' 12)	(1)	(12.00%)
Loans & Advances from Related Parties	-	25.00	Apr.' 13	1	12.00%
	-	(74.56)	(Apr.' 12)	(1)	(12.00%)
Total (E)		**720.00**			
		(1,100.14)			
Grand Total [A+B+C+D+E]		**54,538.43**			
		(46,976.51)			

Note:- Figures in brackets pertains to the previous year.

NOTES to the Financial Statements for the year ended March 31, 2012

Nature of security:

* Rupee Term 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 Puranmal Agrawal (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

** 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 Puranmal Agrawal (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

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

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 7. COMPONENTS OF DEFERRED TAX LIABILITY/ (ASSETS)		
Timing Difference in depreciable assets	4,143.51	3,581.50
Expenses allowable in future	(335.50)	(244.16)
Total	**3,808.01**	**3,337.34**

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 8. PROVISIONS				
Provision for employee benefits				
Provision for gratuity (Refer note no. 30)	84.81	70.08	1.00	10.74
Provision for leave benefits	74.17	61.81	1.07	1.35
	158.98	**131.89**	**2.07**	**12.09**
Other provisions				
Proposed equity dividend	-	-	145.25	290.50
Provision for tax on proposed equity dividend	-	-	23.57	48.25
Proposed preference dividend	-	-	46.99	10.85
Provision for tax on proposed preference dividend	-	-	7.62	1.80
"Provision for Taxation (net of advance tax of ₹ 1,205.03 lacs (₹ 1,549.94 lacs)"	-	-	405.81	724.01
	158.98	**131.89**	**631.31**	**1,087.50**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 9. SHORT-TERM BORROWINGS		
Secured		
Rupee Loan from Banks		
Cash Credit Facility	24,446.30	16,672.68
Cash Credit Facility from non consortium banks	2,620.09	-
Short term Loan	-	5,000.00
Foreign Currency Loans from Banks	5,082.71	506.65
Unsecured		
From Body Corporates		
Working Capital loan	2,900.00	-
Inter Corporate Deposits	1,045.42	1,385.00
	36,094.52	**23,564.33**
The above amount includes		
Secured borrowings	32,149.10	22,179.33
Unsecured borrowings	3,945.42	1,385.00

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 (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

Working Capital loan from Body Corporates is secured by personal guarantees of Puranmal Agrawal (the Chairman) and Suresh Kumar Agrawal (Director of the Company) and Subservient charge on all moveable assets including stock and debtors.

(₹ in lacs)

	Current	
	As at 31st March, 2012	As at 31st March, 2011
NOTE 10. TRADE PAYABLES		
Trade payables (including acceptances) (Refer note no 44)	5,243.78	2,700.82
	5,243.78	**2,700.82**

(₹ in lacs)

	Non Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 11. OTHER LIABILITIES				
Advance from customers	-	-	388.15	554.27
Forward contract Premium Payable	-	-	99.85	-
Security Deposit	297.29	-	153.23	272.34
"Current maturities of long-term borrowings (Refer note no. 6) "	-	-	7,607.68	2,827.13
Interest accrued but not due on borrowings	-	-	114.18	71.93
Other Payables on capital purchases	-	-	5,061.98	2,658.59
Share Application money pending refund	-	-	50.00	-
Others	-	-	618.51	451.35
	297.29	**-**	**14,093.58**	**6,835.61**

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 12. TANGIBLE ASSETS

(₹ in lacs)

Description	Gross Block (at cost)					Depreciation				Net Block
	As at 1st April, 2010	Additions *	Deletions	Borrowing Cost **	As at 31st 31st March, 2011	As at 1st April, 2010	For the year	Less : On Deletions	As at 31st 31st March, 2011	As at 31st 31st March, 2011
Freehold Land	797.35	131.83	-	-	929.18 (a)	-	-	-	-	929.18
Factory Building	3,353.10	2,458.42	-	209.02	6,020.54	311.86	145.85	-	457.71	5,562.83
Other Building	143.13	992.78	-	-	1,135.91	10.37	6.17	-	16.54	1,119.37
Plant and Machinery	24,435.53	20,933.47	-	1,451.93	46,820.93	3,147.34	1,730.62	-	4,877.96	41,942.97
Vehicles	427.18	129.10	-	-	556.28 (b)	148.56	46.43	-	194.99	361.29
Office Equipment	4.97	12.01	-	-	16.98	0.25	0.85	-	1.10	15.88
Furniture and Fixture	60.99	16.47	-	-	77.46	15.24	12.98	-	18.22	59.24
Total	**29,222.25**	**24,674.08**	**-**	**1,660.95**	**55,557.28**	**3,633.62**	**1,932.90**	**-**	**5,566.52**	**49,990.76**

(₹ in lacs)

Description	Gross Block (at cost)					Depreciation				Net Block
	As at 1st April, 2011	Additions *	Deletions	Borrowing Cost **	As at 31st 31st March, 2012	As at 1st April, 2011	For the year	Less : On Deletions	As at 31st 31st March, 2012	As at 31st 31st March, 2012
Freehold Land	929.18		-	-	929.18 (a)	-	-	-	-	929.18
Factory Building	6,020.54	454.61	-	32.86	6,508.01	457.71	203.79	-	661.50	5,846.51
Other Building	1,135.91	18.00	-	1.38	1,155.29	16.54	19.12	-	35.66	1,119.63
Plant and Machinery	46,820.93	1,821.01	16.09	130.11	48,755.96	4,877.96	2,616.08	1.19	7,492.85	41,263.11
Vehicles	556.28	54.19	-	-	610.47 (b)	194.99	57.01	-	252.00	358.47
Office Equipment	16.98	2.47	-	-	19.45	1.10	1.14	-	2.24	17.21
Furniture and Fixture	77.46	0.52	-	-	77.98	18.22	11.64	-	29.86	48.12
Total	**55,557.28**	**2,350.80**	**16.09**	**164.35**	**58,056.34**	**5,566.52**	**2,908.78**	**1.19**	**8,474.11**	**49,582.23**

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

b) Vehicles includes cars taken of finance lease :

(₹ in lacs)

Gross Block	As at 31st March, 2012	As at 31st March, 2011
Original Cost	610.47	556.28
Depreciation charge	57.01	46.43
Accumulated Depreciation	252.00	194.99
Net Book Value	**358.47**	**361.29**

* Includes ₹ 2,196.12 lacs (₹ 24,399.35 lacs) capitalised from Capital Work in progress (CWIP)

** Represents the amount of borrowing cost transferred from CWIP

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 13 - CAPITAL WORK IN PROGRESS		
Buildings **	7,444.31	6,960.72
Plant and Machinery	37,755.33	39,666.63
Capital Goods in Stock	565.26	1,331.09
[including in transit ₹ 30.65 lacs (₹ 1,098.67 lacs)]		
Less: Capitalised during the year	2,134.55	21,703.56
	43,585.89	**26,254.88**
Preoperative and Trial Run expenses (Pending Allocation)	8,069.47	3,097.36
	51,655.36	**29,352.24**
Details of Pre-Operative and Trial run expenses (Pending Allocation)		
Opening Balance Brought Forward	3,097.66	2,323.85
Raw Materials Consumed	1,647.60	1,481.82
Finished Goods Consumed (Refer note no. 24)	-	170.19
Personnel Cost		
Salary, Wages and Bonus	276.79	309.04
Contribution to Provident and Other Funds	11.62	3.79
Staff Welfare	5.35	10.12
Administrative and Other Indirect Overheads		
Stores and Spares Consumed	10.01	7.51
Power and Fuel	465.98	73.13
Repairs and Maintenance		
- Plant and Machinery	41.38	108.75
- Others	1.66	7.61
Material Handling Charges	23.43	16.28
Travelling and Conveyance	13.76	32.20
Vehicle Running and Maintenance Expense	62.73	33.51
Insurance Charges	-	3.12
Printing and Stationary	0.05	6.13
Postage and Communication	1.95	2.11
Legal and Professional Charges	122.19	113.63
Rent and Hire Charges	254.24	261.55
Rates and Taxes	1.94	23.38
Miscellaneous Expenses	17.66	17.75
Borrowing Cost		
Interest on term loans	4,413.63	3,823.34
Finance Charges	40.28	348.50
	10,509.61	9,177.01
Less:		
Material Transferred for Captive Consumption (Refer note no. 22)	1,560.77	1,113.82
"Generation cost of Power consumed in Production (Refer note no. 26)"	653.45	422.01
Closing Stock of Finished Goods transferred to (Increase)/ Decrease in Inventories (Refer note no 24)	-	187.08
Capitalised during the year	225.92	4,356.74
Total	**8,069.47**	**3,097.36**

** Includes ₹ 285.98 lacs (₹ 531.56 lacs) transferred from (Increase)/Decrease in Inventories refer note no. 24

NOTES to the Financial Statements for the year ended March 31, 2012

	Number of Shares as at 31st March, 2012	Number of Shares as at 31st March, 2011	Face Value per share	As at 31st March, 2012 (₹ in lacs)	As at 31st March, 2011 (₹ in lacs)
NOTES 14 - NON CURRENT INVESTMENTS					
Long Term Investments in					
Equity Shares fully paid up (at Cost)					
Trade Investments - Unquoted					
Investments in Equity Instruments					
(i) In Subsidiary Companies					
MSP Group International (Singapore) Pte. Ltd.	1,000	1,000	SGD 1	0.33	0.33
MSP Cement Limited **	50,000	-	₹ 10	5.00	-
AA ESS Tradelinks Private Ltd ***	2,500,175	-	₹ 10	2,500.18	-
				2,505.51	**0.33**
(ii) In Joint Venture					
Madanpur South Coal Company Limited #	157,133	135,874	₹ 10	214.11	171.59
(iii) In Others				**214.11**	**171.59**
MSP Metallics Limited	420,000	420,000	₹ 10	402.00	402.00
MSP Properties (I) Limited	7,500	7,500	₹ 10	0.75	0.75
MSP Sponge Iron Limited	313,000	313,000	₹ 10	49.50	49.50
MSP Cement Limited	- **	8,000	₹ 10	-	0.80
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
				503.05	**503.85**
Non Trade Investments - Quoted					
Investments in Equity Instruments					
Howrah Gases Limited	93,700	93,700	₹ 10	15.91	15.91
Ashirwad Steel and Industries Limited	2,500	2,500	₹ 10	0.25	0.25
Nageshwar Investment Limited	11,000	11,000	₹ 10	0.61	0.61
Indian Overseas Bank	2,900	2,900	₹ 10	0.70	0.70
IDFC Limited	5,201	5,201	₹ 10	1.77	1.77
				19.24	**19.24**
Total				**3,241.91**	**695.01**

* Includes 2,000 Shares held in the name of a Director on behalf of the Company.

66,960 Shares pledged with IDBI Bank Limited for guarantee given on behalf of the investee Company

** Wholly owned subsidiary of the Company w.e.f. 31st August, 2011

*** Subsidiary of the Company w.e.f July 08, 2011

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

(₹ in lacs)

	As at 31st March, 2012		As at 31st March, 2011	
	Cost	**Market Value**	**Cost**	**Market Value**
-Quoted	19.24	26.16	19.24	28.65
-Unquoted	3,222.67	NA	675.77	NA
Total	**3,241.91**		**695.01**	

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 15. LOANS AND ADVANCES				
Loans to bodies Corporate				
Unsecured, considered good	-	-	2,741.00	3,648.09
(A)	**-**	**-**	**2,741.00**	**3,648.09**
Capital advances				
Unsecured, considered good	588.70	4,836.53	-	-
(B)	**588.70**	**4,836.53**	-	-
Security deposit				
Unsecured, considered good	111.17	108.99	200.00	-
(C)	**111.17**	**108.99**	**200.00**	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	4,903.56	3,984.10
Doubtful	19.40	19.40	-	-
	19.40	19.40	4,903.56	3,984.10
Less: Provision for doubtful advances	19.40	19.40	-	-
(D)	-	-	**4,903.56**	**3,984.10**
Other loans and advances (Unsecured, considered good)				
MAT Credit Entitlement	2,350.96	1,915.88	-	-
"Advance Income Tax (Net of Provision of ₹2,823.47 lacs (₹1,430.58 lacs))"	-	-	48.98	25.95
Share application money pending allotment	11.92	42.52	-	-
Prepaid expenses	-	-	20.97	8.13
Loans and advances to employees	-	-	37.61	28.98
Balances with statutory/government authorities	-	-	1,605.71	1,739.36
(E)	**2,362.88**	**1,958.40**	**1,713.27**	**1,802.42**
Loans and advances to related parties	-	-	569.85	224.33
Unsecured, considered good				
(F)	-	-	**569.85**	**224.33**
Total (A+B+C+D+E+F)	**3,062.75**	**6,903.92**	**10,127.68**	**9,658.94**
Advances recoverable in cash or kind include				
Dues from officers	-	-	37.61	28.98
Loans and advances to related parties include				
Dues from companies include enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	-	-	569.85	224.33

During the current year, the Company has recognised MAT credit entitlement of ₹ 435.08 lacs (₹ 1,055.53 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 March 31, 2012

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 16. OTHER ASSETS				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 19)	53.41	70.07	-	-
(A)	**53.41**	**70.07**	**-**	**-**
Unamortised expenditure				
Unamortised premium on forward contract	-	-	26.78	-
(B)	**-**	**-**	**26.78**	-
Others				
Interest accrued on Fixed Deposits and others	-	-	329.75	45.27
Gain receivable on forward exchange contract	**1,461.32**	**-**	**203.33**	**-**
(C)	1,461.32	-	533.08	45.27
Total (A)+(B)+ (C)	**1,514.73**	**70.07**	**559.86**	**45.27**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)		
"Raw materials and components [includes in transit ₹ 720.50 lacs (31 March 2011: ₹ 733.42 lacs)] (refer note 22)"	12,201.83	5,224.60
Work –in-progress (refer note:24)	1,903.40	845.16
Finished goods (refer note 24)	4,053.33	3,918.70
Stores and spares [includes in transit ₹ 25.48 lacs (31st March, 2011: ₹ 96.31 lacs)]	1,394.93	906.08
By Products (at net realisable value) (refer note 24)	1,454.27	1,190.93
	21,007.76	**12,085.47**

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 18. TRADE RECEIVABLES				
Unsecured, considered good unless otherwise stated (Outstanding for a period exceeding six months from the date they became due for payment)	-	-	349.35	411.02
Considered Doubtful	346.56	164.12	-	-
Less: Provision for doubtful receivables	(346.56)	(164.12)	-	-
(A)	**-**	**-**	**349.35**	**411.02**
Other receivables				
Unsecured, considered good	**-**	**-**	4,249.18	3,629.38
(B)	**-**	**-**	**4,249.18**	**3,629.38**
Total (A)+(B)	**-**	**-**	**4,598.53**	**4,040.40**
Trade receivables include:				
Dues from companies include enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	-	-	132.91	649.77

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 19. CASH AND BANK BALANCES				
Cash and cash equivalents balance with banks:				
On current accounts	-	-	378.88	317.76
Fixed Deposits with original maturity of less than three months*	-	-	-	12.16
Cheques / drafts on hand	-	-	-	369.77
Cash on hand	-	-	108.63	104.18
	-	-	**487.51**	**803.87**
Other bank balances				
Fixed Deposits with original maturity for more than 12 months*	53.41	70.07	32.85	83.39
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	200.33	76.16
	53.41	**70.07**	**233.18**	**159.55**
"Amount disclosed under other non-current assets (note 16)"	(53.41)	(70.07)		
	-	**-**	**720.69**	**963.42**

* Fixed deposits with a carrying amount of ₹ 286.59 lacs (₹ 241.78 lacs) are used towards security given against the Company's Letter of Credits (LC's) issued by the banks on behalf of the Company.

