

**MSP STEEL & POWER LIMITED**

**Statements of Account as at and for the year ended March 31, 2010**

**MSP STEEL & POWER LIMITED**  
**Balance Sheet As At 31st March, 2010**

SOURCES OF FUNDS	SCHEDULE	As at	As at
		31st March, 2010 (Rs. in lacs)	31st March, 2009 (Rs. in lacs)
<b>Shareholders' Fund</b>			
Share Capital	1	5,810.00	5,810.00
Share Application Money towards Preference Shares ( Refer Note No. 4 on Schedule 22 )	2	2,220.00	-
Reserves & Surplus			
		14,318.80	11,113.38
		<b>22,348.80</b>	<b>16,923.38</b>
<b>Loan Funds</b>			
Secured Loans	3	42,474.42	24,944.24
Unsecured Loans	4	3,632.71	2,325.00
		<b>46,107.13</b>	<b>27,269.24</b>
		1,985.79	1,582.95
		<b>70,441.72</b>	<b>45,775.57</b>
Deferred Tax Liability (Refer Note No. 10(b) on Schedule 22 )			
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	5	29,222.25	25,089.06
Less : Accumulated Depreciation		3,633.62	2,361.46
Net Block		<b>25,588.63</b>	<b>22,727.60</b>
Capital work in Progress (Including Capital Advances)	6	22,217.42	9,967.23
Pre-operative & Trial Run Expenses (Pending Allocation)	7	2,323.55	553.47
		<b>50,129.60</b>	<b>33,248.30</b>
<b>Investments</b>			
	8	4,495.42	672.79
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	9	6,834.01	3,933.76
Sundry Debtors	10	6,683.72	4,180.25
Cash & Bank Balances	11	3,787.00	1,940.43
Other Current Assets	12	6.39	4.99
Loans & Advances	13	5,413.54	4,256.57
		<b>22,724.66</b>	<b>14,316.00</b>
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	14	6,423.32	2,156.98
Provisions		484.64	304.54
		<b>6,907.96</b>	<b>2,461.52</b>
		<b>15,816.70</b>	<b>11,854.48</b>
<b>Net Current Assets</b>			
		<b>70,441.72</b>	<b>45,775.57</b>
	22		

**Significant Accounting Policies and Notes on Accounts**

The schedules referred to above form an integral part of the Balance Sheet.

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

per R. K. Agrawal  
 Partner  
 Membership No 16667



22, Camac Street  
 Block C, 3rd Floor  
 Kolkata -700 016  
 Date : 29th May, 2010

For and on behalf of Board of Directors

(Chairman)

(Company Secretary)



(Managing Director)

**MSP STEEL & POWER LIMITED**

**Profit & Loss Account for the Year ended 31st March, 2010**

	SCHEDULE	(Rs. in lacs)	
		2009-10	2008-09
<b>INCOME</b>			
Gross Sales	15	41,427.80	43,888.53
Less: Excise Duty		2,553.32	4,002.32
Net Sales		38,874.48	39,886.21
Other Income	16	710.90	1,500.68
		<b>39,585.38</b>	<b>41,386.89</b>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stocks	17	(596.15)	114.51
Excise Duty and Cess on Stocks (Refer Note No. 14 on Schedule 22)		80.24	(103.48)
Raw Materials Consumed	18	22,892.77	28,708.98
Purchase of Trading Goods		3,817.19	374.55
Personnel Cost	19	1,193.84	743.34
Manufacturing, Selling & Administrative Expenses	20	5,046.17	3,886.90
Prior Period Expenses [Net of Prior Period Income Rs. 6.69 lacs (Rs. 54.55)]		30.63	61.32
Interest & Finance Charges	21	2,040.43	1,942.41
Depreciation		1,257.35	741.13
		<b>35,762.47</b>	<b>36,469.66</b>
<b>Profit before Taxes</b>		<b>3,822.91</b>	<b>4,917.23</b>
Provision For Taxes:			
-Current Tax		685.13	583.33
Less: MAT Credit Entitlement (Refer Note No. 10(a) on Schedule 22)		472.84	387.51
-Prior year tax Expenses		2.36	61.31
-Deferred Tax charge		402.84	657.70
-Fringe Benefit Tax		-	13.36
<b>Profit After Taxes</b>		<b>3,205.42</b>	<b>3,989.04</b>
Balance Brought Forward from Last Year		11,057.79	7,068.75
<b>Balance carried to the Balance Sheet</b>		<b>14,263.21</b>	<b>11,057.79</b>
Earning per share [Nominal value of shares - Rs 10/-] -Basic & Diluted (Rs) (Refer Note No. 12 on Schedule 22)		5.52	6.87
<b>Significant Accounting Policies and Notes on Accounts</b>	22		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report of even date

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

per R. K. Agrawal  
Partner  
Membership No 16667

22, Camac Street  
Block C, 3rd Floor  
Kolkata -700 016  
Date : 29th May, 2010



For and on behalf of Board of Directors

*Prasenjit Das*

(Chairman)

*Rupak*  
(Company Secretary)



*Suman Kumar*

(Managing Director)

**MSP STEEL & POWER LIMITED**

**Cash Flow Statement for the year ended 31st March, 2010**

		(Rs. in lacs)	
		2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>Net Profit before taxes</b>		3,822.91	4,917.23
Adjustments for :			
Depreciation	1,257.35	741.13	(6.01)
Profit from sale of Current Investments (Non Trade)	-	208.99	(8.14)
Loss on Foreign Exchange Fluctuation/Forward	8.90	-	44.40
Income from Joint Venture	-	74.08	70.17
Irrecoverable Debts, Deposits and Advances written off	74.08	98.74	(236.01)
Provision for bad & doubtful debts/advances	98.74	(61.18)	-
Liabilities no longer required written back	(61.18)	0.90	1.82
Loss on sale of fixed assets	0.90	-	(53.05)
Preliminary Expenses written Off	-	(68.57)	1,877.75
Interest on loans, deposits etc.	(68.57)	1,945.57	(0.16)
Interest Expenses	1,945.57	(1.06)	-
Dividend Income	(1.06)	3,254.73	2,640.89
<b>Operating Profit before working capital changes</b>			
Movement in Working Capital for:			
(Increase)/Decrease in Sundry Debtors	(2,611.11)	2,267.04	712.19
(Increase)/Decrease in Loans & Advances	(782.83)	(2,900.25)	699.71
(Increase)/Decrease in Inventories	(2,900.25)	4,339.09	(3,301.07)
Increase/(Decrease) in Current Liabilities & Provisions	4,339.09	1,299.63	3,018.76
<b>Cash generated from Operations</b>		1,299.63	864.08
Direct Taxes Paid	525.92	4,596.62	7,071.91
<b>Net Cash generated from Operating Activities</b>			
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]		(16,415.17)	(11,039.76)
Proceeds from sale of fixed assets	1.80	-	-
Purchase of Investments	(7,523.55)	3,700.92	5,206.01
Sale of Investments	3,700.92	-	8.14
Income from Joint Venture	-	67.18	48.06
Interest received	67.18	1.06	0.16
Dividends received	1.06	(20,167.76)	(11,040.01)
<b>Net cash used in investing activities</b>			
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Application money towards Preference Shares		2,220.00	-
Long Term Borrowings Received	16,488.80	11,977.37	(7,788.96)
Long Term Borrowings Repaid	(7,636.92)	6,798.80	(857.84)
Short Term Borrowings Received / (paid) (Net)	6,798.80	3,187.20	3,407.73
Cash credit and working capital received (Net)	3,187.20	(3,664.78)	(2,997.28)
Interest Paid	(3,664.78)	17,393.10	3,741.02
<b>Net cash generated in financing activities</b>			
<b>Net (Decrease)/Increase in Cash &amp; Cash equivalents (A+B+C)</b>		1,821.96	(227.08)
Cash & Cash equivalents as at the beginning of the year		1,882.16	2,109.24
Cash & Cash equivalents as at the end of the year *		3,704.12	1,882.16
<b>* Represents the following</b>			
Cash-on-hand	313.51	54.60	54.60
With Scheduled Banks on Current Account	3,390.61	-	327.56
Fixed Deposit (Maturity Period of not more than 3 months)	-	-	1,500.00
	3,704.12	1,882.16	1,882.16

