

**AUDITORS' REPORT TO THE MEMBERS
OF
MSP STEEL & POWER LIMITED**

We have audited the attached Balance Sheet of MSP Steel & Power Limited ("the Company") as at 31st March, 2009 and also the Profit and Loss Account 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.

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 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.

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

Further to our comments in the Annexure referred to above, we report that :-

1. 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 *except for certain documents seized by the excise department as referred to in para 6 below.*
2. 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.
3. The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Profit and Loss Account 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.
5. On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



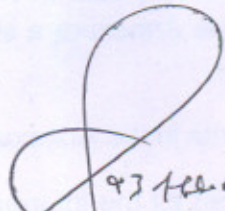
S.R. BATLIBOI & Co.

Chartered Accountants

6. Attention is drawn to Note No 5 on Schedule 22 relating to search and seizure conducted by Excise department at the Company's Plant at Raigarh on 17th February, 2009 where in certain supporting documents relating to consumption of raw materials and production have been seized by the said department. Based on the documents and information available with the Company, the figures of raw-materials consumption and production have been arrived at for the period from 1st April' 08 to 17th February' 09, which has been relied upon by us.
7. Subject to the matter referred in para 6 above, whose impact, if any, on the profit for the year is not ascertainable, 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 :-
- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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Kolkata - 700 016.

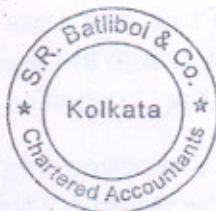
Dated : 29th June, 2009.


For S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Per

R. K. AGRAWAL
Partner

Membership No. 16667



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, 2009)

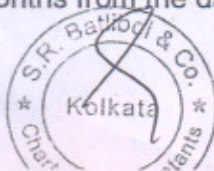
- (i) (a) *The Company is in the process of updating the fixed assets records showing full particulars, including quantitative details and situation of fixed assets.*
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification 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. *However, pending updating of records as noted above, discrepancies if any, between the physical and book balances of fixed assets is not presently ascertainable.*
- (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. As informed, no material discrepancies were noticed on such physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provision of clause 4(iii)(b) to clause 4(iii)(d) of the Order are not applicable.
- (e) The Company had taken loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 154.26 lacs and the year-end balance of loans taken from such parties was Rs. 150 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 loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest have been regular.



S.R. BATLIBOI & Co.

Chartered Accountants

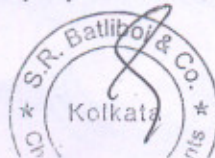
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. As informed, the Company has not made any sale of services during the year.
- (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 Act that need to be entered in the register maintained under section 301, 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 value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As informed, the Company has not accepted any deposit from the public.
- (vii) The Company has an internal audit system, which in our opinion, is 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 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, wealth-tax, service tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities *though there have been slight delay in few cases*. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.



- (c) According to the records of the Company, the dues outstanding in respect of income tax, sales tax, wealth-tax, service tax, custom duty, excise duty, cess etc. on account of any dispute are as follows :-

Name of the Statute	Nature of the Dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Non collection of "C" form	141.69	2004-06	Appellate Dy. Commissioner, Commercial Tax
Central Excise Act, 1944	Disputed duty on finished good	75.72	2005-07	CESAT
Income Tax Act, 1961	Tax on disputed disallowances	13.20	2005-06	Commissioner of Income Tax (Appeal)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred 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 a financial institution or bank. There were no outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced, 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 not given any guarantees for loans taken by others from banks or financial institutions.
- (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.



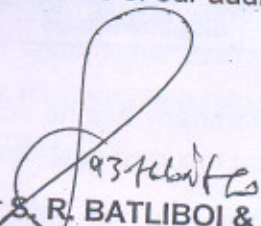
S.R. BATLIBOI & CO.

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- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no fund raised on short-term basis have been used for 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.

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

Dated : 29th June, 2009.