(₹ in lacs)

	2011-12	2010-11
NOTE 20. REVENUE FROM OPERATIONS		
Sales		
Finished goods	66,546.41	45,548.14
Power	1,203.86	1,534.39
Traded goods	6,113.46	3,718.09
Other operating revenue		
Scrap sales and By products	496.21	522.15
Sale of Raw Materials	88.70	409.10
Sale of Carbon Credits	301.99	-
Export Incentives	201.08	57.63
Others	226.13	185.94
Revenue from operations (gross)	**75,177.84**	**51,975.44**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
DETAILS OF PRODUCT SOLD AND FINISHED GOODS SOLD		
Pellet	812.03	316.72
Sponge Iron	13,573.94	12,044.19
MS Billets	5,910.80	2,912.00
TMT Bar	27,825.58	14,943.08
Structural Steel	18,424.06	15,332.15
	66,546.41	**45,548.14**
Traded goods sold		
GI Wire	-	1,278.92
MS Wire	1,178.63	-
MS Plate	-	1,832.71
Steel Flat	258.08	61.83
TMT Bar	-	106.84
Steel Round	2,208.29	437.79
M.S.Angle	356.56	-
M.S.Channel	80.97	-
M.S.Round	1,386.39	-
Coal	363.03	-
Iron Ore	281.51	-
	6,113.46	**3,718.09**

(₹ in lacs)

	2011-12	2010-11
NOTE 21. OTHER INCOME		
Interest income on		
Loans, Fixed Deposits, etc	521.31	383.68
Dividend Income on		
Current investments	-	2.27
Long-term investments	0.25	-
Gain on transactions in Commodity Exchange	-	3,025.00
Other Non-Operating Income	1.20	1.20
	522.76	**3,412.15**

(₹ in lacs)

	2011-12	2010-11
NOTE 22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	5,224.60	3,433.90
Add : Purchases	49,786.19	33,447.88
"[Includes materials transferred from trial run production ₹ 1,560.77 lacs (₹ 1,113.82 lacs)] refer note no. 13"		
Less : Inventory at the end of the year	12,201.83	5,224.60
Cost of raw material and components consumed	**42,808.96**	**31,657.18**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED		
Coal and Coke (including fines) *	16,368.26	10,087.11
Iron Ore (including fines)	11,226.51	8,288.11
Dolomite/Limestone	123.49	58.29
Silico Manganese	1,054.54	734.38
Sponge/Pig Iron/Scrap	8,534.70	6,653.45
MS Billets/Ingots	1,185.75	4,995.46
Iron Ore Pellets	4,253.65	767.59
Others	62.06	72.79
	42,808.96	**31,657.18**

* Includes consumption relating to power plant

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
DETAILS OF INVENTORY		
Raw materials and components		
Coal and Coke	5,143.13	2,147.24
Iron Ore (including fines)	6,908.73	2,891.95
Dolomite/Limestone	89.31	20.11
Sponge/Pig Iron	60.66	165.30
	12,201.83	**5,224.60**

(₹ in lacs)

	2011-12	2010-11
NOTE 23. DETAILS OF PURCHASE OF TRADED GOODS		
GI Wire	-	1,199.12
MS Wire	1,106.02	-
MS Plate	-	1,714.77
Steel Flat	250.05	57.96
TMT	-	100.11
Steel Round	2,113.57	419.37
M.S.Angle	333.66	-
M.S.Channel	75.97	-
M.S.Round	1,288.91	-
Coal	355.95	-
Iron Ore	272.31	-
	5,796.44	**3,491.33**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
NOTE 24. (INCREASE) IN INVENTORIES AT THE END OF THE YEAR		
By-Products	1,454.27	1,190.93
Work-in-progress	1,903.40	845.16
Finished goods	4,053.33	3,918.70
	7,411.00	**5,954.79**
Transfer from Trial Run - Finished Goods [refer note no. 13]	-	170.19
Transfer to Stores and Spares Consumed [refer note no. 26]	58.60	-
Transfer to CWIP - Finished Goods [refer note no. 13]	285.98	531.56
	344.58	**701.75**
Inventories at the beginning of the year		
By-Products	1,190.93	806.36
Work-in-progress	845.16	226.79
Finished goods	3,918.70	1,600.74
	5,954.79	**2,633.89**
Finished Goods transferred from Trial Production [refer note no. 13]	-	187.08
(Increase) in inventories		
By-Products	(263.34)	(384.57)
Work-in-progress	(1,058.24)	(618.37)
Finished goods	(479.21)	(2,832.63)
(Increase) in inventories	**(1,800.79)**	**(3,835.57)**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
DETAILS OF INVENTORY		
By-Products	1,454.27	1,190.93
Coal Fines	**1,454.27**	**1,190.93**
Work-in-progress		
Iron Ore Pellet	1,369.74	343.18
Sponge Iron	293.84	276.46
M.S. Billets	239.82	225.52
	1,903.40	**845.16**
Finished goods		
Iron Ore Pellet	344.22	78.28
Sponge Iron	877.22	568.40
M.S. Billets	325.85	1,069.29
TMT Bar	748.41	533.08
Structural Steel	1,757.63	1,669.65
	4,053.33	**3,918.70**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
NOTE 25. EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	1,692.58	1,349.13
Contribution to provident and other fund	69.07	57.18
Gratuity expense (Refer note no. 30)	39.99	81.13
Staff welfare expenses	38.85	46.28
	1,840.49	**1,533.72**

(₹ in lacs)

	2011-12	2010-11
NOTE 26. OTHER EXPENSES		
Consumption of stores and spares	3,307.69	2,504.18
[Includes ₹ 58.60 lacs (₹ Nil) transferred from note no. 24]		
(Increase) of excise duty on inventory	145.01	207.46
Power and fuel	1,872.61	1,913.72
[Includes ₹ 653.45 lacs (₹ 422.01 lacs) transferred from note no. 13]		
Rent	46.62	35.09
Rates and taxes	86.43	67.49
Insurance	22.12	36.36
Repairs and maintenance		
Plant and machinery	224.59	243.06
Buildings	7.28	8.19
Others	43.27	56.13
Material Handling Charges	588.19	406.68
Vehicle Running Expense	241.25	212.49
Cash Discount	157.93	159.27
Advertising and Sales Promotion	113.32	108.61
Freight Outward [net of recoveries ₹ 437.43 lacs (₹ 55.68 lacs)]	1,021.70	625.75
Sales commission	228.34	123.29
Legal and professional fees	163.55	72.21
Charity and Donations	33.20	16.25
Payment to Auditors (Refer details below)	20.79	13.94
Exchange differences (net)	60.95	90.86
Premium on forward contract amortised	211.82	35.81
Bad debts/ advances written off	52.73	46.72
Provision for doubtful debts and advances	182.44	49.80
Loss on Disposal/discard of Fixed Assets	6.34	-
Miscellaneous expenses	529.35	455.84
Total	**9,367.52**	**7,489.20**

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
PAYMENT TO AUDITORS		
As Auditors :		
Audit fee	9.00	8.00
Limited review	7.50	4.50
Other services (certification fees)	2.50	-
Reimbursement of expenses	1.79	1.44
	20.79	**13.94**

(₹ in lacs)

	2011-12	2010-11
NOTE 27. FINANCE COSTS		
Interest Expenses	5,650.94	2,200.24
Other finance charges	199.13	146.38
Exchange difference to the extent considered as an adjustment to borrowing costs	9.06	3.93
	5,859.13	**2,350.55**

(₹ in lacs)

	2011-12	2010-11
NOTE 28. PRIOR PERIOD EXPENSES		
Miscellaneous Expenses (Net)	6.68	15.72
	6.68	**15.72**

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

(₹ in lacs)

	2011-12	2010-11
NOTE 29. EARNINGS PER SHARE (EPS)		
Profit after tax	2,603.09	5,021.10
Less : Dividends on non cumulative preference shares and tax thereon	54.61	12.65
Net profit for calculation of Basic and Diluted EPS	**2,548.48**	**5,008.45**
	Nos.	**Nos.**
Weighed average number of equity shares in calculating Basic EPS	58,100,000	58,100,000
Effect of dilution :		
Share Application Money Pending Allotment	1,790,264	-
Weighted average number of equity shares in calculating diluted EPS	**59,890,264**	**58,100,000**
Earnings Per share		
Basic (₹)	**4.39**	**8.62**
Diluted (₹)	**4.26**	**8.62**

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 30. 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)

Particulars	Gratuity	
	2011-12	2010-11
Current service cost	60.26	40.51
Interest cost	12.06	4.98
Expected return on plan assets	(6.77)	(3.80)
Past Service Cost		-
Net actuarial losses/(gains)	(25.56)	39.44
Net benefit expense	**39.99**	**81.13**
Actual return on plan assets	6.77	3.80

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	191.14	144.38
Fair value of plan assets	105.33	63.56
Net liability	**85.81**	**80.82**

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Opening defined benefit obligation	144.38	61.30
Interest cost	12.06	4.98
Current service cost	60.26	40.51
Benefit paid	-	(1.85)
Actuarial losses/(gains)	(25.56)	39.44
Plan Amendments	-	-
Closing defined benefit obligation	**191.14**	**144.38**

NOTES to the Financial Statements for the year ended March 31, 2012

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Opening fair value of plan assets	63.56	32.36
Expected return on plan assets*	6.77	3.80
Contribution by the Company	35.00	29.25
Benefits paid	-	(1.85)
Closing fair value of plan assets	**105.33**	**63.56**

* Determined based on government bond rate.

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Debt Funds	105.33	63.56
Total	**105.33**	**63.56**

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

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Discount rate (%)	8.75	8.35
Return on Plan Assets (Gratuity Scheme) (%)	8.75	8.25
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Employee Turnover (%)	6.2	6.2
Total	**105.33**	**63.56**

NOTES to the Financial Statements for the year ended March 31, 2012

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

(₹ in lacs)

Particulars	Gratuity				
	31st March, 2012	31st March, 2011	31st March 2010	31st March 2009	31st March 2008
Defined benefit obligation	191.14	144.38	61.30	24.87	12.06
Fair value of plan assets	105.33	63.56	32.36	12.09	-
Deficit	85.81	80.82	28.94	12.78	12.06
Experience adjustments on plan liabilities – (gains)/ losses	(25.56)	39.44	(3.64)	(0.07)	-
Experience adjustments on plan assets	Nil	Nil	(1.62)	Nil	N.A.

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 Company expects to contribute ₹ 177.60 lacs (₹ 148.00 lacs) to gratuity fund in the year 2012-13.

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

Particulars	2011-12	2010-11
Provident Fund		
[Includes transferred to Preoperative and Trial Run expenses (Pending Allocation) ₹ 11.62 lacs (₹ 3.79 lacs)] refer note no. 13	80.69	60.97

NOTE 31. RELATED PARTY DISCLOSURES

Related Parties where control exists:-		
Subsidiary Company	:	MSP Group International Singapore (PTE) Limited AA ESS TradeLinks Private Limited (effective from 8th July, 2011) MSP Cement Limited (effective from 31st August, 2011)
Jointly Controlled Entity	:	Madanpur South Coal Company Limited
Key Management Personnel and their Relatives	:	Puranmal Agrawal – Chairman Suresh Kumar Agrawal – Managing Director Manish Agrawal – (son of Chairman) Saket Agrawal – (son of Managing Director) Kiran Agrawal – (wife of Chairman) Nisha Agrawal – (wife of Managing Director) Ekta Agrawal – (wife of Saket Agrawal) Richa Agrawal – (wife of Manish Agrawal Kisturi Devi Agrawal – (mother of Managing Director)

NOTES to the Financial Statements for the year ended March 31, 2012

Related parties with whom transactions have taken place :-

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
		Emerald Tradelink Private Limited.
		Ginny Traders Private Limited
		High Time Holding Private Limited
		Howrah Gases Limited
		Larigo Investment Private Limited
		MSP Infotech Private Limited
		MSP Metallics Limited
		MSP Mines and Minerals Private Limited
		MSP Power Limited
		MSP Properties (India) Limited*
		MSP Sponge Iron Limited
		Raj Securities Limited
		Rajnath Vyapaar Private Limited
		Shree Khathupati Mercantiles Private Limited

*MSP Properties (India) Limited has been converted from Private to Public with effect from 19th March, 2012.