As per our Report of even date

*S. R. Batliboi & Co.*

For S. R. Batliboi & Co.

Firm registration number: 301003E

Chartered Accountants

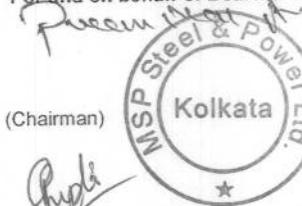
per R. K. Agrawal  
Partner  
Membership No 16667



22, Camac Street  
Block C, 3rd Floor  
Kolkata 700 016

Date : 29th May, 2010

For and on behalf of Board of Directors



(Chairman)

(Company Secretary)

*Suresh Kumar*  
(Managing Director)

**MSP STEEL & POWER LIMITED**  
**Schedules forming part of the Balance Sheet**

	As at 31st March, 2010 (Rs. In lacs)		As at 31st March, 2009 (Rs. In lacs)	
<b>SCHEDULE : 1</b>				
<b>SHARE CAPITAL</b>				
<u>Authorised</u>				
6,00,00,000 Equity Shares of Rs. 10/- each		6,000.00		6,000.00
1,50,00,000 6% Non Cumulative Preference Shares of Rs. 10/- each		1,500.00		-
		<b>7,500.00</b>		<b>6,000.00</b>
<u>Issued, Subscribed &amp; Paid-Up</u>				
5,81,00,000 Equity Shares of Rs. 10/- each, fully paid up		5,810.00		5,810.00
		<b>5,810.00</b>		<b>5,810.00</b>
<b>Of the Above:</b>				
a) 71,800 Equity shares of Rs 10/- each were allotted as fully paid up for consideration other than cash.				
b) 47,54,300 Equity shares of Rs 10/- each were allotted as fully paid bonus shares by capitalisation of securities premium.				
<b>SCHEDULE : 2</b>				
<b>RESERVES &amp; SURPLUS</b>				
Securities Premium Account	55.59		107.29	
As per last Account	-	55.59	51.70	55.59
Less: Share Issue Expenses adjusted				
		14,263.21		11,057.79
Profit & Loss Account Balance		<b>14,318.80</b>		<b>11,113.38</b>
<b>SCHEDULE :3</b>				
<b>SECURED LOANS</b>				
(Refer Note No. 6 On Schedule 22)				
From Scheduled Banks				
Term Loans		30,398.82		15,954.70
Cash Credit and Working Capital Facilities		11,980.04		8,792.84
Deferred Payment Credits under Hire Purchase		63.74		130.19
		31.82		66.51
From Bodies Corporate		<b>42,474.42</b>		<b>24,944.24</b>
Deferred Payment Credits under Hire Purchase				
<b>SCHEDULE :4</b>				
<b>UNSECURED LOANS</b>				
From Bodies Corporate		3,632.71		2,325.00
[Repayable within One Year Rs. 2022.80 lacs (Rs.680.00 lacs)]				
		<b>3,632.71</b>		<b>2,325.00</b>

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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of the Balance Sheet**

**SCHEDULE : 5**  
**FIXED ASSETS**

Description	Gross Block (at cost)					Depreciation				Net Block	
	As at 1st April 2009	Additions	Deletions/ Adjustments	As at 31st March 2010	As at 1st April 2009	For the year	Less: On Deletions/ Adjustments	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009	
Land	704.99	92.36	-	797.35 (b)	-	-	-	-	797.35	704.99	
Factory Buildings	2,951.08	402.02	-	3,353.10	214.38	97.48	-	311.86	3,041.24	2,736.70	
Non-Factory Buildings	143.13	-	-	143.13	7.51	2.86	-	10.37	132.76	135.62	
Plant & Machinery	20,847.45	3,588.08	-	24,435.53	2,015.60	1,131.74	-	3,147.34	21,288.19	18,831.85	
Vehicles	380.54	50.89	4.25	427.18	110.40	39.71	1.55	148.56	278.62	270.14	
Furniture & Fixtures	61.87	4.09	-	65.96	13.57	1.92	-	15.49	50.47	48.30	
<b>Total</b>	<b>25,089.06</b>	<b>4,137.44 (c)</b>	<b>4.25</b>	<b>29,222.25</b>	<b>2,361.46</b>	<b>1,273.71 (a)</b>	<b>1.55</b>	<b>3,633.62</b>	<b>25,588.63</b>	<b>22,727.60</b>	
Previous Year's Total	15,039.01	10,050.05	-	25,089.06	1,572.26	789.20	-	2,361.46	22,727.60		

**Notes :-**

- a) Includes Rs. 16.36 lacs (Rs.48.07 lacs) transferred to Pre-operative & Trial Run Expenses (Pending Allocation)
- b) Includes Rs. 10.86 lacs (Rs. 10.86 lacs), being the cost of land which is yet to be registered in the name of the Company.
- c) Includes Rs. 499.72 lacs (Rs. 1,568.82 lacs) capitalised from Pre-operative & Trial Run Expense (Pending Allocation)



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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of the Balance Sheet**

	As at 31st March, 2010 (Rs. In lacs)	As at 31st March, 2009 (Rs. In lacs)
<b>SCHEDULE 6 : CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)</b>		
Buildings	2,143.72	912.07
Plant & Machinery	16,764.69	6,939.14
Capital Goods in Stock [including in transit Rs. 96.74 lacs (Rs. Nil)]	525.30	265.16
Capital Advances	2,783.71	1,850.86
<b>TOTAL</b>	<b>22,217.42</b>	<b>9,967.23</b>
<b>SCHEDULE 7 : PRE-OPERATIVE &amp; TRIAL RUN EXPENSES (PENDING ALLOCATION)</b>		
Opening Balance Brought Forward	553.47	397.86
<b>Raw Materials Consumed</b>	<b>202.84</b>	<b>775.80</b>
<b>Personnel Cost*</b>		
Salary, Wages & Bonus	36.58	158.53
Contribution to Provident and Other Funds	0.62	4.96
Staff Welfare	0.28	5.79
*Refer Note Nos. 7 & 11 on Schedule 22		
<b>Administrative and Other Indirect Overheads</b>		
Stores & Spares Consumed	1.87	99.88
Power & Fuel	0.11	6.41
Repairs & Maintenance		
- Plant & Machinery	1.57	2.52
- Others	0.46	0.21
Material Handling Charges	3.91	8.44
Travelling & Conveyance	18.88	6.23
Vehicle Running & Maintenance Expense	0.44	23.38
Insurance Charges	0.01	0.03
Printing and Stationary	0.02	0.26
Postage and Communication	0.46	0.15
Legal & Professional Charges	113.93	1.15
Rent & Hire Charges	59.89	47.43
Rates & Taxes	18.01	2.76
Miscellaneous Expenses	17.52	66.10
<b>Borrowing Cost</b>		
Interest on Term Loans	1,726.18	1,119.53
Finance Charges	258.22	88.65
<b>Depreciation</b>	<b>16.36</b>	<b>48.07</b>
<b>TOTAL</b>	<b>3,031.63</b>	<b>2,864.14</b>
<b>Less:</b>		
Material Transferred for Captive Consumption	-	741.85
Sale of Finished Goods	0.97	-
Closing Stock of Finished Goods (Transferred to Schedule - 17)	207.39	-
	<b>2,823.27</b>	<b>2,122.29</b>
Less: Transferred to Fixed Assets	499.72	1,568.82
<b>Amount carried to Balance Sheet</b>	<b>2,323.55</b>	<b>553.47</b>