For S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Per

R. K. AGRAWAL

Partner

Membership No. 16667



MSP STEEL & POWER LIMITED
Balance Sheet As At 31st March, 2009

	SCHEDULE	As on 31st March, 2009 Rs. in lacs	As on 31st March, 2008 Rs. in lacs
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	5,810.00	5,810.00
Reserves & Surplus	2	11,113.38	7,176.04
		16,923.38	12,986.04
Loan Funds			
Secured Loans	3	24,944.24	18,009.65
Unsecured Loans	4	2,325.00	2,521.29
		27,269.24	20,530.94
Deferred Tax Liability (Refer Note No. 11(b) on Schedule 22)		1,582.95	925.25
		45,775.57	34,442.23
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	25,089.06	15,039.01
Less : Accumulated Depreciation		2,361.46	1,572.26
Net Block		22,727.60	13,466.75
Capital work in Progress (Including Capital Advances)	6	9,967.23	7,965.52
Pre-operative & Trial Run Expenses (Pending Allocation)	7	553.47	397.86
		33,248.30	21,830.13
Investments	8	672.79	610.17
Current Assets, Loans & Advances			
Inventories	9	3,933.76	4,633.47
Sundry Debtors	10	4,180.25	6,656.28
Cash & Bank Balances	11	1,940.43	2,151.32
Other Current Assets	12	4.99	-
Loans & Advances	13	4,256.57	4,712.01
		14,316.00	18,153.08
Less:			
Current Liabilities & Provisions	14		
Current Liabilities		2,156.98	5,722.05
Provisions		304.54	482.62
		2,461.52	6,204.67
Net Current Assets		11,854.48	11,948.41
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Share Issue Expenses		-	51.70
Preliminary Expense		-	1.82
		45,775.57	34,442.23
Significant Accounting Policies and Notes on Accounts	22		

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.
Chartered Accountants

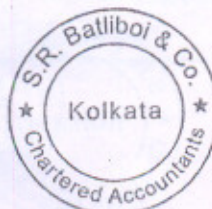
per R. K. Agrawal
Partner
Membership No 16667

22, Camac Street
Block C, 3rd Floor
Kolkata -700 016
Date : 29th June, 2009

For and on behalf of Board of Directors

Pooja Malhotra
(Chairman)
Pinky Gupta
(Company Secretary)

Suresh Kumar
(Managing Director)



MSP STEEL & POWER LIMITED

Profit & Loss Account for the Year ended 31st March, 2009

	SCHEDULE	Rs. in lacs	
		2008-09	2007-08
INCOME			
Gross Sales	15	44,477.77	40,430.11
Less: Excise Duty		4,002.32	4,357.62
Net Sales		40,475.45	36,072.49
Other Income	16	911.44	1,489.92
		41,386.89	37,562.41
EXPENDITURE			
Decrease/(Increase) in Stocks	17	114.51	(1,250.36)
Excise Duty and Cess on Stocks (Refer Note No. 15 on Schedule 22)		(103.48)	82.68
Raw Materials Consumed	18	28,708.98	21,360.09
Purchase of Trading Goods		374.55	5,800.14
Personnel Cost	19	743.34	537.84
Manufacturing, Selling & Administrative Expenses	20	3,886.90	2,836.84
Prior Period Expenses [Net of Prior Period Income Rs. 54.55 lacs (Rs. Nil)]		61.32	-
Interest & Finance Charges	21	1,942.41	1,415.40
Depreciation		741.13	734.06
		36,469.66	31,516.69
Profit before Taxes		4,917.23	6,045.72
Provision For Taxes:			
-Current Tax [Including tax expense of earlier years Rs. 61.31 lacs (Rs. Nil)]		644.64	726.07
Less: MAT Credit Entitlement (Refer Note No. 11(a) on Schedule 22)		387.51	257.13
-Deferred Tax [net of tax of earlier years written back Rs.22.39 lacs (Rs. Nil)]		657.70	644.68
-Fringe Benefit Tax		13.36	8.73
Profit After Taxes		3,989.04	4,666.24
Balance Brought Forward from Last Year		7,068.75	2,402.51
Balance carried to the Balance Sheet		11,057.79	7,068.75
Earning per share [Nominal value of shares - Rs 10/-] -Basic & Diluted (Rs) (Refer Note No. 13 on Schedule 22)		6.87	8.03
Significant Accounting Policies and Notes on Accounts	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.
Chartered Accountants

per R. K. Agrawal
Partner
Membership No 16667

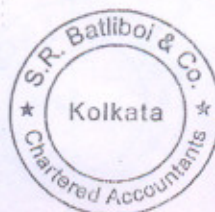
22, Camac Street
Block C, 3rd Floor
Kolkata -700 016
Date : 29th June, 2009