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
Sales					
MSP Sponge Iron Limited				259.92	259.92
				(543.22)	(543.22)
MSP Metallics Limited				762.41	762.41
				(534.04)	(534.04)
Chaman Metallics Limited				281.51	281.51
				(150.31)	(150.31)
MSP Properties (India) Limited				49.20	49.20
				(22.46)	(22.46)

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
Purchase of Raw Material & Components Consumed					
MSP Sponge Iron Limited				1,946.83	1,946.83
				(2,556.99)	(2,556.99)
MSP Metallics Limited				8,917.91	8,917.91
				(9,029.41)	(9,029.41)
Chaman Metallics Limited				-	-
				(46.11)	(46.11)
Howrah Gases Limited				938.87	938.87
				-	-
Purchase of Services					
MSP Mines and Minerals Private Limited				33.09	33.09
				-	-
Managerial Remuneration					
Puranmal Agrawal			36.00		36.00
			(36.00)		(36.00)
Suresh Kumar Agrawal			30.00		30.00
			(30.00)		(30.00)
Legal and Professional Charges Paid					
MSP Mines and Minerals Private Limited				18.20	18.20
				(11.64)	(11.64)
Expenses Reimbursed					
Chaman Metallics Limited				0.03	0.03
				-	-
MSP Infotech Private Limited				1.14	1.14
				-	-
MSP Metallics Limited				112.66	112.66
				-	-
MSP Mines and Minerals Private Limited				6.38	6.38
				-	-
MSP Sponge Iron Limited				19.39	19.39
				-	-
Rent Paid					
Larigo Investment Private Limited				0.18	0.18
				(0.18)	(0.18)

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
MSP Infotech Private Limited				6.00	6.00
				(3.60)	(3.60)
Shree Khathupati Mercantiles Private Limited				3.60	3.60
				(3.49)	(3.49)
Kisturi Devi Agrawal			0.48		0.48
			(0.48)		(0.48)
Nisha Agrawal			0.36		0.36
			(0.36)		(0.36)
Kiran Agrawal			0.36		0.36
			(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 Agrawal			3.00		3.00
			-		-
Richa Agrawal			3.00		3.00
			-		-
Other Income					
MSP Metallics Limited				1.36	1.36
				-	-
Subscription to Equity Shares					
Madanpur South Coal Company Limited		42.52			42.52
		-			-
AA ESS Tradelinks Private Limited	2,500.18				2,500.18
	-				-
MSP Cement Limited	4.20				4.20
	-				-
Share application money received					
Adhunik Gases Limited				666.00	666.00
				-	-
B.S. Confin Private Limited				750.00	750.00
				-	-
High Time Holding Private Limited				915.00	915.00
				-	-

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	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
				-	-
Larigo Investment Private Limited				650.00	650.00
				-	-
Loans & Advances given					
Chaman Metallics Limited				60.65	60.65
				(245.00)	(245.00)
MSP Metallics Limited				-	-
				(4585.00)	(4,585.00)
MSP Sponge Iron Limited				256.69	256.69
				(7850.00)	(7,850.00)
MSP Group International Singapore (PTE) Limited	-				-
	(3.75)				(3.75)
Guarantee given on behalf of					
Madanpur South Coal Company Limited		660.75			660.75
		(660.75)			(660.75)
AA ESS Tradelinks Private Limited	7,500.00				7,500.00
	-				-
Guarantees obtained					
Puranmal Agrawal			172.47		172.47
			(130.00)		(130.00)
Suresh Kumar Agrawal			135.00		135.00
			(111.00)		(111.00)
Manish Agrawal			192.77		192.77
			(140.00)		(140.00)
Saket Agrawal			167.36		167.36
			(131.00)		(131.00)
Interest expense					
High Time Holding Private Limited				-	-
				(2.51)	(2.51)
B.S. Confin Private Limited				-	-
				(1.90)	(1.90)
MSP Infotech Private Limited				5.87	5.87
				(6.00)	(6.00)
MSP Properties (India) Limited.				3.00	3.00

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
				(3.00)	(3.00)
Ginny Traders Private Limited				-	-
				(2.84)	(2.84)
Emerald Tradelink Private Limited				-	-
				(2.46)	(2.46)
Rajnath Vyapaar Private Limited				-	-
				(3.79)	(3.79)
Raj Securities Limited				-	-
				(3.46)	(3.46)
Danta Vyappar Kendra Limited				-	-
				(12.51)	(12.51)
Interest received on loans, fixed deposits etc					
Chaman Metallics Limited				1.00	1.00
				(4.98)	(4.98)
MSP Metallics Limited				-	-
				(47.86)	(47.86)
MSP Sponge Iron Limited				11.99	11.99
				(71.75)	(71.75)
Loans & Advances (Closing balance)					
Howrah Gases Limited				105.57	105.57
				-	-
Puranmal Agrawal			0.03		0.03
			-		-
Suresh Kumar Agrawal			0.20		0.20
			-		-
Chaman Metallics Limited				-	-
				(182.49)	(182.49)
Madanpur South Coal Company Limited		1.10			1.10
		(2.00)			(2.00)
MSP Cement Limited	1.20				1.20
	(1.20)				(1.20)
MSP Group International Singapore (PTE) Limited	8.33				8.33
	(8.33)				(8.33)
MSP Metallics Limited				174.57	174.57

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
				-	-
MSP Mines and Minerals Private Limited				15.24	15.24
				(25.87)	(25.87)
MSP Power Limited				3.20	3.20
				(3.20)	(3.20)
MSP Sponge Iron Limited				259.51	259.51
				(1.21)	(1.21)
MSP Infotech Private Limited				-	-
				(0.03)	(0.03)
Trade Receivables (Closing balance)					
MSP Properties (India) Limited				24.20	24.20
				(12.15)	(12.15)
MSP Sponge Iron Limited				108.71	108.71
				(196.09)	(196.09)
Chaman Metallics Limited				-	
				(153.94)	(153.94)
MSP Metallics Limited				-	
				(287.59)	(287.59)
Share application money paid (Closing balance)					
Madanpur South Coal Company Limited		11.92			11.92
		(42.52)			(42.52)
Trade payable (Closing balance)					
MSP Infotech Private Limited				4.05	4.05
				-	-
MSP Sponge Iron Limited				123.79	123.79
				-	-
Shree Khathupati Mercantiles Private Limited				2.43	2.43
				(4.56)	(4.56)
Puranmal Agrawal			-		-
			(2.27)		(2.27)
Suresh Kumar Agrawal			-		-
			(1.90)		(1.90)

NOTES to the Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
Share application money pending allotment (Closing balance)					
Adhunik Gases Limited				666.00	666.00
				-	-
B.S Confin Private Limited				750.00	750.00
				-	-
High Time Holding Private Limited				915.00	915.00
				-	-
Larigo Investment Private Limited				600.00	600.00
				-	-
Raj Securities Limited				250.00	250.00
				-	-
Advance from customers (Closing balance)					
MSP Metallics Limited				121.21	121.21
				-	-
Share Application money pending refund					
Larigo Investment Private Limited				50.00	50.00
				-	-
Deferred Payment Credits (Closing balance)					
MSP Sponge Iron Limited				-	-
				(27.79)	(27.79)
MSP Metallics Limited				-	-
				(2,729.09)	(2,729.09)
Loans & Advances Taken (Closing balance)					
MSP Properties (India) Limited				25.00	25.00
				(25.00)	(25.00)
MSP Infotech Private Limited				-	-
				(49.56)	(49.56)

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 32. INTEREST IN JOINT VENTURE

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

The Company's share of the assets and liabilities of the above jointly controlled entity as at the respective Balance Sheet dates is as follows: -

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Share Capital	15.71	13.59
Reserve & Surplus	198.07	157.71
Share Application money pending allotment	11.92	42.52
Non Current Liabilities	0.90	0.89
Current Liabilities	0.56	0.07
Non Current Assets	149.03	135.27
Current Assets	78.13	79.51
Revenue	0.17	0.14
Other Expenses	0.21	0.35
Tax Expenses	(0.02)	(0.12)
(Loss) After Tax	(0.03)	(0.22)

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

NOTE 33. SEGMENT INFORMATION

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

Information for Secondary Geographical Segments

(₹ in lacs)

Particulars	Gratuity	
	2011-12	2010-11
Domestic Revenues (Net of Excise Duty and Trade discount)	61,369.18	45,772.69
Export Revenues (Including Export Benefits)	8,263.74	2,160.19
Total	**69,632.92**	**47,932.88**

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 ₹ 62.01 lacs (₹ 306.65 lacs).

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 34. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

Particulars	Financial effect estimate	
	As at 31st March, 2012	As at 31st March, 2011
Excise Matters under dispute/ appeal		
Disputed disallowances of CENVAT credit and service tax	2,649.18	892.66
Removal of finished goods without payment of duty	148.02	56.19
Sale of iron ore & coal fines without payment of duty	326.48	310.60
Sale of electricity without payment of duty	211.74	131.90
Sub total	**3,335.42**	**1,391.35**
Sales Tax & VAT Matters under dispute/ appeal		
Non collection of 'C' forms	119.75	75.46
Disallowance of VAT credit	10.39	10.39
Sub total	**130.14**	**85.85**
Income Tax Matters under dispute/ appeal		
Disallowance of TDS & others	**99.31**	
Corporate guarantees given		
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	-
Sub total	**8,160.75**	**660.75**
Claims against the Company not acknowledged as debt		
Unreconciled differences with vendor	-	**60.67**

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 (became subsidiary of the Company w.e.f. 8th July, 2011) amounting to ₹ 7,500 lacs (Nil) on 31st May, 2011. The management believes that the terms of the guartantee given are not prejudicial to the interest of the Company as it will derive future economic benefits from the subsidiary.

In October 2010, search and seizure operations were conducted by the Income Tax authorities under Section 132 of the Income Tax Act, at various locations of the Company. During the course of the search and seizure operations, the income tax authorities have taken custody of certain materials such as documents, records, and recorded statements of certain officials of the Company. The Company does not expect any liability arising out of the aforesaid search and seizure.

NOTE 35. CAPITAL AND OTHER COMMITMENTS

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 588.70 lacs (₹ 4,836.53 lacs))	955.07	10,237.78
Export obligation under EPCG scheme with respect to custom duty savings of ₹ 1,389.13 lacs (₹ 2,113.51) on import of equipments.	11,113.04	16,964.73

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Derivative contracts outstanding as at the Balance sheet date: -

Particulars	Purpose
Forward contract to buy US $	Hedge of foreign currency loan
"US$ 8,000,000 (31st March, 2011: US$Nil) (₹ 4,092.52 lacs (31st March, 2011 : ₹ Nil))"	
Forward contract to buy Singapore Dollar (SGD)	Hedge of foreign currency loan
SGD 21,000,000 (31st March, 2011: SGD 21,000,000) (₹8,660.08 lacs (31st March, 2011 : ₹ 6990.00 lacs))	
"Interest rate swaps on SGD loan of SGD 21,000,000 (31st March, 2011: SGD 21,000,000) (₹ 8,660.08 lacs (31st March, 2011 : ₹ 6990.00 lacs))"	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m Swap Offer Rate (SOR) plus spread of 2.05% on the notional amount

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

Particulars	Purpose
Trade payables (including acceptances)	"US$ 1,438,700 (31st March, 2011: US$ 103,023) ₹ 736.04 lacs (31st March, 2011: ₹ 46 lacs)"
Foreign Currency Loans From Banks	"US$ 1,935,600 (31st March, 2011: US$ 1,134,705) ₹ 990.19 lacs (31st March, 2011: ₹ 506.65 lacs)"
Interest accrued but not due on borrowings	"US$ 15,357 (31st March, 2011: Nil) ₹ 7.86 lacs (31st March, 2011: Nil)"

NOTE 37. OPERATING LEASE COMPANY AS LESSEE

The Company has entered into commercial leases on certain office spaces. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non- cancellable operating leases are as follows :

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Within one year	43.61	46.62

NOTES to the Financial Statements for the year ended March 31, 2012

NOTE 38. DISCLOSURE IN TERMS OF CLAUSE 32 OF THE LISTING AGREEMENT:- (LOAN AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED)

Name of the Company	Relation	Category	31st March, 2012	31st March, 2011	Maximum Amount outstanding during the year	
					2011-12	2010-11
MSP Group International Singapore (PTE) Limited	Subsidiary	Repayable on demand	8.33	8.33	8.33	8.33
MSP Metallics Limited	Company in which Directors are interested	Repayable on demand	-	-	-	4500.00
Chaman Metallics Limited	Company in which Directors are interested	Repayable on demand	-	182.49	107.49	182.49
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

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

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Capital Goods	777.13	2,542.19
Stores, Spares and Consumables	48.74	36.43
Raw Materials	1,728.31	526.89

NOTE 40. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Interest	285.79	62.25
Travelling	5.36	16.15
Foreign Membership Fees	14.22	-
Professional fees	8.48	12.58

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

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
FOB Value of Exports [excluding sales made to Bangladesh in Indian rupees ₹ 690.77 lacs (₹ Nil)]	7,371.89	2,102.56

NOTES to the Financial Statements for the year ended March 31, 2012

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)]

Particulars	Raw Materials		Stores and Spares Consumed	
	(₹ in lacs)	%	(₹ in lacs)	%
Indigenous	42,279.79	95.10	3,279.53	98.85
	(32,612.11)	98.41	(2,475.26)	(98.55)
Imported	2,176.77	4.90	38.17	1.15
	(526.89)	1.59	(36.43)	(1.45)
Total	**44,456.56**	**100.00**	**3,317.70**	**100.00**
	(33,139.00)	**100.00**	**(2,511.69)**	**100.00**

NOTE 43

The Company has during the year made purchases of ₹ 51.29 lacs from and sales of ₹ 48.69 lacs to certain parties falling within the purview of Section 297 of the Companies Act, 1956 for which, the Company is in the process of obtaining the required approval from the Central Government.

NOTE 44

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

NOTE 45

Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date.
For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

For and on behalf of Board of Directors

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

CONSOLIDATED AUDITORS' REPORT

To

The Board of Directors

MSP Steel & Power Limited

1. We have audited the attached Consolidated Balance Sheet of MSP Steel & Power Limited ("the Company"), its three subsidiaries and the joint venture together referred to as "the Group", as at 31st March, 2012, and the related Statement of Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the MSP Steel & Power Limited's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As indicated in Note No.1, the financial statements of MSP Group International (Singapore) PTE. Ltd, a wholly owned subsidiary, which reflect total assets of ₹ 4.41 lacs as at 31st March, 2012, total expenditure of ₹ 1.91 lacs and cash flows amounting to ₹ Nil for the year then ended have been consolidated based on unaudited financial statements as furnished to us by the management, which has been relied upon by us.