**MSP STEEL & POWER LIMITED**  
Schedules forming part of the Balance Sheet

	Number of Shares	Face Value per share Rs.	As at 31st March, 2010 (Rs. In lacs)	As at 31st March, 2009 (Rs. In lacs)
<b>SCHEDULE - 8</b>				
<b>INVESTMENTS</b>				
<b>A. LONG TERM, Equity Shares ( at Cost )</b>				
<b>(i) In Subsidiary Company (Unquoted, fully paid-up, trade)</b>				
MSP Group International ( Singapore) Pte. Ltd.	1,000 (-)	S\$ 1	0.33	-
			<b>0.33</b>	<b>-</b>
<b>(ii) In Joint Venture (Unquoted, fully paid-up, trade)</b>				
Madanpur South Coal Company Limited #	135,874 (124,699)	10	171.59	149.24
			<b>171.59</b>	<b>149.24</b>
<b>(iii) In Others (Unquoted, fully paid-up, other than trade)</b>				
MSP Metallics Limited	420,000	10	402.00	402.00
MSP Properties (I) Private Limited	7,500	10	0.75	0.75
MSP Sponge Iron Limited	313,000	10	49.50	49.50
MSP Cement Limited	8,000	10	0.80	0.80
MSP Power Limited	8,000	10	0.80	0.80
Shree Sai Sharddha Metallics Private Limited	50,000	10	50.00	50.00
			<b>503.85</b>	<b>503.85</b>
<b>(iv) In Others (Quoted, fully paid-up, other than trade)</b>				
Howrah Gases Limited	93,700	10	15.91	15.91
Ashirwad Steel & Industries Limited	2,500	10	0.25	0.25
Nageshwar Investment Limited	11,000	10	0.61	0.61
Rusoday Security Limited	-	10	-	0.46
	(10,000)			
Indian Overseas Bank	2,900	10	0.70	0.70
IDFC Limited	5,201	10	1.77	1.77
			<b>19.24</b>	<b>19.70</b>
<b>B. CURRENT INVESTMENTS, Units of Mutual Funds (Quoted) ( at lower of cost and fair value )</b>				
In SBI Magnum Insta Cash Fund Daily Dividend Option	22,688,612 (-)	10	3,800.41	-
			<b>3,800.41</b>	<b>-</b>
<b>TOTAL</b>			<b>4,495.42</b>	<b>672.79</b>

\* Includes 2000 Shares held in the name of a director of the company.

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

(Rs. In lacs)		(Rs. In lacs)	
As at 31st March, 2010		As at 31st March, 2009	
Cost	Market Value	Cost	Market Value
3819.65	3827.90	19.70	27.57
675.77	-	653.09	-
<b>4495.42</b>	<b>-</b>	<b>672.79</b>	<b>-</b>

Aggregate Value of investments -  
-Quoted  
-Unquoted  
Total

**Notes:**

Besides the above, the Company has purchased and sold the following units of mutual funds (other than trade, quoted) during the year:

- a) Reliance Liquidity Fund Daily Dividend Reinvestment Option - 19,995,515 Units  
b) SBI Magnum Insta Cash Fund Daily Dividend Option - 10,150,781 Units



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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of the Balance Sheet**

	As at 31st March, 2010 (Rs. In lacs)	As at 31st March, 2009 (Rs. In lacs)
<b>SCHEDULE : 9</b>		
<b>INVENTORIES</b>		
<b>At Lower of Cost and Net Realisable Value</b>		
Stores & Spares [including in transit Rs. 23.67 lacs (Rs. Nil)]	766.21	381.37
Raw Materials [including in transit Rs. 251.74 lacs (Rs.423.17 lacs)]	3,632.28	1,565.05
Work in progress	28.42	34.71
Finished Goods	1,600.74	882.69
By Products	806.36	1,069.94
	<b>6,834.01</b>	<b>3,933.76</b>
<b>SCHEDULE :10</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured)</b>		
Debts Outstanding for a period exceeding six months	544.68	236.93
Considered Good	114.32	51.17
Considered Doubtful		
Other Debts	6,139.04	3,943.32
Considered Good	<b>6,798.04</b>	<b>4,231.42</b>
	114.32	51.17
Less: Provision for Doubtful Debts	<b>6,683.72</b>	<b>4,180.25</b>
(Refer Note No. 8 on Schedule 22)		
<b>SCHEDULE : 11</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand [including cheques in hand Rs. 100 lacs (Rs. Nil)]	313.51	54.60
Balances with Scheduled Banks on:		
Current Accounts	3,390.61	327.56
Fixed Deposit Accounts [Receipts for Rs. 79.46 lacs (Rs. 48.86 lacs) pledged with banks as margin against loans/guarantee issued by them and Rs. 3.42 lacs (Rs. 3.40 lacs) lodged with other parties]	82.88	1,558.27
	<b>3,787.00</b>	<b>1,940.43</b>
<b>SCHEDULE: 12</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable on loans, deposits etc.	6.39	4.99
	<b>6.39</b>	<b>4.99</b>



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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of the Balance Sheet**

	As at 31st March, 2010 (Rs. In lacs)	As at 31st March, 2009 (Rs. In lacs)
<b>SCHEDULE: 13</b>		
<b>LOANS &amp; ADVANCES</b> (Unsecured)		
Considered Good		
Loans		
To a Subsidiary Company	4.58	-
To Others [Including to staff Rs. 21.30 lacs(Rs. 8.79 lacs)]	188.42	122.04
Advances recoverable in cash or in kind or for value to be received [Including to staff Rs.13.78 lacs(Rs. 23.04 lacs)]	2,605.70	2,285.00
Export Incentive Receivable	35.92	36.96
Balance with Central Excise & Sales Tax Authorities	1,610.38	1,346.42
MAT Credit Entitlement	860.35	387.51
Security & Other Deposits	108.19	78.64
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	19.40	19.00
	<b>5,432.94</b>	<b>4,275.57</b>
Less: Provision for Doubtful Advances	19.40	19.00
	<b>5,413.54</b>	<b>4,256.57</b>
(Refer Note No. 9 on Schedule 22)		
<b>SCHEDULE :14</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors for goods, services, expenses etc		
a) Due to Micro & Small Enterprises (Refer Note No. 5 on Schedule 22)	-	-
b) Due to Others [Includes Rs. 3.87 lacs (Rs. 3.87) lacs due to the Directors]	5,811.60	1,905.21
Other Liabilities	461.40	106.20
Advance from Customers	142.17	145.57
Temporary Bank Overdraft	1.18	-
Interest Accrued but not due on Loans	6.97	-
	<b>6,423.32</b>	<b>2,156.98</b>
<b>B. PROVISIONS</b>		
Gratuity	28.94	12.78
Leave Salary	36.99	34.61
Taxation [ Net of Advances Rs. 1871.36 lacs ( Rs. 1358.80 lacs ) ]	418.71	243.79
Fringe Benefit Tax	-	13.36
	<b>484.64</b>	<b>304.54</b>