For and on behalf of Board of Directors

Ranvir Singh
(Chairman)

Pinky Gupta
(Company Secretary)

Suresh Karjane
(Managing Director)



MSP STEEL & POWER LIMITED

Cash Flow Statement for the year ended 31st March, 2009

	Rs. in lacs	
	2008-2009	2007-2008
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxes	4,917.23	6,045.72
Adjustments for :		
Depreciation	741.13	734.06
Depreciation written back	-	(1,227.38)
Profit from sale of Current Investments (Non Trade)	(6.01)	(0.14)
Loss on Foreign Exchange Fluctuation/Forward	208.99	-
Income from Joint Venture	(8.14)	-
Irrecoverable Debts, Deposits and Advances written off	44.40	-
Provision for bad & doubtful debts/advances	70.17	-
Liabilities no longer required written back	(236.01)	-
Preliminary Expenses written Off	1.82	21.98
Share Issue Expenses written Off	-	0.69
Interest on loan, deposits etc.	(53.05)	(41.30)
Interest Expenses	1,877.75	1,385.56
Dividend Income from Current Investments (Non Trade)	(0.16)	-
Operating Profit before working capital changes	2,640.89	873.47
Movement in Working Capital for:		
(Increase)/Decrease in Sundry Debtors	2,267.04	(4,675.39)
(Increase)/Decrease in Loans & Advances	712.19	(2,942.05)
(Increase)/Decrease in Inventories	699.71	(1,258.22)
Increase/(Decrease) in Current Liabilities & Provisions	(3,301.07)	4,643.09
Cash generated from Operations	3,018.76	(3,359.10)
Taxes Paid	864.08	397.16
Net Cash generated from Operating Activities	7,071.91	2,289.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets [including Pre-Operative and Trial Run Expenses (Pending allocation)]	(11,039.76)	(8,508.47)
Purchase of Investments	(5,262.62)	(69.26)
Sale of Investments	5,206.01	-
Income from Joint Venture	8.14	-
Interest Income	48.06	41.30
Dividend Income	0.16	0.14
Net cash used in investing activities	(11,040.01)	(8,536.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings Received	11,977.37	7,589.93
Long Term Borrowings Repaid	(7,788.96)	-
Net Movement in Short Term Borrowings	2,549.89	1,389.28
Interest Paid	(2,997.28)	(1,385.56)
Net cash generated in financing activities	3,741.02	7,593.65
Net (Decrease)/Increase in Cash & Cash equivalents (A+B+C)	(227.08)	1,346.82
Cash & Cash equivalents as at the beginning of the year	2,109.24	762.42
Cash & Cash equivalents as at the end of the year	1,882.16	2,109.24
Cash & Cash equivalents as at the end of the year includes		
Cash on hand	54.60	29.71
With Scheduled Banks on Current Account	327.56	1,596.70
Fixed Deposit (Maturity Period of not more than 3 months)	1,500.00	482.83
	1,882.16	2,109.24

As per our Report of even date

93406/09
For S. R. Batliboi & Co.
Chartered Accountants

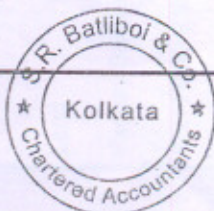
per R. K. Agrawal
 Partner
 Membership No 16667

22, Camac Street
 Block C, 3rd Floor
 Kolkata 700 016
 Date : 29th June, 2009

For and on behalf of Board of Directors

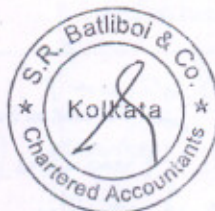
Raman Malhotra (Chairman) *Suresh Karjane* (Managing Director)

Pinky Gupta
 (Company Secretary)