4. We did not audit the financial statements of the other two subsidiaries and the joint venture company, whose share of total assets in the Group is ₹ 14,831.94 lacs as at 31st March, 2012 and share of total revenue and share of cash flows (net cash inflow) is ₹ 28.85 lacs and ₹ Nil respectively for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of other auditors.

5. Attention is drawn to the tax treatment regarding gain of ₹ 3,025 lacs arisen on settlement of commodity transactions in the earlier year, settled otherwise than through actual delivery, which was in the nature of speculative income. However based on a legal opinion obtained, the same had been treated as income from normal business by the Company. Consequently, we are unable to comment on the income tax impact of these transactions in the financial statements.

   In respect of above matter, audit report for the year ended 31st March, 2011 was similarly modified.

6. Based on our audit and on consideration of financial statements of the subsidiaries and the joint venture, available reports of other auditors on separate financial statements which have been audited till date and on the other financial information of the components, and to the best of our information and according to the explanations given to us, except for the possible effect of the matter contained in para 5 above , we are of the opinion that the attached consolidated financial statements 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 Group as at 31st March 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss Account, 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.

For **S.R. BATLIBOI & CO.**
Firm Registration number: 301003E
Chartered Accountants

per **Sanjoy K Gupta**
Partner
Membership No. 54968

Place: Kolkata
Date: 29th May, 2012

CONSOLIDATED BALANCE SHEET

As at 31 March, 2012

(₹ in lacs)

	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	6,491.24	6,564.00
Reserves and Surplus	4	28,878.52	25,428.11
		35,369.76	**31,992.11**
Share Application money pending allotment	5	**3,181.00**	-
Minority Interest		**1,999.78**	-
Non-Current Liabilities			
Long-Term Borrowings	6	53,023.75	44,150.28
Deferred Tax Liabilities (net)	7	3,808.01	3,337.34
Long Term Provisions	8	158.98	131.89
Other Long Term Liabilities	11	297.29	0.01
		57,288.03	**47,619.52**
Current Liabilities			
Short-Term Borrowings	9	36,094.98	23,572.66
Trade Payables	10	5,247.54	2,702.33
Other Current Liabilities	11	18,403.59	6,835.58
Short Term Provisions	8	626.09	1,087.50
		60,372.20	**34,198.07**
Total		**158,210.77**	**113,809.70**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12 A	49,638.95	50,029.13
Intangible Assets	12 B	310.74	-
Capital Work-In-Progress	13	52,793.87	29,384.95
Deferred Tax Assets (net)	7	0.18	0.17
Non Current Investments	14	4,818.55	523.09
Long-Term Loans and Advances	15	12,008.67	6,925.34
Other Non-Current Assets	16	1,514.79	70.18
		121,085.75	**86,932.86**
Current Assets			
Inventories	17	21,008.04	12,085.47
Trade Receivables	18	4,600.85	4,040.40
Cash and Bank Balances	19	807.94	1,043.95
Short-Term Loans and Advances	15	10,142.94	9,661.52
Other Current Assets	16	565.25	45.50
		37,125.02	**26,876.84**
Total		**158,210.77**	**113,809.70**
Summary of significant accounting policies	2		

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

For and on behalf of Board of Directors

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2012

(₹ in lacs)

	Notes	2011-12	2010-11
INCOME			
Revenue from operations (gross)	20	75,190.67	51,975.44
Less: excise duty		5,544.92	4,042.56
Revenue from operations (net)		**69,645.75**	**47,932.88**
Other income	21	533.83	3,412.29
Total (I)		**70,179.58**	**51,345.17**
EXPENSES			
Cost of raw material and components consumed	22	42,808.96	31,657.18
Purchase of traded goods	23	5,804.39	3,491.33
(Increase) in inventories of finished goods, work-in-progress and traded goods	24	(1,800.82)	(3,835.57)
Employee benefits expenses	25	1,843.82	1,533.72
Other expenses	26	9,372.27	7,492.14
Depreciation expense	12	2,908.90	1,933.20
Finance costs	27	5,859.13	2,350.55
Prior period expenses	28	6.68	15.72
Total (II)		**66,803.33**	**44,638.27**
Profit before tax (I-II)		**3,376.25**	**6,706.90**
Tax expenses			
Current tax [Minimum alternate tax (MAT)]		729.80	1,392.89
Less: MAT credit entitlement		(435.08)	(1,055.53)
Deferred tax expense		470.66	1,351.44
Total		**765.38**	**1,688.80**
Profit for the year before Share of Minority Interests		**2,610.87**	**5,018.10**
Minority Interest		**4.65**	**-**
Profit for the year		**2,606.22**	**5,018.10**
Earnings per equity share [nominal value of share ₹10 each (31st March, 2011: ₹10 each)]	29		
Basic (₹)		4.50	8.62
Diluted (₹)		4.36	8.62
Summary of significant accounting policies	2		

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of Board of Directors

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2012

(₹ in lacs)

		2011-12		2010-11	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before taxes	**3,376.25**		**6,706.90**	
	Adjustments for :				
	Depreciation	2,908.90		1,933.20	
	Unrealised Loss on Foreign Exchange Fluctuation/Forward Exchange Contracts	(33.34)		23.72	
	Irrecoverable Debts, Deposits and Advances written off	52.73		46.72	
	Provision for bad and doubtful debts/advances	182.44		49.80	
	Liabilities no longer required written back	(183.94)		(81.74)	
	Loss on Disposal/discard of Fixed Assets (net)	6.25		0.06	
	Preliminary Expenses written Off	0.33		0.05	
	Interest on loans, deposits etc.	(522.80)		(383.82)	
	Interest Expenses	5,650.94		2,260.43	
	Dividend Income	(9.81)		(2.27)	
	Operating Profit before working capital changes	**11,427.95**		**10,553.05**	
	Movement in Working Capital for:				
	(Increase)/Decrease in Trade Receivables	(741.46)		2,546.80	
	(Increase) in Loans and Advances	(513.69)		(4,930.61)	
	(Increase) in Inventories	(8,922.33)		(5,251.47)	
	Increase/(Decrease) in Trade Payables	2,785.57		(2,225.10)	
	Increase in Other Liabilities	244.69		634.55	
	Increase in Provisions	40.14		78.05	
	(Decrease) in Other Assets	(154.38)		(144.14)	
	Cash generated from Operations	**4,166.49**		**1,261.13**	
	Direct Taxes Paid	1,071.25		1,113.16	
	Net Cash generated from Operating Activities		**3,095.24**		**147.97**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(21,984.24)		(34,120.89)	
	Discard of Fixed Assets	8.56		0.14	
	Purchase of Investments	(7.95)		-	
	Sale of Investments	-		3,800.41	
	Interest received	237.98		124.72	
	Dividends received	9.81		2.27	
	Net cash used in investing activities		**(21,735.84)**		**(30,193.35)**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2012

(₹ in lacs)

	2011-12		2010-11	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Application money received towards Equity Shares	3,181.00		-	
Dividend and dividend distribution tax paid	(351.40)		(339.87)	
Proceeds from issue of Preference Shares	1,254.00		5,320.00	
Proceeds from issue of shares (to minority)	101.02		-	
Deferred payment credit received	(4,014.23)		4,014.23	
Long Term Borrowings Received	15,004.10		22,850.07	
Long Term Borrowings Repaid	(3,798.95)		(4,049.05)	
Short Term Borrowings Received / (paid) (Net)	(804.71)		(3,573.94)	
Cash credit and working capital received (Net)	13,293.71		5,199.29	
Interest Paid	(5,608.68)		(2,202.34)	
Net cash generated in financing activities		**18,255.86**		**27,218.39**
D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY		**1.30**		**(0.69)**
Net (Decrease) in Cash and Cash equivalents (A+B+C+D)		**(383.44)**		**(2,827.68)**
Cash and Cash equivalents as at the beginning of the year		883.50		3,711.18
Add : Acquired pursuant to acquisition of subsidiary		8.25		-
Cash and Cash equivalents as at the end of the year *		**508.31**		**883.50**
*** Components of Cash and Cash equivalents**				
Cash-on-hand		-		105.73
Cheque in hand		115.26		369.77
With Scheduled Banks on Current Account		391.00		361.20
Fixed Deposits with original maturity period being three months or less		2.05		46.80
		508.31		**883.50**

As per our report of even date.
For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

For and on behalf of Board of Directors

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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.

2. Summary of significant accounting policies

(a) Principles of Consolidation

The Consolidated Financial Statements present the financial statements of MSP Steel & Power Limited ("The Company"), its Joint Venture and its Subsidiaries (collectively the "Group").

The subsidiaries companies considered for consolidation in the Financial Statements is as follows:

Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership / Interest	
		As at 31st March 2012	As at 31st March 2011
MSP Group International (Singapore) PTE. Ltd. (MSPGI)	Singapore	100%	100%
MSP Cement Limited	India	100%	-
AA ESS Tradelinks Pvt. Ltd.	India	52.66%	-

The Company is engaged in the manufacture and sale of iron and steel products and generation and sale of power. MSPGI is engaged in the business of trading steel products. MSP Cement Limited is engaged in the manufacture and sale of cement and clinker. AA ESS Tradelinks Pvt. Ltd. is engaged in the business of providing railway siding facility and related services to its customers.

The financial statements of the Company and its subsidiaries have been consolidated in terms of Accounting Standard (AS) 21 'Consolidated Financial Statements', on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealised profits/losses. The excess/shortfall of cost to the Company of its investments in the Subsidiary Companies over the book value of net assets therein, as on the date of investment is recognised in the financial statements as Goodwill/Capital Reserve as the case may be.

Goodwill arising on consolidation is initially recognised as an asset at cost and is subsequently measured at cost less any impairment loss, if any.

Minorities' interest in net profit/loss of subsidiaries consolidated during the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.

The financial statements of MSPGI have been prepared in accordance with Singapore Financial Reporting Standard. However, there would be no major impact on the profitability or financial position on conversion of these accounts under Indian GAAP (IGAAP).

MSPGI is a private Company and meets the requirement of audit exemption in Singapore. The unaudited financial statements, prepared by the management of MSPGI have been considered for the consolidation.

The financial statements of other subsidiaries are prepared in accordance with IGAAP and their audited financial statements have been considered for the consolidation.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

The Joint Venture Company considered in the consolidated financial statements is as follows:

Name of the Joint Venture	Country of Incorporation	Proportion of Ownership / Interest	
		As at March 31, 2012	As at March 31, 2011
Madanpur South Coal Company Ltd. (MSCCL)	India	14.90%	14.90%

The MSCCL has been allotted coal blocks, which, upon start of the mining activities, will sell the coal to the joint venture partners.

In terms of Accounting Standard 27 "Financial Reporting of Interests in Joint Venture" notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended), MSCCL, in which the Company holds 14.90% shares, is a joint venture company and proportionate interest in the Joint Venture's assets, liabilities, income and expenditure has been consolidated on line by line basis by adding together the book value of like items of assets, liabilities, income and expenditure.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

In translating the financial statements of the non-integral foreign Subsidiaries for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate, while income and expense items are translated at average exchange rate and all resulting exchange differences are accumulated in foreign currency translation reserve.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2012.

(b) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards 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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

(c) Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(d) 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

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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.

(e) 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 which takes substantial period of time 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.

  Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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

- All direct expenditure relating to construction of project as well as administrative and in direct cost attributable to the construction of the project and/or bringing it to the working conditions for intended use, are capitalised as "Pre-operative & Trial Run Expenses (pending allocation)".

(f) Depreciation on 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.

(g) 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 account on a straight-line basis over the lease term.

(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 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 expensed in the period they occur.

(i) Impairment of fixed assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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. The estimated future cash flows considered for determining the value in use, are discounted to their present value arrived using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group 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 Group 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.

(k) 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. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is recognised when there is an 'other than temporary' decline in the value of the investments.

(l) 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 in which they will be incorporated 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.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

Sale of Power

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

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.

Commission Income

Revenue is recognised when the services are rendered and there is no significant uncertainty as regards the collection thereof.

Export Incentives

Export Incentives under the Duty Entitlement Pass Book (DEPB) 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.

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.

Insurance Claims

Claims receivable are accounted at the time when such income has been earned by the Group depending on the certainty of receipts.

(n) Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. 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.

(iii) Exchange differences

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or 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 are recognised in the statement of profit and loss in the period in which the exchange rates change. 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.

(o) Retirement and Other Employee Benefits

- Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit and Loss Account of the year when the contributions to the fund are due. There is no obligation other than contribution payable to the respective fund.
- Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation, as per projected unit credit method made at the balance sheet date.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

- Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the balance sheet date.
- Actuarial gains/losses are taken to statement of profit and loss account and are not deferred.

(p) Income taxes

Tax expense comprises of current (net of MAT credit entitlement) and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Group operates. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

(q) Segment Reporting Policies

The Group's operating businesses are organise and managed separately according to the nature of products sold / services provided, with each segment representing a strategic business unit that offers different products / services and serves different market.

The analysis of geographical segments is based on the area in which the customers of the Group are located.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(s) Provisions

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(t) Contingent liabilities and Commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

'Capital commitments' are future liabilities for capital expenditure in respect of Capital Contracts yet to be executed.

'Other commitments' include all future liabilities for Contractual Commitments arising out of non cancelable contracts having penalty disproportionate to the benefits.