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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of Profit & Loss Account**

	(Rs. in lacs)	
	2009-10	2008-09
<b>SCHEDULE : 15</b>		
<b>SALES</b>		
Finished Goods	39,835.38	42,079.11
Power	615.71	70.48
Scraps & By Products	489.46	711.34
Raw Materials	368.95	990.64
Export Incentive	118.30	36.96
	<b>41,427.80</b>	<b>43,888.53</b>
<b>SCHEDULE : 16</b>		
<b>OTHER INCOME</b>		
Sale of Carbon Credit Units	-	589.24
Interest on loan, deposits etc (Gross)	68.57	53.05
[Tax deducted at source Rs.7.42 lacs (Rs. 9.15 lacs)]	-	432.20
Consideration towards non fulfillment of Contract	-	28.30
Claims Received	5.75	0.16
Dividend from Current Investments (Non Trade)	0.87	-
Dividend from Long Term Investments (Non Trade)	0.19	8.14
Income from Joint Venture	-	6.01
Profit from sale of Current Investments (Non Trade)	-	236.01
Liabilities no longer required written back	61.18	140.93
Gain on Transactions in Commodity Exchange	101.77	-
Commission Earned	451.47	6.64
Miscellaneous Receipts	21.10	-
	<b>710.90</b>	<b>1,500.68</b>
<b>SCHEDULE :17</b>		
<b>(INCREASE)/DECREASE IN STOCKS</b>		
Opening Stock		
Finished Goods	882.69	1,284.13
Goods under Process	34.71	-
By Products	1,069.94	918.88
	<b>1,987.34</b>	<b>2,203.01</b>
Add: Trial Run Stock (Refer Schedule-7)	207.39	-
	<b>2,194.73</b>	<b>2,203.01</b>
<b>Less:</b>		
Closing Stock		
Finished Goods	1,600.74	882.69
Goods under Process	28.42	34.71
By Products	806.36	1,069.94
	<b>2,435.52</b>	<b>1,987.34</b>
Less : Transfer to Fixed Assets	355.36	101.16
	<b>(596.15)</b>	<b>114.51</b>
<b>SCHEDULE:18</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	1,565.05	2,220.34
Add: Purchases (Including Procurement expenses)	24,960.00	28,053.69
[Includes materials transferred from trial run production Rs. Nil (Rs. 741.35)]		
	26,525.05	30,274.03
Less : Closing Stock	3,632.28	1,565.05
	<b>22,892.77</b>	<b>28,708.98</b>

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**MSP STEEL & POWER LIMITED**  
**Schedules forming part of Profit & Loss Account**

	(Rs. In lacs)	
	2009-10	2008-09
<b>SCHEDULE : 19</b>		
<b>PERSONNEL COST</b>		
Salary, Wages and Bonus	997.41	588.75
Contribution to Provident and Other Funds	44.16	27.77
Gratuity Expenses	36.33	12.81
Staff Welfare Expenses	49.94	48.01
Managerial Remuneration	66.00	66.00
	<b>1,193.84</b>	<b>743.34</b>
(Refer Note Nos. 7 & 11 on Schedule 22)		
<b>SCHEDULE : 20</b>		
<b>MANUFACTURING, SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Stores & Spares Consumed	1,857.75	1,339.77
Power & Fuel	1,420.65	517.16
Repairs & Maintenance		
- Plant & Machinery	65.36	45.80
- Building	9.95	8.67
- Others	21.65	27.19
Material Handling Charges	406.00	405.58
Travelling & Conveyance	33.63	15.20
Vehicle Running & Maintenance Expense	145.98	128.31
Commission on sales (Other than Sole Selling Agents)	110.53	22.66
Freight Outward [net of recoveries Rs. 218.32 lacs (Rs. 389.74 lacs)]	154.10	582.55
Auditor's Remuneration		
- Statutory Audit	8.00	7.00
- Limited Review	4.50	3.00
- Out of pocket expenses	0.34	0.13
Insurance Charges	11.44	10.55
Printing and Stationary	12.52	6.25
Postage and Communication	29.83	16.43
Legal & Professional Charges	30.86	143.10
Rent & Hire Charges	211.64	106.02
Rates & Taxes (Including Rs.76.06 Lacs (Rs.Nil) for earlier years)	98.17	5.79
Loss on Foreign Exchange Fluctuation/Forward		
Exchange Contract (Net)	8.90	208.99
Charity & Donations [Includes Rs. Nil (Rs.0.50) to political parties]	6.86	6.44
Irrecoverable Debts, Deposits and Advances written off	109.27	44.40
Less: Adjusted with provision	35.19	-
Loss on sale of Assets	0.90	-
Provision for bad & doubtful debts/advances	98.74	70.17
Miscellaneous Expenses	223.79	163.92
Preliminary Expenses written Off	-	1.82
	<b>5,046.17</b>	<b>3,886.90</b>
<b>SCHEDULE : 21</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest		
- On Term Loans	1,089.43	1,096.66
- On Working Capital Facilities	826.25	777.35
- On Others	29.89	3.74
Finance Charges	94.86	64.66
	<b>2,040.43</b>	<b>1,942.41</b>

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## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

#### SCHEDULE 22 : Significant Accounting Policies and Notes on Accounts

(i) **Basis of preparation of Accounts**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in respect of insurance and other claims, which on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies applied by the Company, are consistent with those used in the previous year.

(ii) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) **Fixed Assets**

- a) 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.
- b) 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 capitalized and depreciated prospectively over the residual life of the respective assets.
- c) All direct expenditure relating to construction of project as well as administrative and general overheads which are specifically attributable to the construction of the project and/or bringing it to the working conditions for intended use, are capitalized as "Pre-operative & Trial Run Expenses (pending allocation)".
- d) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value arrived at after considering the prevailing interest rates and weighted average cost of capital.



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## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

#### (iv) Depreciation

- a) The classification of Plant & Machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.
- b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 or at the rates determined based on useful life of the respective asset, as estimated by the management, whichever is higher.
- c) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

#### (v) Borrowing Cost

Borrowing Costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete.

A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

#### (vi) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

#### (vii) Foreign Currency Transactions

- a) **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.
- b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-



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## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- c) **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 recognized as income or expenses in the year in which they arise.
- d) **Forward Exchange Contracts (not intended for trading or speculation purpose):** The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized 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 forward exchange contract is recognized as income or expense for the year.

#### (viii) Investments

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

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 made to recognize a decline 'other than temporary' in the value of the investments.