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

		As on 31st March, 2009 Rs. In lacs	As on 31st March, 2008 Rs. In lacs
SCHEDULE : 1			
SHARE CAPITAL			
<u>Authorised</u> 6,00,00,000 Equity Shares of Rs. 10/- each		6,000.00	6,000.00
<u>Issued, Subscribed & Paid-Up</u> 5,81,00,000 Equity Shares of RS. 10/- each, fully paid up		5,810.00	5,810.00
		5,810.00	5,810.00
Of the Above:			
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 share of Rs 10/- each were allotted as fully paid bonus shares by capitalisation of securities premium.			
SCHEDULE : 2			
RESERVES & SURPLUS			
Securities Premium Account As per last Account	107.29		
Less: Share Issue Expenses adjusted	51.70	55.59	107.29
Profit & Loss Account Balance		11,057.79	7,068.75
		11,113.38	7,176.04
SCHEDULE :3			
SECURED LOANS (Refer Note No. 7 On Schedule 22)			
From Scheduled Banks			
Term Loans		15,954.70	12,460.03
Working Capital Facilities		8,792.84	5,385.11
Deferred Payment Credits under Hire Purchase			
From Scheduled Banks	130.19		
From Bodies Corporate	66.51	196.70	164.51
		24,944.24	18,009.65
SCHEDULE :4			
UNSECURED LOANS			
From Bodies Corporate [Repayable within One Year Rs. 680.00 lacs (Rs.1,537.84 lacs)]		2,325.00	2,521.29
		2,325.00	2,521.29



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

SCHEDULE : 5
FIXED ASSETS

(Rs. in lacs)

Description	Gross Block (at cost)				Depreciation				Net Block		
	As at 1st April 2008	Additions	Deletions/ Adjustments	As at 31st March 2009	As at 1st April 2008	For the year	Deletions/ Adjustments	As at 31st March 2009	As at 31st March 2009	As at 31st March 2008	
Land	439.66	265.33	(b) -	704.99	-	-	-	-	704.99	439.66	
Factory Buildings	1,926.57	1,024.51	-	2,951.08	133.62	80.76	-	214.38	2,736.70	1,792.95	
Non-Factory Buildings	135.50	7.63	-	143.13	5.30	2.21	-	7.51	135.62	130.20	
Plant & Machinery	12,169.76	8,677.69	-	20,847.45	1,354.64	660.96	-	2,015.60	18,831.85	10,815.12	
Vehicles	330.77	49.77	-	380.54	74.14	36.26	-	110.40	270.14	256.63	
Furniture & Fixtures	36.75	25.12	-	61.87	4.56	9.01	-	13.57	48.30	32.19	
Total	15,039.01	10,050.05	(c) -	25,089.06	1,572.26	789.20	(a) -	2,361.46	22,727.60	13,466.75	
Previous Year's Total	13,068.00	1,971.97	0.96	15,039.01	2,065.58	734.06	1,227.38	1,572.26	13,466.75		

Notes :-

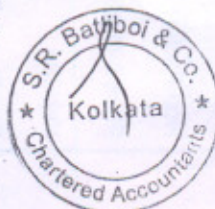
- a) Includes Rs.48.07 lacs (Rs.Nil) transferred to Pre-operative & Trial Run Expenses (Pending Allocation)
 b) Includes Rs. 10.86 lacs, being the cost of land which is yet to be registered in the name of the Company.
 c) Includes Rs. 1,568.82 lacs capitalised from Pre-operative & Trial Run Expense (Pending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



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

	As on 31st March, 2009 Rs. In lacs	As on 31st March, 2008 Rs. In lacs
<u>SCHEDULE 6 : CAPITAL WORK IN PROGRESS</u> <u>(INCLUDING CAPITAL ADVANCES)</u>		
Buildings	912.07	919.29
Plant & Machinery	6,939.14	5,617.35
Capital Goods in Stock	265.16	-
Capital Advances	1,850.86	1,428.88
TOTAL	9,967.23	7,965.52
<u>SCHEDULE 7 : PRE-OPERATIVE & TRIAL RUN EXPENSES</u> <u>(PENDING ALLOCATION)</u>		
Opening Balance Brought Forward	397.86	-
Raw Materials Consumed	775.80	-
Personnel Cost*		
Salary, Wages & Bonus	158.53	2.68
Contribution to Provident and Other Funds	4.96	-
Staff Welfare	5.79	-
*Refer Note No. 8 & 12 on Schedule 22		
Administrative and Other Indirect Overheads		
Stores & Spares Consumed	99.88	-
Power & Fuel	6.41	-
Repairs & Maintenance		
- Plant & Machinery	2.52	-
- Others	0.21	-
Material Handling Charges	8.44	-
Travelling & Conveyance	6.23	18.68
Vehicle Maintenance Expense	23.38	-
Insurance Charges	0.03	-
Printing and Stationary	0.26	-
Postage and Communication	0.15	0.49
Legal & Professional Charges	1.15	50.39
Rent & Hire Charges	47.43	7.06
Rates & Taxes	2.76	-
Miscellaneous Expenses	66.11	-
Borrowing Cost		
Interest on Term Loans	1,119.53	210.17
Finance Charges	88.65	108.39
Depreciation	48.07	-
TOTAL	2,864.14	397.86
Less: Material Transferred for Captive Consumption	741.85	-
	2,122.29	397.86
Less: Transferred to Fixed Assets	1,568.82	-
TOTAL	553.47	397.86



Handwritten signatures and initials.