(u) Excise duty & custom duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(v) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(w) Derivative instruments

In accordance with the ICAI announcement, 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 Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 3. SHARE CAPITAL		
Authorised shares		
82,000,000 (82,000,000) equity shares of ₹ 10/- each (₹ 10/- each)	8,200.00	8,200.00
15,000,000 (15,000,000) 6% non cumulative redeemable preference shares of ₹ 10/- each (₹ 10/- each)	1,500.00	1,500.00
	9,700.00	**9,700.00**
Issued, subscribed and fully paid-up shares		
56,193,362 (58,100,000) Equity Shares of ₹ 10/- each, fully paid up"	5,619.34	5,810.00
8,719,000 (7,540,000) 6% non cumulative redeemable preference shares of ₹ 10 each, fully paid up	871.90	754.00
Total issued subscribed and fully paid-up share capital	**6,491.24**	**6,564.00**

Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31st March, 2012		As at 31st March, 2011	
	No.	(₹ in lacs)	No.	(₹ in lacs)
Equity shares				
At the beginning of the year	58,100,000	5,810.00	58,100,000	5,810.00
Elimination on account of consolidation *	(1,906,638)	(190.66)	-	-
Outstanding at the end of the year	**56,193,362**	**5,619.34**	**58,100,000**	**5,810.00**

	As at 31st March, 2012		As at 31st March, 2011	
	No.	(₹ in lacs)	No.	(₹ in lacs)
Preference Shares				
At the beginning of the year	7,540,000	754.00	-	-
Issued during the year	1,254,000	125.40	7,540,000	754.00
Elimination on account of consolidation *	(75,000)	(7.50)	-	-
Outstanding at the end of the year	**8,719,000**	**871.90**	**7,540,000**	**754.00**

* AA ESS Tradelinks Private Limited, one of the subsidiaries of Company is holding 1,906,638 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 31 March 2012, the dividend per share recognised as proposed distributions to equity shareholders is ₹ 0.25 (31st March, 2011: ₹ 0.50).

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.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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, the Company has issued 1,254,000 (31st March, 2011: 7,540,000) numbers of preference shares of ₹ 10 each in the same class with a premium of ₹ 90 per share on private placement basis.

During the year ended 31st March, 2012, the dividend per share recognised as proposed distributions to preference shareholders is ₹ 0.60 (31st March, 2011: ₹ 0.60).

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, 2012		As at 31st March, 2011	
Equity shares of ₹ 10/- each fully paid	Nos.	% holding in the class	Nos.	% holding in the class
MSP Infotech Pvt Ltd	7,129,760	12.69%	7,114,000	12.24%
MSP Properties (I) Pvt. Ltd.	6,030,500	10.73%	6,030,500	10.38%
Adhunik Gases Ltd.	4,004,000	7.12%	4,004,000	6.89%
K. C. Texofine Pvt. Ltd.	3,932,000	7.00%	3,932,000	6.77%
Raj Securities Ltd.	3,872,000	6.89%	3,872,000	6.66%
Larigo Investment Pvt. Ltd.	3,835,000	6.82%	3,835,000	6.60%
Rama Alloys Pvt. Ltd.	2,965,000	5.28%	2,965,000	5.10%

	As at 31st March, 2012		As at 31st March, 2011	
Preference shares of ₹ 10/- each fully paid	Nos.	% holding in the class	Nos.	% holding in the class
Jaik Leasing and Commercial Investment Ltd.	1,540,000	17.66%	1,540,000	20.63%
Dexo Trading Pvt. Ltd.	1,220,000	13.99%	1,220,000	16.34%
M. A. Hire Purchase Pvt. Ltd.	1,105,000	12.67%	1,105,000	14.80%
Sikhar Commotrade Pvt. Ltd.	935,000	10.72%	935,000	12.53%
Ravi Business Services Pvt. Ltd.	760,000	8.72%	760,000	10.18%
Shree Vinay Finvest Pvt. Ltd.	680,000	7.80%	680,000	9.11%
Mod Commodeal Pvt. Ltd.	442,000	5.07%	-	-
Shringar Mercantile Pvt. Ltd.	442,000	5.07%	-	-

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 4. RESERVES AND SURPLUS		
Securities premium account		
Balance as per the last financial statements	6,841.59	55.59
Add : Received during the year	1,128.60	6,786.00
Less : Elimination on account of consolidation	(67.50)	-
Closing Balance	**7,902.69**	**6,841.59**
Surplus in the statement of profit and loss		
Balance as per last financial statements	18,587.26	14,260.43
Profit for the year	2,606.22	5,018.10
Less: Appropriations		
Proposed Dividend on preference shares (Amount per share ₹ 0.60 [31st March 2011 ₹ 0.60])	46.54	10.85
Dividend distribution tax on above	7.62	1.80
"Proposed final equity dividend (Amount per share ₹ 0.25 [31st March 2011 ₹ 0.50])"	140.48	290.50
Dividend distribution tax on above	23.57	48.25
Dividend Paid for the year 2009-10	-	290.50
Dividend distribution tax on above	-	49.37
Net Surplus in the statement of profit and loss	**20,975.27**	**18,587.26**
Foreign Currency Translation Difference Account	**0.56**	**(0.74)**
Total reserves and surplus	**28,878.52**	**25,428.11**

NOTE 5. SHARE APPLICATION MONEY PENDING ALLOTMENT

Terms and Conditions relating to Share Application Money pending allotment

a. The Company has issued a special notice dated 31st March, 2012 to its shareholders in terms of section 192 (A) of the Companies Act 1956, read with Company (Passing of the Resolution by the Postal Ballot) Rules 2011, proposing to issue 10,000,000 equity shares to promoter and non-promoter group on preferential basis in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (The 'SEBI ICDR Regulations') through postal ballot. Out of the total proposed shares to be issued, the Company has received share application money against 53,01,667 equity shares considering the proposed issue price of ₹ 60/- each (including a premium of ₹ 50/- per share).

b. The Company expects to allot the proposed equity shares before July 2012.

c. The Equity Shares to be allotted on preferential basis 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 and on such terms and conditions as may be decided and deemed appropriate by the board at its sole and absolute discretion.

d. The Equity shares so issued and allotted shall rank pari passu in all respects with the existing Equity Shares of the Company. The Equity Shares so issued and allotted shall be listed and traded on all the Stock Exchanges on which the existing equity shares of the Company are listed.

e. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of aforesaid share application money.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 6. LONG TERM BORROWINGS				
Secured				
Term loans				
From Banks				
Indian rupee loan	44,666.01	31,987.36	7,864.60	2,778.80
Foreign currency loan	7,577.57	6,990.00	1,082.51	-
Finance Lease Obligation				
From Banks	30.91	32.05	38.16	29.59
From Body Corporates	29.26	25.60	29.41	18.74
Unsecured				
Deferred Payment Credits	-	4,014.23	-	-
Inter Corporate Deposits	695.00	1,025.58	-	-
Loans and Advances from JV partner	-	0.90	-	-
Loans and Advances from related parties	25.00	74.56	-	-
	53,023.75	**44,150.28**	**9,014.68**	**2,827.13**
The above amount includes :				
Secured borrowings	52,303.75	39,035.01	9,014.68	2,827.13
Unsecured borrowings	720.00	5,115.27	-	-
Less: Amount disclosed under the head "other current liabilities" (refer note no. 11)	-	-	(9,014.68)	(2,827.13)
Net amount	**53,023.75**	**44,150.28**	**-**	**-**

Term loans from banks and financial institutions

Particulars	Repayment terms: Outstanding including current maturities: No. of Installments	(₹ in lacs)	Starting Month	Period of Maturity with respect to 31st March, 2012 (in Years)	Rate of interest
From Banks					
Indian rupee loan (Quarterly installments)*	8	2,848.79	Jun.' 12	2	14.00% - 15.00%
	(12)	(4,547.58)	(Jun.' 11)	(3)	(12.75% - 13.50%)
	12	1,138.79	Jun.' 12	3	14.75%
	(16)	(1,518.79)	(Jun.' 11)	(4)	(13.00%)
	9	1,570.78	Jun.' 12	3	14.75%
	(13)	(2,270.78)	(Jun.' 11)	(4)	(13.00%)
	21	15,499.94	Jun.' 12	6	13.50% -15.00%
	(21)	(15,137.58)	(Jun.' 12)	(7)	(12.50%-13.75%)
	20	3,405.56	Mar.' 13	6	13.65%-14.25%
	(20)	(2,089.05)	(Mar.' 13)	(7)	(12.50%-13.00%)
	28	12,013.77	Mar.' 13	8	13.50%-14.00%
	(28)	(9,202.38)	(Mar.' 13)	(9)	(12.00%-13.75%)
	26	7,702.98	Dec.' 13	8	13.45%-13.90%
	-	-	-	-	-
	28	850.00	Dec.' 14	10	13.50%
	-	-	-	-	-
Indian rupee loan (Quarterly installments)****	16	7500.00	Sept.' 12	5	14.25%
	-	-	-	-	-
Total (A)		**52,530.61** **(34,766.16)**			

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

Term loans from banks and financial institutions (Contd.)

Particulars	Repayment terms				
	Outstanding including current maturities		Starting Month	Period of Maturity with respect to 31st March, 2012 (in Years)	Rate of interest
	No. of Installments	(₹ in lacs)			
Foreign currency loan (Half yearly installments)**	8 (8)	8,660.08 (6,990.00)	Dec.' 12 (Dec.' 12)	5 6	8.80% (After considering the hedge effect)
Total (B)		**8,660.08** **(6,990.00)**			
Finance lease obligation (Monthly installments)***					
From banks	3-32 (1-33)	69.07 (61.64)	Apr.' 12 (Apr.' 11)	3 (3)	7.99%-12.79% (7.99%-12.79%)
From body corporate	12-26 (5-36)	58.67 (44.34)	Apr.' 12 (Apr.' 11)	3 (3)	10.45%-11.50% (10.45%-11.50%)
Total (C)		**127.74** **(105.98)**			
Deferred Payments Credits (unsecured) (Annual installments)					
From Bodies Corporate	- -	- (1,257.85)	(Apr.' 12)	(1)	Interest free
From Related Parties	- -	- (2,756.38)	(Apr.' 12)	(1)	Interest free
Total (D)		**-** **(4,014.23)**			
Unsecured (Annual installments)					
Inter Corporate Deposits from Bodies Corporate	- -	695.00 (1,025.58)	Apr.' 13 (Apr.' 12)	1 (1)	10.00% - 16.50% (12.00%)
Loans & Advances from Related Parties	- -	25.00 (74.56)	Apr.' 13 (Apr.' 12)	1 (1)	12.00% (12.00%)
Loans & Advances from JV Partner	- -	- (0.90)	(Apr.' 11)	(1)	Interest free
Total (E)		**720.00** **(1,101.04)**			
Grand Total [A+B+C+D+E]		**62,038.43** **(46,977.41)**			

Note:- Figures in brackets pertains to the previous year.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

Nature of security:

* Rupee Term 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 Puranmal Agrawal (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

** 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 Puranmal Agrawal (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

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

**** The Bank has exclusive charge on entire current assets of the borrower i.e. AA ESS Tradelinks Private Limited, 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 and the corporate guarantee of the Company. The term loans are further secured by the personal guarantees of Puranmal Agrawal (the Chairman), Suresh Kumar Agrawal, Saket Agrawal and Manish Agrawal (Directors of the Company).

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 7. COMPONENTS OF DEFERRED TAX LIABILITY/ (ASSETS)		
In respect of the Company		
Timing difference in depreciable assets	4,143.51	3,581.50
Expenses allowable in future	(335.50)	(244.16)
Deferred tax liability (Net)	**3,808.01**	**3,337.34**
In respect of the components		
Timing difference in depreciable assets	0.04	0.04
Expenses allowable in future	0.14	0.13
Deferred tax assets (Net)	**0.18**	**0.17**

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 8. PROVISIONS				
Provision for employee benefits				
Provision for gratuity (Refer note no. 30)	84.81	70.08	1.00	10.74
Provision for leave benefits	74.17	61.81	1.07	1.35
	158.98	**131.89**	**2.07**	**12.09**
Other provisions				
Proposed equity dividend	-	-	140.48	290.50
Provision for tax on proposed equity dividend	-	-	23.57	48.25
Proposed preference dividend	-	-	46.54	10.85
Provision for tax on proposed preference dividend	-	-	7.62	1.80
Provision for Taxation (net of advance tax of ₹1,205.03 lacs (₹1,549.94 lacs)	-	-	405.81	724.01
	158.98	**131.89**	**626.09**	**1,087.50**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 9. SHORT-TERM BORROWINGS		
Secured		
Rupee Loan from Banks		
Cash Credit Facility	24,446.30	16,672.68
Cash Credit Facility from non consortium banks	2,620.09	-
Short term Loan	-	5,000.00
Foreign Currency Loans from Banks	5,082.71	506.65
Unsecured		
From Body Corporates		
Working Capital loan	2,900.00	-
Loans and Advances from JV partner	0.46	-
Inter Corporate Deposits	1,045.42	1,393.33
	36,094.98	**23,572.66**
The above amount includes		
Secured borrowings	32,149.10	22,179.33
Unsecured borrowings	3,945.88	1,393.33

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 (the Chairman), Suresh Kumar Agrawal (the Managing Director), Saket Agrawal and Manish Agrawal (Directors of the Company).

Working Capital loan from Body Corporates is secured by personal guarantees of Puranmal Agrawal (the Chairman) and Suresh Kumar Agrawal (Director of the Company) and Subservient charge on all moveable assets including stock and debtor.