#### (ix) Inventories

- a) Raw materials, Stores & spares & finished goods are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost is determined on 'First in First out' basis.
- b) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost 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.
- c) Saleable scrap and by-products are valued at net realizable value.
- d) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



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## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

#### (x) Retirement and Other Employee Benefits

- a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to Profit and Loss Account of the year when the contributions to the fund are due. There are no obligation other than contribution payable to the respective fund.
- b) 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.
- c) 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
- d) Actuarial gains/losses are taken to profit and loss account and are not deferred.

#### (xi) Taxation

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. 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 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.

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 recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of



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## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

Chartered Accountants of India, the said asset is created by way of a credit to the 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.

#### (xii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### Sale of Goods

Revenue from sale of goods is recognized when significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc.

##### Sale of Power

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

##### Interest

Revenue is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

##### Commission Income

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

#### (xiii) 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 & 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.

#### (xiv) Provision

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



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**MSP STEEL & POWER LIMITED****Schedule forming part of the Balance Sheet and Profit and Loss Account**

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

**(xv) Earnings per Share**

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

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

**(xvi) 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.

**(xvii) Cash and Cash equivalents**

Cash and cash equivalents as indicated in the Cash Flow Statement comprises of cash on hand, cash at bank and short-term investments with an original maturity of three months or less.

**(xviii) Contingencies**

Liabilities, which are material and whose future outcome cannot be ascertainable with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.

**2. Contingent liabilities not provided for in respect of :**

(Rs. in lacs)

Particulars	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
a) Excise Matters under dispute/ appeal	392.96	81.57
b) Sales Tax Matters under dispute/ appeal	34.20	141.69
c) Un-expired Bank Guarantees and Letters of Credit	603.74	910.05
d) Cess on Power Generation	Amount unascertainable	Amount unascertainable
e) Claims against the Company not acknowledged as debt	60.67	-



## MSP STEEL & POWER LIMITED

### Schedule forming part of the Balance Sheet and Profit and Loss Account

A search and Seizure was conducted by the Excise Department at the Company's Plant at Raigarh on 17<sup>th</sup> February, 2009. During the current year, the excise department has returned back the documents relating to consumption of raw materials and production which were seized by the said department. The show cause cum demand notice for Rs.55.81 lacs received from the department has been considered as contingent liability and included in (a) above.

### 3. Capital Commitments

Particulars	(Rs. in lacs)	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 2,783.71 lacs (Rs 1,850.86 lacs) )	5,973.05	3,617.47

4. During the year, the Company has decided to issue 1,20,00,000 numbers of 6% non cumulative redeemable preference shares of Rs.100 each (including premium of Rs.90 per share) on private placement basis. Against the said issue, a sum of Rs.2,220 lacs has been received during the year from certain bodies corporate towards application money which is pending allotment as at March 31, 2010.
5. As per information available with the Company, there are no suppliers covered under Micro, Small & 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.
6. A) Loans are secured as follows :
- Rupee Term Loans from Banks are secured by way of equitable mortgage by deposit of title deed of Company's land and immovable properties at Raigarh and a first charge by way of hypothecation of the company's movables(save and except book debts)including movable machinery, machinery spares, tools & accessories,(both present and future), subject to prior charges created in favour of the company's bankers on the stock of raw materials, finished goods, process stock, consumable stores and book debts for securing working capital facilities.
  - All the mortgages and charges created in favour of the banks rank pari-passu inter se, except where specifically stipulated otherwise.
  - The above term loans are further secured by the personal guarantee of Mr. Puranmal Agrawal (chairman), Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal & Mr. Manish Agrawal (directors of the company).



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

- iv) Cash Credit and other working capital facilities from banks are secured by hypothecation of raw materials, finished goods, process stock, consumable stores, book debts etc.(both present and future), second charge over the entire fixed assets of the company and personal guarantee of Mr. Puranmal Agrawal (chairman), Mr. Suresh Kumar Agrawal, Mr. Saket Agrawal & Mr. Manish Agrawal (directors of the company).
  - v) Hire purchases obligations are secured by hypothecation of vehicles purchased under the respective agreements.
- B) Fixed Assets include items acquired under deferred payment credits under hire purchase scheme Gross Block Rs 436.19 lacs (Rs 406.94 lacs), Net Block Rs. 362.22 lacs (Rs 367.43 lacs) and the year wise break-up of future obligations towards lease rentals of Rs. 103.67 lacs (Rs. 217.80 lacs) inclusive of finance charges of Rs. 8.11 lacs (Rs. 21.10 lacs) under the respective agreements as on 31st March, 2010 is given below :

(Rs. in lacs)

Assets taken on lease		Not later than 1 year		Later than 1 year and not later than 5 years	
Total Minimum Lease payments at the year end	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value as on 31 <sup>st</sup> March, 2010	Minimum Lease Payment	Present Value as on 31 <sup>st</sup> March, 2010
103.67 (217.80)	95.56 (196.70)	75.90 (143.59)	69.45 (127.07)	27.77 (74.21)	26.10 (69.63)

7. 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.

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

(Rs. in lacs)

Particulars	Gratuity		Leave	
	2009-10	2008-09	2009-10	2008-09
Current service cost	15.77	9.20	1.39	0.28
Interest cost	1.93	1.01	2.59	0.57
Expected return on plan assets	(1.72)	-	-	-
Past Service Cost	25.53	-	-	-
Net actuarial losses/(gains)	(5.18)	2.60	0.76	27.59
<b>Net benefit expense</b>	<b>36.33</b>	<b>12.81</b>	<b>4.74</b>	<b>28.44</b>
Actual return on plan assets	0.10	-	N.A.	N.A.



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

(b) Net Liability recognized in the balance sheet as at respective dates are as follows :-  
(Rs. in lacs)

Particulars	Gratuity		Leave	
	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Defined benefit obligation	61.30	24.87	36.99	34.61
Fair value of plan assets	32.36	12.09	-	-
Net liability	<b>28.94</b>	<b>12.78</b>	<b>36.99</b>	<b>34.61</b>

(c) Changes in the present value of the defined benefit obligation during respective years are as follows :-  
(Rs. in lacs)

Particulars	Gratuity		Leave	
	2009-10	2008-09	2009-10	2008-09
Opening defined benefit obligation	24.87	12.06	34.61	7.33
Interest cost	1.93	1.01	2.59	0.57
Current service cost	15.77	9.20	1.39	0.28
Benefit paid	-	-	(2.36)	(1.16)
Actuarial losses/(gains)	(6.80)	2.60	0.76	27.59
Plan Amendments	25.53	-	-	-
<b>Closing defined benefit obligation</b>	<b>61.30</b>	<b>24.87</b>	<b>36.99</b>	<b>34.61</b>

(d) The details of fair value of plan assets as on the Balance Sheet date are as follows :-  
(Rs. in lacs)

Particulars	Gratuity	
	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Opening fair value of plan assets	12.09	-
Expected return on plan assets*	1.72	-
Contribution by the Company	20.17	12.09
Benefits paid	-	-
Actuarial gains / (loss)	(1.62)	-
<b>Closing fair value of plan assets</b>	<b>32.36</b>	<b>12.09</b>

\* Determined based on government bond rate.