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

	Number of Shares	Face Value per share Rs.	As on 31st March, 2009 Rs. In lacs	As on 31st March, 2008 Rs. In lacs
SCHEDULE - 8				
INVESTMENTS				
(Long Term, other than trade)				
Equity Shares (Fully paid up)				
Quoted,				
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
Rudoday Security Limited	10,000	10	0.46	0.46
Indian Overseas Bank	2,900	10	0.70	0.70
IDFC Limited	5,201	10	1.77	1.77
			19.70	19.70
Unquoted,				
MSP Metallica Limited \$	420,000	10	402.00	402.00
MSP Properties (I) Private Limited	7,500	10	0.75	0.75
MSP Sponge Iron Limited	438,000	10	49.50	49.50
MSP Cement Limited	8,000	10	0.80	-
	(-)			
MSP Power Limited	8,000	10	0.80	-
	(-)			
Shree Sai Sharddha Metallica Private Limited	50,000	10	50.00	-
	(-)			
Madanpur South Coal Company Limited (Joint Venture)#	124,699 (107,282)	10	149.24	114.46
			653.09	566.71
Share application in Madanpur South Coal Company Limited			-	23.76
TOTAL			672.79	610.17
Market Value of Quoted Shares			27.57	42.19

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

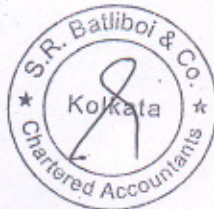
\$ Ceased to be the company under the same management with effect from 1st September 2008.

Shares pledged with IDBI Bank Limited for guarantee given on behalf of Madanpur South Coal Company Limited.

Note:

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

- Birla Sunlife Cash Plus Fund (Units - 4,276,272)
- Reliance Liquidity Fund (Units - 14,394,588)
- SBI Premier Liquid Fund Institutional Growth (Units - 4,433,640)
- SBI Magnum Insta Cash Fund Cash Option (Units - 8,367,807)
- SBI Magnum Insta Cash Fund Daily Dividend Option (Units - 2,985,021)



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

	As on 31st March, 2009 Rs. In lacs	As on 31st March, 2008 Rs. In lacs
SCHEDULE : 9		
INVENTORIES		
Stores & Spares	381.37	210.12
Raw Materials (including in transit Rs. 423.17 lacs (Rs. 233.52 lacs))	1,565.05	2,220.34
Work in progress	34.71	-
Finished Goods	882.69	1,284.13
By Products	1,069.94	918.88
	3,933.76	4,633.47
SCHEDULE : 10		
SUNDRY DEBTORS (Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered Good	236.93	279.24
Considered Doubtful	51.17	-
Other Debts		
Considered Good	3,943.32	6,377.04
	4,231.42	6,656.28
Less: Provision for Doubtful Debts	51.17	-
	4,180.25	6,656.28
(Refer Note No. 9 on Schedule 22)		
SCHEDULE : 11		
CASH AND BANK BALANCES		
Cash on Hand	54.60	29.71
Balances with Scheduled Banks on:		
Current Accounts	327.56	1,596.70
Fixed Deposit Accounts	1,558.27	524.91
[Receipts for Rs. 48.86 lacs (Rs. 38.68 lacs) pledged with banks as margin against loans/guarantee issued by them and Rs. 3.40 lacs (Rs. 3.40 lacs) lodged with other parties]		
	1,940.43	2,151.32
SCHEDULE : 12		
OTHER CURRENT ASSETS		
Interest Receivable	4.99	-
	4.99	-