(₹ in lacs)

	Current	
	As at 31st March, 2012	As at 31st March, 2011
NOTE 10. TRADE PAYABLES		
Trade payables (including acceptances) (Refer note no. 40)	5,247.54	2,702.33
	5,247.54	**2,702.33**

(₹ in lacs)

	Non Current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTE 11. OTHER LIABILITIES				
Advance from customers	-	-	3,288.15	554.26
Forward contract Premium Payable	-	-	99.85	-
Security Deposit	297.29	0.01	153.23	272.34
"Current maturities of long-term borrowings (Refer note no. 6) "	-	-	9,014.68	2,827.13
Interest accrued but not due on borrowings	-	-	114.18	71.93
Other Payables on capital purchases	-	-	5,061.98	2,658.59
Share Application money pending refund	-	-	53.00	-
Others	-	-	618.52	451.33
	297.29	**0.01**	**18,403.59**	**6,835.58**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 12A. TANGIBLE ASSETS

(₹ in lacs)

Description	Gross Block (at cost)					Depreciation				Net Block
	As at 1st April, 2010	Additions *	Deletions	Borrowing Cost **	As at 31st 31st March, 2011	As at 1st April, 2010	For the year	Less : On Deletions	As at 31st 31st March, 2011	As at 31st 31st March, 2011
Freehold Land	834.736	131.83	-	-	966.59 (a)	-	-	-	-	966.59
Factory Building	3,353.10	2,458.42	-	209.02	6,020.54	311.86	145.85	-	457.71	5,562.83
Other Building	143.13	992.78	-	-	1,135.91	10.37	6.17	-	16.54	1,119.37
Plant and Machinery	24,435.53	20,933.47	-	1,451.93	46,820.93	3,147.34	1,730.62	-	4,877.96	41,942.97
Vehicles	427.91	129.10	-	-	557.01 (b)	148.56	46.59	-	195.25	361.76
Office Equipment	5.53	12.03	0.04	-	17.52	0.38	0.94	0.01	1.31	16.21
Furniture and Fixture	61.44	16.47	0.21	-	77.70	15.31	3.03	0.04	18.30	59.40
Total	**29,261.40**	**24,674.10**	**0.25**	**1,660.95**	**55,596.20**	**3,633.92**	**1,933.20**	**0.05**	**5,567.07**	**50,029.13**

(₹ in lacs)

Description	Gross Block (at cost)						Depreciation					Net Block
	As at 1st April, 2011	Additions pursuant to acquisition	Additions *	Deletions	Borrowing Cost **	As at 31st March, 2012	As at 1st April, 2011	Additions pursuant to acquisition	For the year	Less : On Deletions	As at 31st March, 2012	As at 31st March, 2012
Freehold Land	966.59	-	18.83	-	-	985.42 (a)	-	-	-	-	-	985.42
Factory Building	6,020.54	-	454.60	-	32.86	6,508.00	457.71	-	203.79	-	661.50	5,846.50
Other Building	1,135.91	-	18.00	-	1.38	1,155.29	16.54	-	19.12	-	35.66	1,119.63
Plant and Machinery	46,820.93	-	1,821.00	16.09	130.11	48,755.95	4,877.96	-	2,616.08	1.19	7,492.85	41,263.10
Vehicles	557.01	0.40	54.19	0.67	-	610.93 (b)	195.25	0.31	57.04	0.23	252.37	358.56
Office Equipment	17.52	-	2.48	-	-	20.00	1.31	-	1.20	-	2.51	17.49
Furniture and Fixture	77.70	-	0.52	-	-	78.22	18.30	-	11.67	-	29.97	48.25
Total	**55,596.20**	**0.40**	**2,369.62**	**16.76**	**164.35**	**58,113.81**	**5,567.07**	**0.31**	**2,908.90**	**1.42**	**8,474.86**	**49,638.95**

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

b) Vehicles includes cars taken of finance lease :

(₹ in lacs)

Gross Block	As at 31st March, 2012	As at 31st March, 2011
Original Cost	610.93	557.01
Depreciation charge	57.04	46.59
Accumulated Depreciation	252.37	195.25
Net Book Value	**358.56**	**361.76**

* Includes ₹ 2,196.12 lacs (₹ 24,399.35 lacs) capitalised from Capital Work in progress (CWIP)

** Represents the amount of borrowing cost transferred from CWIP

12 B. INTANGIBLE ASSETS

(₹ 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
Total	**-**	**310.74**	**-**	**-**	**310.74**	**-**	**-**	**-**	**-**	**310.74**

* Represents the excess of consideration paid over the book value of net assets of AA ESS Tradelinks Private Limited, which has become a subsidiary of the Company during the year.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTE 13. CAPITAL WORK IN PROGRESS		
Buildings **	7,444.31	6,960.72
Plant and Machinery	37,755.33	39,699.04
Capital Goods in Stock	565.26	1,331.09
[including in transit ₹ 30.65 lacs (₹ 1,098.67 lacs)]		
Less: Capitalised during the year	2,134.55	21,703.56
	43,630.35	**26,287.29**
Preoperative and Trial Run expenses (Pending Allocation)	9,163.52	3,097.66
	52,793.87	**29,384.95**
Details of Pre-Operative and Trial run expenses (Pending Allocation)		
Opening Balance Brought Forward	3,097.66	2,323.85
Raw Materials Consumed	1,647.60	1,481.82
Finished Goods Consumed (Refer note no. 24)	-	170.19
Personnel Cost		
Salary, Wages and Bonus	276.79	309.04
Contribution to Provident and Other Funds	11.62	3.79
Staff Welfare	5.35	10.12
Administrative and Other Indirect Overheads		
Stores and Spares Consumed	10.01	7.51
Power and Fuel	465.98	73.13
Repairs and Maintenance		
- Plant and Machinery	41.38	108.75
- Others	1.66	7.61
Material Handling Charges	23.43	16.28
Travelling and Conveyance	13.76	32.20
Vehicle Running and Maintenance Expense	62.73	33.51
Insurance Charges	-	3.12
Printing and Stationary	0.05	6.13
Postage and Communication	1.95	2.11
Legal and Professional Charges	122.19	113.63
Rent and Hire Charges	254.24	261.55
Rates and Taxes	1.94	23.38
Miscellaneous Expenses	20.66	17.75
Borrowing Cost		
Interest on term loans	5,228.63	3,823.35
Finance Charges	316.03	348.49
	11,603.66	9,177.31
Less:		
Material Transferred for Captive Consumption (Refer note no. 22)	1,560.77	1,113.82
"Generation cost of Power consumed in Production (Refer note no. 26)"	653.45	422.01
Closing Stock of Finished Goods transferred to (Increase)/ Decrease in Inventories (Refer note no 24)	-	187.08
Capitalised during the year	225.92	4,356.74
Total	**9,163.52**	**3,097.66**

** Includes ₹ 285.98 lacs (₹ 531.56 lacs) transferred from (Increase)/Decrease in Inventories refer note no. 24

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

	Number of Shares as at 31st March 2012	Number of Shares as at 31st March 2011	Face Value per share (₹)	As at 31st March, 2012 (₹ in lacs)	As at 31st March, 2011 (₹ in lacs)
NOTES 14. NON CURRENT INVESTMENTS					
Long Term Investments in					
Equity Shares fully paid up (at Cost)					
Trade Investments - Unquoted					
Investments in Equity Instruments					
MSP Metallics Limited	1,441,000	420,000	10	1,408.60	402.00
MSP Properties (I) Limited	97,500	7,500	10	9.75	0.75
MSP Sponge Iron Limited	584,250	313,000	10	147.70	49.50
MSP Cement Limited	- *	8,000	10	-	0.80
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
Adhunik Gases Limited	20,000	-	10	4.50	-
Larigo Investment Private Limited	79,500	-	10	8.95	-
Ram Rajya Lefin Private Limited	16,200	-	10	13.38	-
MSP Infotech Private Limited	264,000	-	10	8.50	-
Mod Commodeal Private Limited	5,000	-	10	5.00	-
Raj Securities Limited	250,000	-	10	5.00	-
Metalite Fuel Industries Limited	129,500	-	10	2.59	-
Ravi Business Services Private Limited	16,650	-	10	1.67	-
B.S.Confin Private Limited	13,560	-	10	22.20	-
Hightime Holding Private Limited	134,600	-	10	13.46	-
Kamyabi Vanijya Private Limited	361,000	-	10	12.80	-
Nairit Tieup Private Limited	101,000	-	10	5.05	-
Nivedan Vyapaar Private Limited	195,000	-	10	9.75	-
Mohit Vyapaar Private Limited	600,000	-	10	3,000.00	-
SK Fintex Private Limited	12,600	-	10	63.00	-
				4,792.70	**503.85**
Non Trade Investments - Quoted					
Investments in Equity Instruments					
Howrah Gases Limited	111,263	93,700	10	20.17	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
Arihante Enterprises Limited	7,100	-	10	0.89	-
Bakra Pratishtan Limited	3,000	-	10	0.36	-
Ginni Filaments Limited	2,000	-	10	0.70	-
Reliance Power Limited	500	-	10	0.40	-
				25.85	19.24
Total				**4,818.55**	**523.09**

* Wholly owned subsidiary of the Company w.e.f. August 31, 2011

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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

(₹ in lacs)

	As at 31st March, 2012		As at 31st March, 2011	
	Cost	Market Value	Cost	Market Value
-Quoted	25.85	32.97	19.24	28.65
-Unquoted	4,792.70	NA	503.85	NA
Total	**4,818.55**		**523.09**	

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTES 15. LOANS AND ADVANCES				
Loans to bodies Corporate	-	-	2,741.00	3,648.08
Unsecured, considered good				
(A)	**-**	**-**	**2,741.00**	**3,648.08**
Capital advances				
Unsecured, considered good	9,088.44	4,900.43	-	-
Dues from companies include enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	458.02	-	-	-
(B)	**9,546.46**	**4,900.43**	**-**	**-**
Security deposit				
Unsecured, considered good	111.25	109.03	201.24	1.08
(C)	111.25	109.03	201.24	1.08
Advances recoverable in cash or kind				
Secured considered good				
Unsecured considered good	-	-	4,903.71	3,992.62
Doubtful	19.40	19.40	-	-
	19.40	19.40	4,903.71	3,992.62
Provision for doubtful advances	19.40	19.40	-	-
(D)	**-**	**-**	**4,903.71**	**3,992.62**
Other loans and advances (Unsecured, considered good)				
MAT Credit Entitlement	2,350.96	1,915.88	-	-
Advance Income Tax (Net of Provision of ₹ 2,823.47 lacs (₹ 1,430.58 lacs))	-	-	50.53	27.28
Prepaid expenses	-	-	20.97	8.13
Loans and advances to employees	-	-	37.61	28.97
Balances with statutory/government authorities	-	-	1,605.70	1,739.36
(E)	**2,350.96**	**1,915.88**	**1,714.81**	**1,803.74**
Loans and advances to related parties				
Unsecured, considered good	-	-	582.18	216.00
(F)	**-**	**-**	**582.18**	**216.00**
Total (A+B+C+D+E+F)	**12,008.64**	**6,925.34**	**10,142.94**	**9,661.52**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Advances recoverable in cash or kind include				
Dues from officers	-	-	37.61	28.97
Loans and advances to related parties include				
Dues from companies include enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	-	-	582.18	216.00

During the current year, the Company has recognised MAT credit entitlement of ₹ 435.08 lacs (₹ 1,055.53 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, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTES 16. OTHER ASSETS				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Note no. 19)	53.41	70.07	-	-
(A)	**53.41**	**70.07**	**-**	**-**
Unamortised expenditure				
Unamortised preliminary expenses	0.05	0.11	1.48	0.05
Unamortised premium on forward contract	-	-	26.78	-
(B)	**0.05**	**0.11**	**28.26**	**0.05**
Others				
Interest accrued on Fixed Deposits and others	-	-	330.28	45.45
Share Application money receivable			3.38	-
Gain receivable on forward exchange contract	1,461.33	-	203.33	-
(C)	**1,461.33**	**-**	**536.99**	**45.45**
Total (A)+(B)+ (C)	**1,514.79**	**70.18**	**565.25**	**45.50**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
NOTES 17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw materials and components [includes in transit ₹ 720.50 lacs (31st March, 2011: ₹ 733.42 lacs)] (refer note 22)	12,201.83	5,224.60
Work-in-progress (refer note 24)	1,903.40	845.16
Finished goods (refer note 24)	4,053.60	3,918.70
Stores and spares [includes in transit ₹ 25.48 lacs (31st March, 2011: ₹ 96.31 lacs)]	1,394.94	906.08
By Products (at net realisable value) (refer note 24)	1,454.27	1,190.93
	21,008.04	**12,085.47**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTES 18. TRADE RECEIVABLES				
Unsecured, considered good unless otherwise stated (Outstanding for a period exceeding six months from the date they became due for payment)	-	-	349.35	411.02
Considered Doubtful	346.56	164.12	-	-
Less: Provision for doubtful receivables	(346.56)	(164.12)	-	-
(A)	**-**	**-**	**349.35**	**411.02**
Other receivables				
Unsecured, considered good	-	-	4,251.50	3,629.38
(B)	**-**	**-**	**4,251.50**	**3,629.38**
Total (A)+(B)	**-**	**-**	**4,600.85**	**4,040.40**
Trade receivables include:				
Dues from companies include enterprises over which Key Management Personnel / Shareholders/ Relatives have significant influence	-	-	132.91	649.77

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
NOTES 19. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balance with banks:				
On current accounts	-	-	391.00	361.20
Fixed Deposits with original maturity of less than three months*	-	-	2.05	46.80
Cheques / drafts on hand	-	-	-	369.77
Cash on hand	-	-	115.26	105.73
	-	**-**	**508.31**	**883.50**
Other bank balances				
Fixed Deposits with original maturity for more than 12 months*	53.41	70.07	32.85	83.39
Fixed Deposits with original maturity for more than 3 months but less than 12 months*	-	-	266.78	77.06
	53.41	**70.07**	**299.63**	**160.45**
Amount disclosed under non-current assets (note 16)	(53.41)	(70.07)		
	-	**-**	**807.94**	**1,043.95**

* Fixed deposits with a carrying amount of ₹ 353.04 lacs (₹ 241.78 lacs) are used towards security given against the Group's Letter of Credits (LC's) and Guarantees issued by the banks on behalf of the Group.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011- 2012	2010- 2011
NOTES 20. REVENUE FROM OPERATIONS		
Revenue from operations		
Sales		
Finished goods	66,546.41	45,548.14
Power	1,203.86	1,534.39
Traded goods	6,126.29	3,718.09
Other operating revenue		
Scrap sales and By products	496.21	522.15
Sale of Raw Materials	88.70	409.10
Sale of Carbon Credits	301.99	-
Export Incentives	201.08	57.63
Other	226.13	185.94
Revenue from operations (gross)	**75,190.67**	**51,975.44**

(₹ in lacs)

	2011- 2012	2010- 2011
DETAILS OF PRODUCT SOLD AND FINISHED GOODS SOLD		
Pellet	812.03	316.72
Sponge Iron	13,573.94	12,044.19
MS Billets	5,910.80	2,912.00
TMT Bar	27,825.58	14,943.08
Structural Steel	18,424.06	15,332.15
	66,546.41	**45,548.14**
Traded goods sold		
GI Wire	-	1,278.92
MS Wire	1,178.63	-
MS Plate	-	1,832.71
Steel Flat	258.08	61.83
TMT Bar	-	106.84
Steel Round	2,208.29	437.79
M.S.Angle	356.56	-
M.S.Channel	80.97	-
M.S.Round	1,386.39	-
Coal	363.03	-
Industrial Oxygen Gas	12.83	-
Iron Ore	281.51	-
	6,126.29	**3,718.09**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011- 2012	2010- 2011
NOTES 21. OTHER INCOME		
Interest income on		
Loans, Fixed Deposits, etc	522.82	383.82
Dividend Income on		
Current investments	9.56	2.27
Long-term investments	0.25	-
Gain on transactions in Commodity Exchange	-	3,025.00
Other Non-Operating Income	1.20	1.20
	533.83	**3,412.29**