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

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

Particulars	(2009-10)	(2008-09)
Discount rate (%)	8.25	7.75
Return on Plan Assets (Gratuity Scheme)	0.10	Nil
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Employee Turnover (%)	6.2	8

(f) Amount of expenses incurred for the current and previous year are as follows :

(Rs. in lacs)

Particulars	Gratuity			Leave		
	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008
Defined benefit obligation	61.30	24.87	12.06	36.99	34.61	7.33
Fair value of plan assets	32.36	12.09	-	-	-	-
Deficit	28.94	12.78	12.06	36.99	34.61	7.33
Experience adjustments on plan liabilities – (gains)/ losses	(3.64)	(0.07)	-	4.73	23.06	-
Experience adjustments on plan assets	(1.62)	Nil	N.A.	N.A.	N.A.	N.A.

(g) 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.

(h) The Company expects to contribute Rs. 20.00 lacs to gratuity fund in the year 2010-2011.

(i) The amount provided for defined contribution plan are as follows :-

(Rs. in lacs)

Particulars	(2009-10)	(2008-09)
Provident Fund	44.78	32.73



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

8. Sundry Debtors include the following balances due from a private company in which a director of the company is a director or a member.

(Rs. in lacs)

Name of the Company	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	Maximum Amount outstanding during the year	
			2009-10	2008-09
MSP Cokes Private Limited	61.60	51.21	83.48	54.49

9. a) Loans & Advances include the following amounts :-

- i) Companies under the same management :-

(Rs. in lacs)

Name of the Company	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	Maximum Amount outstanding during the year	
			2009-10	2008-09
MSP Metallics Limited*	N.A.	N.A.	N.A.	1435.20
Chaman Metallics Limited*	N.A.	N.A.	N.A.	105.60

\*Ceased to be a company under the same management with effect from 1<sup>st</sup> September, 2008.

- ii) Private companies in which a director of the company is a director or a member:-

Name of the Company	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	Maximum Amount outstanding during the year	
			2009-10	2008-09
Pratik Mines & Minerals Private Ltd.	41.00	-	41.00	-

- b) Disclosure in terms of clause 32 of the Listing Agreements :-

Name of the Company	Category	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	Maximum Amount outstanding during the year	
				2009-10	2008-09
MSP Rolling Mills Private Ltd.	Loan without fixed repayment schedule	124.05	113.25	125.25	116.06
MSP Group International Singapore (PTE) Limited	Subsidiary	4.58	N.A.	4.58	N.A.

10. (a) During the current year, the Company has recognized MAT credit entitlement of Rs.472.84 Lacs (Rs.387.51) 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.



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**MSP STEEL & POWER LIMITED****Schedule forming part of the Balance Sheet and Profit and Loss Account**

(b) In terms of Accounting Standard 22, net deferred tax liability (DTL) of Rs 1,985.79 lacs has been recognized in the accounts up to 31st March, 2010.

The break-up of major components of such net DTL is as follows :-

Components of Deferred Tax Liability/ (Assets)	(Rs. in lacs)	
	As at 31st March 2010	As at 31st March 2009
Timing Difference in depreciable assets	2,148.25	1,647.38
Other Temporary difference	(162.46)	(64.43)
Total	1,985.79	1,582.95

11. Details of remuneration paid to the directors :

Particulars	(Rs. in lacs)	
	2009-10	2008-09
Salary & Bonus*	66.00	66.00

\* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

12. Basis for calculation of Basic and Diluted Earning per Share is as follows :-

Particulars		2009-10	2008-09
Present Weighted Average Number of Equity Shares	Nos.	58,100,000	58,100,000
Net Profit/(Loss) After Tax	Rs. in lacs	3,205.42	3,989.04
Nominal Value of each Shares	Rs.	10/-	10/-
Basic & Diluted Earning Per Share	Rs.	5.52	6.87

13. **Interest in joint venture**

The Company has a 14.90 % interest in the assets and liabilities of the Madanpur South Coal Company Limited (Joint Venture Company), established in India.

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

Particulars	(Rs. in lacs)	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
Fixed Assets	127.35	106.97
Deferred Tax Asset	0.07	-
Net Current Assets	44.77	42.91
Loan Fund	0.89	0.89



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**MSP STEEL & POWER LIMITED****Schedule forming part of the Balance Sheet and Profit and Loss Account**

Miscellaneous Expenditure (To the extent not written off or Adjusted)	0.21	0.26
--	------	------

The Company's proportionate share of the capital commitments of the jointly controlled entity amounts to Rs 5.16 lacs (Rs.Nil) and contingent liability is Rs. Nil (Rs.Nil).

14. Excise duty & cess on stocks represents differential excise duty and cess on opening and closing stock of finished goods.
15. The Company, at present, is in the process of updating its fixed assets register, pending which, the discrepancies, if any, between the physical and book balance of fixed assets is not presently ascertainable, which, in the view of the management should not be material.
16. Segment Information :

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

Information for Secondary Geographical Segments :

Particulars	(Rs. in lacs)	
	2009-10	2008-09
Domestic Revenues (Net of Excise Duty)	35,620.51	35,480.02
Export Revenues (Including Export Benefits)	3,253.57	4,406.19
<b>Total</b>	<b>38,874.48</b>	<b>39,886.21</b>

The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. Export debtors at the year end amounts to Rs. Nil (Rs.32.52 lacs).



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**MSP STEEL & POWER LIMITED****Schedule forming part of the Balance Sheet and Profit and Loss Account**

17. The Company has the following un-hedged exposures in US Dollars as at the year end.

Particulars	(Rs. in lacs)	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
Advance from customers	18.20	20.54
Advances (including capital advances)	340.45	-
Investment in Foreign Subsidiary	0.33	-

18. Related Party Disclosures

(a) Names of the related parties :

Subsidiary Company	: MSP Group International Singapore (PTE) Limited (With effect from 1 <sup>st</sup> April 2009)
Jointly Controlled Entity	: Madanpur South Coal Company Limited
Key Management Personnel & their Relatives	: Mr. Puranmal Agrawal – Chairman Mr. Suresh Kumar Agrawal – Managing Director Mr. Manish Agrawal – Non Executive Director Mr. Saket Agrawal – Non Executive Director Mrs. Kiran Agrawal (wife of Chairman) Mrs. Nisha Agrawal (wife of Managing Director) Mrs. Kasturi Devi Agrawal (mother of Managing Director)
Enterprises over which Key Management Personnel and / or their Relatives have significant influence	: Howrah Gases Limited MSP Sponge Iron Limited MSP Metallics Limited MSP Infotech Private Limited MSP Properties (India) Private Limited MSP Coke Private Limited MSP Group International Singapore (PTE) Limited (Converted into subsidiary with effect from 1 <sup>st</sup> April,2009)



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

	MSP Cement Limited
	MSP Power Limited
	MSP Energy Limited
	MSP Rolling Mills Private Limited
	Chaman Metalics Limited
	Shree Khathupati Mercantiles Private Limited
	MSP Mines & Minerals Private Limited
	High Time Holding Private Limited
	B.S. Confin Private Limited
	Rama Alloys Private Limited
	Pratik Mines & Minerals Private Limited



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**MSP STEEL & POWER LIMITED**  
Schedule forming part of the Balance Sheet and Profit and Loss Account

(b) Related Party Disclosures :

		(Rs in lacs)			
Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
<b>Sales</b>					
MSP Sponge Iron Limited				358.19 (655.11)	358.19 (655.11)
MSP Metallics Limited				421.81 (547.53)	421.81 (547.53)
Chaman Metallics Limited				8.93 (9.68)	8.93 (9.68)
MSP Coke Private Limited				185.97 (119.27)	185.97 (119.27)
MSP Rolling Mills Private Limited				- (80.15)	- (80.15)
<b>Purchases of Goods</b>					
MSP Sponge Iron Limited				2,745.11 (3,323.71)	2,745.11 (3,323.71)
MSP Metallics Limited				4,291.79 (5,165.74)	4,291.79 (5,165.74)
Chaman Metallics Limited				122.16 (22.68)	122.16 (22.68)
MSP Rolling Mills Private Limited				- (2.63)	- (2.63)
Howrah Gases Limited				337.59 (-)	337.59 (-)
<b>Managerial Remuneration</b>					
Mr. Puranmal Agrawal			36.00 (36.00)		36.00 (36.00)
Mr. Suresh Kumar Agrawal			30.00 (30.00)		30.00 (30.00)



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

		(Rs in lacs)			
Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
<b>Legal &amp; Professional Charges Paid</b>					
MSP Mines & Minerals Private Limited				6.97 (4.15)	6.97 (4.15)
<b>Rent Paid</b>					
MSP Infotech Private Limited				3.60 (3.60)	3.60 (3.60)
Shree Khathupatti Mercantiles Private Limited				2.43 (2.43)	2.43 (2.43)
Mrs. Kasturi Devi Agrawal			0.84 (0.48)		0.84 (0.48)
Mrs. Nisha Agrawal			0.58 (0.30)		0.58 (0.30)
Mrs. Kiran Agrawal			0.58 (0.30)		0.58 (0.30)
Mr. Manish Agrawal			0.96 (0.48)		0.96 (0.48)
Mr. Saket Agrawal			0.96 (0.48)		0.96 (0.48)
<b>Subscription to Equity Shares</b>					
Madanpur South Coal Company Limited		22.35 (34.78)			22.35 (34.78)
MSP Group International Singapore (PTE) Limited	0.33 (-)				0.33 (-)
MSP Power Limited				- (0.80)	- (0.80)





**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

(Rs in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
MSP Cement Limited				- (0.80)	- (0.80)
<b>Loans Taken</b>					
MSP Infotech Private Limited				50.00 (-)	50.00 (-)
MSP Properties (India) Private Limited				50.00 (-)	50.00 (-)
<b>Loans Given</b>					
Pratik Mines & Minerals Private Limited				93.50 (-)	93.50 (-)
MSP Group International Singapore (PTE) Limited	4.58 (-)			- (2.51)	4.58 (2.51)
<b>Loans Repaid</b>					
Pratik Mines & Minerals Private Limited				52.50 (-)	52.50 (-)
MSP Properties (India) Private Limited				25.00 (-)	25.00 (-)
<b>Guarantees Given on behalf of</b>					
Madanpur South Coal Company Limited		650.00 (650.00)			650.00 (650.00)
<b>Guarantees Obtained</b>					
Rama Alloys Private Limited				- (489.00)	- (489.00)
MSP Infotech Private Limited				1,500.00 (-)	1,500.00 (-)
Mr. Puranmal Agrawal			130.00 (119.00)		130.00 (119.00)



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

(Rs in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Mr. Suresh Kumar Agrawal			111.00 (91.00)		111.00 (91.00)
Mr. Manish Agrawal			140.00 (124.00)		140.00 (124.00)
Mr. Saket Agrawal			131.00 (113.00)		131.00 (113.00)
<b>Interest Paid</b>					
High Time Holding Private Limited			8.00 (4.34)		8.00 (4.34)
B.S. Confin Private Limited			4.00 (2.17)		4.00 (2.17)
MSP Infotech Private Limited			2.01 (-)		2.01 (-)
MSP Properties (India) Private Limited.			1.49 (-)		1.49 (-)
<b>Interest Received</b>					
MSP Rolling Mills Private Limited			12.00 (13.64)		12.00 (13.64)
<b>Closing Balance as at the year end – debit</b>					
MSP Metallics Limited				(358.49)	(358.49)
MSP Sponge Limited				361.70 (-)	361.70 (-)
MSP Cement Limited				1.20 (1.20)	1.20 (1.20)
MSP Coke Private Limited				61.60 (51.21)	61.60 (51.21)



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**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

(Rs in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
MSP Rolling Mills Private Limited				120.13 (109.33)	120.13 (109.33)
MSP Group International Singapore (PTE) Limited	4.58 (-)			- (2.51)	4.58 (2.51)
Madanpur South Coal Company Limited		2.00 (2.01)			2.00 (2.01)
MSP Power Limited				3.20 (3.20)	3.20 (3.20)
Pratik Mines & Minerals Private Limited				41.00 (-)	41.00 (-)
<b>Closing Balance as at the year end – credit</b>					
MSP Sponge Iron Limited				88.09 (145.30)	88.09 (145.30)
MSP Metallics Limited				166.17 (-)	166.17 (-)
Shree Khathupati Mercantiles Private Limited				1.41 (0.32)	1.41 (0.32)
MSP Mines & Minerals Private Limited				0.52 (1.21)	0.52 (1.21)
High Time Holding Private Limited				100.00 (100.00)	100.00 (100.00)
B.S Confin Private Limited				50.00 (50.00)	50.00 (50.00)
MSP Infotech Private Limited				52.34 (-)	52.34 (-)
MSP Properties (India) Private Limited				25.00 (-)	25.00 (-)



**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

(Rs in lacs)

Nature of Transactions	Subsidiary Company	Jointly Controlled Entity	Key Management Personnel & their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Mr. Puranmal Agrawal			2.10 (2.10)		2.10 (2.10)
Mr. Suresh Agrawal			1.77 (1.77)		1.77 (1.77)
Chaman Mettalics Limited				13.72 (-)	13.72 (-)
Howrah Gases Limited				35.56 (-)	35.56 (-)



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**MSP STEEL & POWER LIMITED**
**Schedule forming part of the Balance Sheet and Profit and Loss Account**

19. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 : (To the extent applicable)

**(i) Installed Capacity and Actual Production**

Class of Goods	Unit	Annual Installed Capacity		Production	
		2009-10	2008-09	2009-10	2008-09
Pellet Plant	Mt	300,000	300,000	144,643	16,486
Sponge Iron	Mt	192,000	192,000	155,851	124,896
MS Ingot/Billet	Mt.	144,109	144,109	107,579	95,078
TMT Bar	Mt.	80,000	80,000	68,385	56,506
Structural Rolling Mill	Mt.	1,28,000	-	1,099	-
Captive Power Plant	Kwh	190,080,000	190,080,000	161,783,321	137,088,268

Notes : Since the industry in which the Company operates is de-licensed, the requirement for disclosure of licensed capacity is not applicable.