(₹ in lacs)

	2011- 2012	2010- 2011
NOTES 22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	5,224.60	3,433.90
Add : Purchases	49,786.19	33,447.88
[Includes materials transferred from trial run production ₹ 1,560.77 lacs (₹ 1,113.82 lacs)] refer note no. 13		
Less : Inventory at the end of the year	12,201.83	5,224.60
Cost of raw material and components consumed	**42,808.96**	**31,657.18**
Details of raw material and components consumed		
Coal and Coke (including fines) *	16,368.26	10,087.11
Iron Ore (including fines)	11,226.51	8,288.11
Dolomite/Limestone	123.49	58.29
Silico Manganese	1,054.54	734.38
Sponge/Pig Iron/Scrap	8,534.70	6,653.45
MS Billets/Ingots	1,185.75	4,995.46
Iron Ore Pellets	4,253.65	767.59
Others	62.06	72.79
	42,808.96	**31,657.18**
* Includes consumption relating to power plant		
Details of Inventory		
Raw materials and components		
Coal and Coke	5,143.13	2,147.24
Iron Ore (including fines)	6,908.73	2,891.95
Dolomite/Limestone	89.31	20.11
Sponge/Pig Iron	60.66	165.30
	12,201.83	**5,224.60**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
NOTES 23. DETAILS OF PURCHASE OF TRADED GOODS		
GI Wire	-	1,199.12
MS Wire	1,106.02	-
MS Plate	-	1,714.77
Steel Flat	250.05	57.96
TMT	-	100.11
Steel Round	2,113.57	419.37
M.S.Angle	333.66	-
M.S.Channel	75.97	-
M.S.Round	1,288.91	-
Coal	355.95	-
Industrial Oxygen Gas	7.95	-
Iron Ore	272.31	-
	5,804.39	**3,491.33**

(₹ in lacs)

	2011-12	2010-11
NOTES 24. (INCREASE) IN INVENTORIES INVENTORIES AT THE END OF THE YEAR		
By-Products	1,454.27	1,190.93
Work-in-progress	1,903.40	845.16
Finished goods	4,053.60	3,918.70
	7,411.27	**5,954.79**
Transfer from Trial Run - Finished Goods [refer note no. 13]	-	170.19
Transfer to Stores and Spares Consumed [refer note no. 26]	58.60	-
Transfer to CWIP - Finished Goods [refer note no. 13]	285.98	531.56
	344.58	**701.75**
Inventories at the beginning of the year		
By-Products	1,190.93	806.36
Work-in-progress	845.16	226.79
Finished goods	3,918.94	1,600.74
	5,955.03	**2,633.89**
Finished Goods transferred from Trial Production [refer note no. 13]	-	187.08
(Increase) in inventories		
By-Products	(263.34)	(384.57)
Work-in-progress	(1,058.24)	(618.37)
Finished goods	(479.24)	(2,832.63)
(Increase) in inventories	**(1,800.82)**	**(3,835.57)**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
DETAILS OF INVENTORIES		
By-Products		
Coal Fines	1,454.27	1,190.93
	1,454.27	**1,190.93**
Work-in-progress		
Iron Ore Pellet	1,369.74	343.18
Sponge Iron	293.84	276.46
M.S. Billets	239.82	225.52
	1,903.40	**845.16**
Finished goods		
Iron Ore Pellet	344.22	78.28
Sponge Iron	877.22	568.40
M.S. Billets	325.85	1,069.29
TMT Bar	748.41	533.08
Structural Steel	1,757.63	1,669.65
Industrial Oxygen Gas	0.27	-
	4,053.60	**3,918.70**

(₹ in lacs)

	2011-12	2010-11
NOTES 25. EMPLOYEE BENEFITS EXPENSES		(₹ in lacs)
Salaries, wages and bonus	1,695.81	1,349.13
Contribution to provident and other fund	69.07	57.18
Gratuity expense (Refer note no. 30)	39.99	81.13
Staff welfare expenses	38.95	46.28
	1,843.82	**1,533.72**

(₹ in lacs)

	2011-12	2010-11
NOTES 26. OTHER EXPENSES		
Consumption of stores and spares	3,307.69	2,504.18
[Includes ₹ 58.60 lacs (₹ Nil) transferred from note no. 24]		
(Increase) of excise duty on inventory	145.01	207.46
Power and fuel	1,872.76	1,913.72
[Includes ₹ 653.45 lacs (₹ 422.01 lacs) transferred from note no. 13]		
Rent	46.71	35.09
Rates and taxes	86.78	67.49
Insurance	22.19	36.36

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
NOTES 26. OTHER EXPENSES (Contd.)		
Repairs and maintenance		
Plant and machinery	224.59	243.06
Buildings	7.28	8.19
Others	43.27	56.13
Material Handling Charges	588.19	406.68
Vehicle Running Expense	241.25	212.49
Cash Discount	157.93	159.27
Advertising and Sales Promotion	113.32	108.61
Freight Outward [net of recoveries ₹ 437.43 lacs (₹ 55.68 lacs)]	1,022.21	625.75
Sales commission	228.34	123.29
Legal and professional fees	165.80	75.02
Charity and Donations	33.20	16.25
Payment to Auditors (Refer details below)	20.79	13.96
Exchange differences (net)	60.95	90.86
Premium on forward contract amortised	211.82	35.81
Bad debts/ advances written off	52.73	46.72
Provision for doubtful debts and advances	182.44	49.80
Loss on Disposal/discard of Fixed Assets (net)	6.25	0.06
Miscellaneous expenses	530.44	455.84
Preliminary Expenses	0.33	0.05
Total	**9,372.27**	**7,492.14**

(₹ in lacs)

	2011-12	2010-11
PAYMENT TO AUDITORS		
As Auditors:		
Audit fee	9.00	8.02
Limited review	7.50	4.50
Other services (certification fees)	2.50	-
Reimbursement of expenses	1.79	1.44
	20.79	**13.96**

(₹ in lacs)

	2011-12	2010-11
NOTES 27. FINANCE COSTS		
Interest Expenses	5,650.94	2,200.25
Other finance charges	199.13	146.38
Exchange difference to the extent considered as an adjustment to borrowing costs	9.06	3.92
	5,859.13	**2,350.55**

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

	2011-12	2010-11
NOTES 28. PRIOR PERIOD EXPENSES		
Miscellaneous Expenses (Net)	6.68	15.72
	6.68	**15.72**

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

(₹ in lacs)

	2011-12	2010-11
NOTES 29. EARNINGS PER SHARE (EPS)		
Profit after tax	2,606.22	5,018.10
Less : Dividends on non cumulative redeemable preference shares and tax thereon	54.16	12.65
Net profit for calculation of Basic and Diluted EPS	**2,552.06**	**5,005.45**
	Nos.	**Nos.**
Weighed average number of equity shares in calculating Basic EPS (after eliminating the shares held within the group) Effect of dilution :	56,703,883	58,100,000
Share Application Money Pending Allotment	1,790,264	-
Weighted average number of equity shares in calculating diluted EPS (after eliminating the shares held within the group)	**58,494,147**	**58,100,000**
Earnings Per share		
Basic (₹)	**4.50**	**8.62**
Diluted (₹)	**4.36**	**8.62**

NOTES 30. 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 profit and loss account/ pre-operative and trial run expenses (pending allocation) for respective years are as follows: –

(₹ in lacs)

Particulars	**Gratuity**	
	2011-12	2010-11
Current service cost	60.26	40.51
Interest cost	12.06	4.98
Expected return on plan assets	(6.77)	(3.80)
Past Service Cost	-	-
Net actuarial losses/(gains)	(25.56)	39.44
Net benefit expense	**39.99**	**81.13**
Actual return on plan assets	6.77	3.80

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	191.14	144.38
Fair value of plan assets	105.33	63.56
Net liability	**85.81**	**80.82**

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Opening defined benefit obligation	144.38	61.30
Interest cost	12.06	4.98
Current service cost	60.26	40.51
Benefit paid	-	(1.85)
Actuarial losses/(gains)	(25.56)	39.44
Plan Amendments	-	-
Closing defined benefit obligation	**191.14**	**144.38**

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Opening fair value of plan assets	63.56	32.36
Expected return on plan assets*	6.77	3.80
Contribution by the Company	35.00	29.25
Benefits paid	-	(1.85)
Actuarial gains / (loss)	-	-
Closing fair value of plan assets	**105.33**	**63.56**

* Determined based on government bond rate.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2012	As at 31st March, 2011
Debt Funds	105.33	63.56
Total	**105.33**	**63.56**

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

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Discount rate (%)	8.75	8.35
Return on Plan Assets (Gratuity Scheme) (%)	8.75	8.25
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)

Particulars	Gratuity				
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined benefit obligation	191.14	144.38	61.30	24.87	12.06
Fair value of plan assets	105.33	63.56	32.36	12.09	-
Deficit	85.81	80.82	28.94	12.78	12.06
Experience adjustments on plan liabilities – (gains)/ losses	(25.56)	39.44	(3.64)	(0.07)	-
Experience adjustments on plan assets	Nil	Nil	(1.62)	Nil	N.A.

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 Company expects to contribute ₹ 177.60 lacs (₹ 148.00 lacs) to gratuity fund in the year 2012-13.

The amount provided for defined contribution plan are as follows:

(₹ in lacs)

Particulars	2011-12	2010-11
Provident Fund [Includes transferred to Preoperative and Trial Run expenses (Pending Allocation) ₹ 11.62 lacs (₹ 3.79 lacs)] refer note no. 13	80.69	60.97

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

NOTES 31. RELATED PARTY DISCLOSURES

Jointly Controlled Entity	:	Madanpur South Coal Company Limited
Key Management Personnel and their Relatives	:	Puranmal Agrawal – Chairman Suresh Kumar Agrawal – Managing Director Manish Agrawal – (son of Chairman) Saket Agrawal – (son of Managing Director) Kiran Agrawal – (wife of Chairman) Nisha Agrawal – (wife of Managing Director) Ekta Agrawal – (wife of Saket Agrawal) Richa Agrawal – (wife of Manish Agrawal) Kisturi Devi Agrawal – (mother of Managing Director)
Related parties with whom transactions have taken place :-		
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 Emerald Tradelink Private Limited Ginny Traders Private Limited High Time Holding Private Limited Howrah Gases Limited Larigo Investment Private Limited MSP Infotech Private Limited MSP Metallics Limited MSP Mines and Minerals Private Limited MSP Power Limited MSP Properties (India) Limited* MSP Sponge Iron Limited Raj Securities Limited Rajnath Vyapaar Private Limited Rama Alloys Private Limited Shree Khathupati Mercantiles Private Limited

*MSP Properties (India) Limited has been converted from Private to Public with effect from March 19, 2012.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
Sales				
MSP Sponge Iron Limited			259.92 (543.22)	259.92 (543.22)
MSP Metallics Limited			762.41 (534.04)	762.41 (534.04)
Chaman Metallics Limited			281.51 (150.31)	281.51 (150.31)
MSP Properties (India) Limited			49.20 (22.46)	49.20 (22.46)
Purchase of Raw Material & Components Consumed				
MSP Sponge Iron Limited			1,946.83 (2,556.99)	1,946.83 (2,556.99)
MSP Metallics Limited			8,917.91 (9,029.41)	8,917.91 (9,029.41)
Chaman Metallics Limited			- (46.11)	- (46.11)
Howrah Gases Limited			938.87 -	938.87 -
Rama Alloys Private Limited			5.08 -	5.08 -
Purchase of Services				
MSP Mines and Minerals Private Limited			33.09 -	33.09 -
Managerial Remuneration				
Puranmal Agrawal		36.00 (36.00)		36.00 (36.00)
Suresh Kumar Agrawal		30.00 (30.00)		30.00 (30.00)
Legal and Professional Charges Paid				
MSP Mines and Minerals Private Limited			18.20 (11.64)	18.20 (11.64)
Expenses Reimbursed				
Chaman Metallics Limited			0.03 -	0.03 -

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
MSP Infotech Private Limited			1.14 -	1.14 -
MSP Metallics Limited			112.66 -	112.66 -
MSP Mines and Minerals Private Limited			6.38 -	6.38 -
MSP Sponge Iron Limited			19.39 -	19.39 -
Rent Paid				
Larigo Investment Private Limited			0.18 (0.18)	0.18 (0.18)
MSP Infotech Private Limited			6.00 (3.60)	6.00 (3.60)
Shree Khathupati Mercantiles Private Limited			3.60 (3.49)	3.60 (3.49)
Kisturi Devi Agrawal		0.48 (0.48)		0.48 (0.48)
Nisha Agrawal		0.36 (0.36)		0.36 (0.36)
Kiran Agrawal		0.36 (0.36)		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 Agrawal		3.00 -		3.00 -
Richa Agrawal		3.00 -		3.00 -
Other Income				
MSP Metallics Limited			1.36 -	1.36 -
Share application money received				
Adhunik Gases Limited			666.00 -	666.00 -

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
B.S.Confin Private Limited			750.00 -	750.00 -
High Time Holding Private Limited			915.00 -	915.00 -
Raj Securities Limited			250.00 -	250.00 -
Larigo Investment Private Limited			650.00 -	650.00 -
Loans and Advances given				
Chaman Metallics Limited			60.65 (245.00)	60.65 (245.00)
MSP Metallics Limited			- (4,585.00)	- (4,585.00)
MSP Sponge Iron Limited			257.77 (7,850.00)	257.77 (7,850.00)
Manish Agarwal		0.16 -		0.16 -
Guarantees Obtained				
Puranmal Agrawal		172.47 (130.00)		172.47 (130.00)
Suresh Kumar Agrawal		135.00 (111.00)		135.00 (111.00)
Manish Agrawal		192.77 (140.00)		192.77 (140.00)
Saket Agrawal		167.36 (131.00)		167.36 (131.00)
Interest expense				
High Time Holding Private Limited			- (2.51)	- (2.51)
B.S. Confin Private Limited			- (1.90)	- (1.90)
MSP Infotech Private Limited			5.87 (6.00)	5.87 (6.00)
MSP Properties (India) Limited			3.00 (3.00)	3.00 (3.00)

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
Ginny Traders Private Limited			- (2.84)	- (2.84)
Emerald Tradelink Private Limited			- (2.46)	- (2.46)
Rajnath Vyapaar Private Limited			- (3.79)	- (3.79)
Raj Securities Limited			- (3.46)	- (3.46)
Danta Vyappar Kendra Limited			- (12.51)	- (12.51)
Interest received on loans, fixed deposits etc				
Chaman Metallics Limited			1.00 (4.98)	1.00 (4.98)
MSP Metallics Limited			- (47.86)	- (47.86)
MSP Sponge Iron Limited			11.99 (71.75)	11.99 (71.75)
Manish Agrawal		0.16 (-)		0.16 (-)
Capital Advances(Closing Balance)				
MSP Sponge Iron Limited			458.02 -	458.02 -
Loans & Advances (Closing Balance)				
Puranmal Agrawal		0.03 -		0.03 -
Suresh Kumar Agrawal		0.20 -		0.20 -
Manish Agarwal		2.37 -		2.37 -
Chaman Metallics Limited			- (182.49)	- (182.49)
Madanpur South Coal Company Limited	1.10 (2.00)			1.10 (2.00)
MSP Metallics Limited			174.57 -	174.57 -

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
MSP Mines and Minerals Private Limited			15.24 (25.87)	15.24 (25.87)
MSP Power Limited			3.20 (3.20)	3.20 (3.20)
MSP Sponge Iron Limited			279.89 (1.21)	279.89 (1.21)
MSP Infotech Private Limited			- (0.03)	- (0.03)
Howrah Gases Limited			105.57 -	105.57 -
Trade Receivables (Closing Balance)				
MSP Properties (India) Limited			24.20 (12.15)	24.20 (12.15)
MSP Sponge Iron Limited			108.71 (196.09)	108.71 (196.09)
Chaman Metallics Limited			- (153.94)	(153.94)
MSP Metallics Limited			- (287.59)	(287.59)
Trade payable (Closing Balance)				
MSP Infotech Private Limited			4.05 -	4.05 -
MSP Sponge Iron Limited			123.79 -	123.79 -
Shree Khathupati Mercantiles Private Limited			2.43 (4.56)	2.43 (4.56)
Puranmal Agrawal		- (2.27)		- (2.27)
Suresh Kumar Agrawal		- (1.90)		- (1.90)
Share application money pending allotment (Closing Balance)				
Adhunik Gases Limited			666.00 -	666.00 -

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence	Total
B.S Confin Private Limited			750.00 -	750.00 -
High Time Holding Private Limited			915.00 -	915.00 -
Larigo Investment Private Limited			600.00 -	600.00 -
Raj Securities Limited			250.00 -	250.00 -
Advance from customers (Closing Balance)				
MSP Metallics Limited			3,021.21 -	3,021.21 -
Share Application money pending refund				
Larigo Investment Private Limited			50.00 -	50.00 -
Deferred Payment Credits (Closing Balance)				
MSP Sponge Iron Limited			- (27.79)	- (27.79)
MSP Metallics Limited			- (2,729.09)	- (2,729.09)
Loans & Advances Taken (Closing Balance)				
MSP Properties (India) Limited			25.00 (25.00)	25.00 (25.00)
MSP Infotech Private Limited			- (49.56)	- (49.56)

NOTES 32. INTEREST IN JOINT VENTURE

The Company holds 14.90% interest in 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, 2012 are as follows: -

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
BALANCE SHEET		
Shareholders' Fund		
Reserve & Surplus	(0.32)	(0.29)
Non-Current Liabilities		
Long-Term Borrowings	0.89	0.89
Deferred Tax Liabilities (net)		
Long Term Provisions		
Other Liabilities		
Current Liabilities		
Short-Term Borrowings	0.46	-
Trade Payables	0.08	0.07
Other Current Liabilities	0.01	-
Short Term Provisions	-	-
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	37.81	38.35
Intangible Assets	-	-
Intangible Assets	-	-
Capital Work-In-Progress	44.77	96.61
Deferred tax assets (net)	0.18	0.17
Non Current Investments	-	-
Trade Receivables	-	-
Long-Term Loans and Advances	66.21	0.04
Other Non-Current Assets	0.05	0.11
Current Assets		
Inventories	-	-
Trade Receivables	-	-
Cash and Cash Equivalents	72.57	77.78
Short-Term Loans and Advances	1.60	1.52
Other Current Assets	3.97	0.22

(₹ in lacs)

	2011-12	2010-11
PROFIT AND LOSS ACCOUNT		
Income		
Other Income	0.17	0.14
Expenditure		
Manufacturing, Selling & Administrative Expenses	0.10	0.14
Depreciation	0.10	0.30

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

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

33. SEGMENT INFORMATION

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Group has identified business segment as its primary segment. During the year, the group is engaged in following business segments:

a) Iron & Steel – Consists of manufacturing and sale of iron and steel products

b) Others - Consists of business relating to coal mining, railway siding and cement manufacture and sale

Information about primary business segments

(₹ in lacs)

Particulars	Iron & Steel		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
(a) Revenues (net of excise duty and cess)						
External sales	69,632.92	47,932.88	12.83	-	69,645.75	47,932.88
Inter segment sales	-	-	-	-	-	-
Total Sales	69,632.92	47,932.88	12.83	-	**69,645.75**	**47,932.88**
(b) Results						
Segment Results	8,702.93	5,645.57	(1.38)	(0.41)	**8,701.55**	5,645.16
Less: Unallocated expenses (net of unallocated income)					-	-
Operating profit					8,701.55	5,645.16
Less: Interest and Finance Expenses					5,859.13	2,350.55
Add: Other income including finance income					533.83	3,412.29
Profit before tax					3,376.25	6,706.90
Tax Expenses					765.38	1,688.80
Profit after Tax but before Minority Interest					2,610.87	5,018.10
OTHER INFORMATION						
(a) Total assets						
Segment assets	139,594.09	111,866.38	14,550.33	-	154,144.42	111,866.38
Unallocated corporate / other assets					4,066.35	1,943.32
Total					**158,210.77**	**113,809.70**
(b) Total liabilities						
Segment liabilites	12,289.52	7,134.25	4,909.08	-	17,198.60	7,134.25
Unallocated corporate / other liabilities					102,461.41	74,683.34
Total					**119,660.01**	**81,817.59**
(c) Capital Expenditure *	25,114.11	33,930.02	805.38	7.91	**25,919.49**	**33,937.93**
(d) Depreciation	2,908.78	1,932.90	0.12	0.30	**2,908.90**	**1,933.20**
(e) Non cash expenses other than depreciation included in segment expenses for arriving at segment results						
Provision for doubtful debts/advances	182.44	49.80	-	-	**182.44**	**49.80**
Debts and irrevocable balances written off	52.73	46.72	-	-	**52.73**	**46.72**
Loss on Disposal/discard of Fixed Assets (net)	6.34	-	(0.09)	0.06	**6.25**	**0.06**

* includes goodwill on consolidation of ₹ 310.74 lacs (₹ Nil)

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

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)

Particulars	2011-12	2010-11
Geographical segment revenue		
Domestic (net of excise duty)*	61,382.01	45,772.69
Overseas	8,263.74	2,160.19
Total	**69,645.75**	**47,932.88**

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

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Geographical segment assets		
Domestic	158,144.35	113,499.21
Overseas	66.42	310.49
Total	**158,210.77**	**113,809.70**

NOTES 34. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

Particulars	Financial effect estimate	
	As at 31st March, 2012	As at 31st March, 2011
Excise Matters under dispute/ appeal		
Disputed disallowances of CENVAT credit and service tax	2,649.18	892.66
Removal of finished goods without payment of duty	148.02	56.19
Sale of iron ore & coal fines without payment of duty	326.48	310.60
Sale of electricity without payment of duty	211.74	131.90
Sub total	**3,335.42**	**1,391.35**
Sales Tax & VAT Matters under dispute/ appeal		
Non collection of 'C' forms	119.75	75.46
Disalloawnce of VAT credit	10.39	10.39
Sub total	**130.14**	**85.85**
Income Tax Matters under dispute/ appeal		
Disallowance of TDS & others	99.31	-
Claims against the Company not acknowledged as debt		
Unreconcilled differences with Vendor	-	60.67

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

In October 2010, search and seizure operations were conducted by the Income Tax authorities under Section 132 of the Income Tax Act, at various locations of the Company. During the course of the search and seizure operations, the income tax authorities have taken custody of certain materials such as documents, records, and recorded statements of certain officials of Company. The Company does not expect any liability arising out of the aforesaid search and seizure.

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ in lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTES 35. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 9,546.46 lacs (₹ 4,900.43 lacs))	955.07	10,242.90
Export obligation under EPCG scheme with respect to custom duty savings of ₹ 1,389.13 lacs (₹ 2,113.51) on import of equipments.	11,113.04	16,964.73

NOTES 36. DERIVATIVE INTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Derivative contracts outstanding as at the Balance sheet date:-

Particulars	Purpose
Forward contract to buy US $	Hedge of foreign currency loan
US$ 8,000,000 (31st March, 2011: US$Nil) (₹ 4,092.52 lacs (31st March, 2011 : ₹ Nil))	
Forward contract to buy Singapore Dollar (SGD)	Hedge of foreign currency
SGD 21,000,000 (31st March, 2011: SGD 21,000,000) (₹ 8,660.08 lacs (31st March, 2011 : ₹ 6990.00 lacs))	
"Interest rate swaps on SGD loan of SGD 21,000,000 (31st March, 2011: SGD 21,000,000) (₹ 8,660.08 lacs (31st March, 2011 : ₹ 6990.00 lacs))"	Hedge against exposure to variable interest outflow on loans.Swap to pay fixed interest @ 8.80% p.a. and receive a variable interest @ SGD 3m Swap Offer Rate (SOR) plus spread of 2.05% on the notional amount

Particulars of unhedgesd foreign currrency exposure as at the Balance sheet date

Particulars	Amount
Trade payables (including acceptances)	US $ 1,438,700 (31st March, 2011: US $ 103,023) ₹ 736.04 lacs (31st March, 2011: ₹ 46 lacs)
Foreign Currency Loans From Banks	US $ 1,935,600 (31st March, 2011: US $ 1,134,705) ₹ 990.19 lacs (31st March, 2011: ₹ 506.65 lacs)
Interest accrued but not due on borrowings	"US $ 15,357 (31st March, 2011: Nil) ₹ 7.86 lacs (31st March, 2011: Nil)"

NOTES 37. OPERATING LEASE COMPANY AS LESSEE

The Company has entered into commercial leases on certain office spaces. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non- cancellable operating leases are as follows :

Particulars	As at 31st March, 2012	As at 31st March, 2011
Within one year	43.61	46.62

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

NOTES 38. DISCLOSURE IN TERMS OF CLAUSE 32 OF THE LISTING AGREEMENT:- (LOAN AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED)

(₹ in lacs)

Name of the Company	Relation	Category	As at 31st March, 2012	As at 31st March, 2011	Maximum Amount outstanding during the year	
					2011-12	2010-11
MSP Metallics Limited	Company in which Directors are interested	Repayable on demand	-	-	-	4500.00
Chaman Metallics Limited	Company in which Directors are interested	Repayable on demand	-	182.49	107.49	182.49
MSP Power Limited	Company in which Directors are interested	Repayable on demand	3.2	3.2	3.2	3.2

NOTES 39.

The Company has during the year made purchases of ₹ 51.29 lacs from and sales of ₹ 48.69 lacs to certain parties falling within the purview of Section 297 of the Companies Act, 1956 for which, the Company is in the process of obtaining the required approval from the Central Government.

NOTES 40.

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.

NOTES 41. THE EFFECT OF ACQUISITION OF STAKES IN SUBSIDIARY COMPANIES ON THE FINANCIAL STATEMENTS ARE AS FOLLOWS :

(₹ in lacs)

Name of Subsidiary	Effect on Consolidated Profit (after Minority Interest)		Effect on Net Assets	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
AA ESS Tradelinks Private Limited	5.10	NA	12,140	NA
MSP Cement Limited	-	NA	3.14	NA

NOTES to the Consolidated Financial Statements for the year ended March 31, 2012

NOTES 42.

Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date.
For **S. R. Batliboi & Co.**
Firm Registration No.- 301003E
Chartered Accountants

per **Sanjoy K. Gupta**
Partner
Membership No. 54968
Place: Kolkata
Date:29th May, 2012

For and on behalf of Board of Directors

Puranmal Agrawal
(Chairman)

Suresh Kumar Agrawal
(Managing Director)

Pinky Gupta
(Company Secretary)

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

Name of the Subsidiary Company	MSP Group International (Singapore) PTE. Ltd.	MSP Cement Limited	AA ESS Tradelinks Private Limited
Reporting Currency	SG $	₹	₹
Exchange Rate	41.24	1.00	1.00
Capital	0.33	5.00	477.83
Reserves	(6.85)	-	3,716.68
Total Assets	4.41	9.34	14,595.44
Total Liabilities	4.41	9.34	14,595.44
Investments (excluding investment in subsidiaries)	-	-	4,562.12
Turnover	0.00	0.00	17.77
Profit before tax	(1.91)	0.00	9.75
Provision for tax	0.00	0.00	0.02
Profit after tax	(1.91)	0.00	9.73
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. Pavan Kumar Gupta

Company Secretary

Ms. Pinky Gupta. B.Com (H), ACS

Auditors

M/s. S.R Batliboi & Co.
Chartered Accountants

Bankers

State Bank of India
ING Vysya Bank
Andhra Bank
UCO Bank
Indian Overseas Bank
State Bank of Mysore
Allahabad Bank
Axis Bank
State Bank of Bikaner & Jaipur
United Bank of India
Corporation Bank
DBS Bank Limited
ICICI Bank Limited
Union Bank of India
Dena Bank
Oriental Bank of Commerce

Registered Office

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

Corporate Office

16/S, Block-'A', New Alipore,
Kolkata- 700 053
Ph no.40057777/ 23990038/3940
Fax No. 23982239/40057788
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