**(ii) Details of Sales**

Sales*	Unit	2009-10		2008-09	
		Quantity	Rs. in lacs	Quantity	Rs. in lacs
<b>Sale of Finished Goods</b>					
Sponge Iron	Mt	55,907	7,406.62	33,557	5,185.47
MS Ingot/Billets	Mt	47,227	10,025.44	57,230	15,565.98
TMT Bar	Mt	64,811	15,857.71	57,026	16,931.72
Structural TMT**	Mt	3	0.97	-	-
MS Angle (Trading)	Mt	-	-	102	41.79
MS Channel (Trading)	Mt	407	107.73	102	43.19
MS Plate (Trading)	Mt	-	-	317	174.20
R.S. Joist (Trading)	Mt	-	-	33	14.02
TMT (Trading)	Mt	10,332	3,761.80	343	120.42
Steel Round	Mt	474	125.61	-	-
			<b>37,285.88</b>		<b>38,076.79</b>
<b>Sale of Scrap &amp; By Product</b>					
Iron Ore Fines	Mt	393	3.40	11,800	222.55
Coal Fines	Mt	60,487	445.98	98,819	488.79
Coal Tar	Mt	60	3.63	-	-
Scrap	Pcs	5436	33.60	-	-
			<b>486.61</b>		<b>711.34</b>
<b>Sale of Raw Material</b>					
Iron Ore	Mt	14,654	357.46	19,434	517.10
Coal	Mt	894	11.19	44,042	466.98
Pig Iron	Mt	-	-	30	5.21
Dolomite	Mt	46	0.30		
			<b>368.95</b>		<b>990.64</b>
<b>Sale from Power Unit</b>					
Power	Kwh	16,321,315	615.71	5,051,600	70.48
			<b>615.71</b>		<b>70.48</b>
<b>Total</b>			<b>38,757.15</b>		<b>39,849.25</b>

\*excluding goods transferred for further processing as follows :



*Handwritten signatures and initials.*



**MSP STEEL & POWER LIMITED**

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

Captive Consumption of Finished Goods	Unit	Quantity (MT)	
		2009-10	2008-09
Pellets	Mt	1,42,743	16,283
Sponge Iron	Mt	96,914	91,403
Billets/Ingots	Mt	60,204	38,939
TMT Bar #	Mt	2,618	414
Power	KWH	145,462,006	132,036,668

\*\* adjusted with pre-operative expenses

# includes 1835 MT consumed for projects (Refer schedule 17)

**(iii) Details of Opening and Closing Stocks**

Details of Finished Goods	Unit	2009-10		2008-09	
		Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
<b>Opening Stock :</b>					
Pellet	Mt	203	-	-	-
Sponge Iron	Mt	1,831	243.28	1,895	220.29
MS Ingot/Billets	Mt	1,714	394.66	2,805	585.45
TMT Bar	Mt	918	243.39	1,852	470.04
Oxygen Gas	Cu M	257	-	257	0.30
Katha	Kg.	7	-	7	7.47
Cutch	Kg.	3	-	3	0.58
End Cuts	Mt	8	1.36	-	-
<b>Total</b>			<b>882.69</b>		<b>1,284.13</b>
<b>Closing Stock :</b>					
Structural TMT	Mt	1,096	228.75		
Pellet	Mt	2,103	89.99	203	-
Sponge Iron	Mt	4,861	532.99	1,831	243.28
MS Ingot/Billets	Mt	1,862	355.71	1,714	394.66
TMT Bar*	Mt	1,814	391.28	918	243.39
Oxygen Gas	Cu M	257	-	257	-
Katha	Kg.	7	-	7	-
Cutch	Kg.	3	-	3	-
End Cuts	Mt	15	2.01	8	1.36
<b>Total</b>			<b>1,600.74</b>		<b>882.69</b>

\* Including stock with consignment agent – 196 Mt.



*Handwritten signatures and initials.*





**MSP STEEL & POWER LIMITED**

Schedule forming part of the Balance Sheet and Profit and Loss Account

**(iv) Details of Purchase of Traded Goods**

Purchase of Finished Goods	2009-10		2008-09	
	Quantity (MT)	Rs. in lacs	Quantity (MT)	Rs. in lacs
MS Angle	-	-	102	38.73
MS Channel	407	102.75	102	40.14
MS Plate	-	-	317	161.74
R.S. Joist	-	-	33	13.04
TMT	10,332	3,594.64	343	120.90
Steel Round	474	119.80	-	-
<b>Total</b>		<b>3,817.19</b>		<b>374.55</b>

**(v) Details of Raw Materials Consumption**

Consumption of Raw Materials (Including Shortage/Excess)*	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Coal	461,165	8,296.17	513,922	6,376.15
Iron Ore	315,324	5,998.63	308,588	10,687.05
Dolomite	8,420	60.60	11,154	74.92
Silico Manganese	1,604	700.79	1,572	609.58
Sponge/ Pig Iron	30,448	4,804.20	28,170	5,334.45
MS Billets/ Ingots	12,473	2,532.39	20,363	4,954.96
Iron Ore Pellet	-	-	16,486	741.85
Others		702.83		705.82
<b>Total</b>		<b>23,095.61</b>		<b>29,484.78</b>

\*Note :-

- (a) Including cost of raw materials sold during the year Rs. 756.00 lacs (Rs. 1442.43 lacs)  
 (b) Including raw material consumed during trial run process Rs. 202.84 lacs (Rs. 775.80 lacs)  
 (c) Excludes captive consumption as reflected in Note No. 20 (ii) of Schedule 22

**(vi) Break-up of consumption of raw materials, stores & spares consumed. [excluding items debited to other heads of expenses, but including amount debited to Pre-operative and Trial Run Expenses (Pending allocation)]**

Particulars	Raw Materials		Stores & Spares Consumed	
	Rs. in lacs	%	Rs. in lacs	%
Indigenous	22,383.82 (29,484.78)	96.92 (100)	1,847.95 (1,411.32)	99.37 (98.03)
Imported	711.79 (-)	3.08 (-)	11.67 (28.33)	0.63 (1.97)
<b>Total</b>	<b>23,095.61</b> <b>(29,484.78)</b>	<b>100</b> <b>(100)</b>	<b>1,859.62</b> <b>(1,439.65)</b>	<b>100</b> <b>(100)</b>



*Handwritten signatures and initials.*





**MSP STEEL & POWER LIMITED****Schedule forming part of the Balance Sheet and Profit and Loss Account****20. Value of Imports (calculated on CIF basis)**

(Rs. in lacs)

Particulars	2009-10	2008-09
Capital Goods	79.51	274.21
Stores, Spares & Consumables	11.67	28.33
Raw Materials	711.79	-

**21. Expenditure in foreign currency (on actual remittance basis)**

(Rs. in lacs)

Particulars	2009-10	2008-09
Travelling	1.16	3.62
Commission	4.72	-

**22. Earning in foreign currency (on accrual basis)**

(Rs. in lacs)

Particulars	2009-10	2008-09
FOB Value of Exports (excluding sales made to Nepal in Indian rupees Rs. 73.56 lacs)	3,142.35	4,706.82

23. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

**Signatories to Schedules 1 to 22**

As per our Report of even date

For and on behalf of Board of directors

For S. R. BATLIBOI &amp; CO.

Firm Registration Number : 301003E

CHARTERED ACCOUNTANTS

per R. K. AGRAWAL  
Partner  
Membership No. 16667



22, Camac Street  
Block 'C', 3rd Floor  
Kolkata - 700016.

Date :

Puran Mal A  
(Chairman)Suresh Karjund  
(Managing Director)Anup  
(Company Secretary)