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

	As on 31st March, 2009 Rs. In lacs	As on 31st March, 2008 Rs. In lacs
SCHEDULE: 13		
LOANS & ADVANCES		
(Unsecured)		
Considered Good		
Loans [Including to staff Rs. 8.79 lacs(Rs. 4.31 lacs)]	122.04	229.42
Advances recoverable in cash or in kind or for value to be received [Including to staff Rs. 23.04 lacs(Rs. 3.88 lacs)]	2,285.00	3,339.46
Export Incentive Receivable	36.96	-
Balance with Central Excise & Sales Tax Authorities	1,346.42	1,048.98
MAT Credit Entitlement	387.51	-
Security & Other Deposits	78.64	94.15
Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	19.00	-
	4,275.58	4,712.01
Less: Provision for Doubtful Advances	19.00	-
	4,256.57	4,712.01
(Refer Note No. 10 on Schedule 22)		
SCHEDULE :14		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for goods, services, expenses etc		
a) Due to Micro & Small Enterprises (Refer Note No. 6 on Schedule 22)	-	-
b) Due to Others [Includes Rs. 3.87 lacs (Rs. Nil) lacs due to the Directors]	1,972.25	5,550.89
Other Liabilities	39.16	117.47
Advance from Customers	145.57	53.69
	2,156.98	5,722.05
B. PROVISIONS		
Retirement Benefits	47.39	19.39
Taxation (Net of Advances)	243.79	454.50
Fringe Benefit Tax	13.36	8.73
	304.54	482.62



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

	Rs. in lacs	
	2008-09	2007-08
SCHEDULE : 15		
SALES		
Finished Goods	42,079.11	38,725.48
Saleable Scraps & By Products	711.34	1,159.87
Sale of Raw Materials	990.64	444.21
Income from Power Unit:		
Sale of Power	70.48	100.55
Sale of Carbon Credit Units	589.24	-
Export Incentive	36.96	-
	44,477.77	40,430.11
SCHEDULE : 16		
OTHER INCOME		
Interest on loan, deposits etc (Gross)	53.05	41.30
[Tax deducted at source Rs. 9.15 lacs (Rs. 8.47 lacs)]		
Consideration towards non fulfillment of Contract	432.20	-
Claim Received	28.30	2.90
Dividend Income from Current Investments (Non Trade)	0.16	-
Income from Joint Venture	8.14	-
Profit from sale of Current Investments (Non Trade)	6.01	0.14
Liabilities no longer required written back	236.01	13.46
Gain on Foreign Exchange Fluctuation (Net)	-	2.90
Gain on Transactions in Commodity Exchange	140.93	201.41
Depreciation Written Back	-	1,227.38
Miscellaneous Income	6.64	0.43
	911.44	1,489.92
SCHEDULE : 17		
DECREASE/(INCREASE) IN STOCKS		
(Opening Stock)		
Finished Goods	1,284.13	501.43
By Products	918.88	451.22
	2,203.01	952.65
Less:		
(Closing Stock)		
Finished Goods	882.69	1,284.13
Goods under Process	34.71	0.00
By Products	1,069.94	918.88
	1,987.34	2,203.01
Less : Transfer to Fixed Assets	101.16	-
	114.51	(1,250.36)
SCHEDULE:18		
RAW MATERIAL CONSUMED		
Opening Stock	2,220.34	2,324.60
Add: Purchases (Including Procurement expenses)	28,053.69	21,255.83
[Includes materials transferred from trial run production Rs. 741.35 lacs (Rs. Nil)]	30,274.03	23,580.43
Less : Closing Stock	1,565.05	2,220.34
	28,708.98	21,360.09



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

	Rs. in lacs	
	2008-09	2007-08
SCHEDULE : 19		
PERSONNEL COST		
Salary, Wages and Bonus	588.75	421.22
Contribution to Provident and Other Funds	40.58	27.69
Staff Welfare Expenses	48.01	37.93
Managerial Remuneration	66.00	51.00
	743.34	537.84
(Refer Note No. 8 & 12 on Schedule 22)		
SCHEDULE : 20		
MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES		
Stores & Spares Consumed	1,339.77	1,086.81
Power & Fuel	517.16	281.37
Repairs & Maintenance		
- Plant & Machinery	45.80	22.78
- Building	8.67	8.64
- Others	27.19	13.31
Material Handling Charges	405.58	310.89
Travelling & Conveyance	15.20	23.96
Vehicle Running & Maintenance Expense	128.31	135.19
Commission on sales (Other than Sole Selling Agents)	22.66	23.51
Selling Expenses	27.41	66.59
Freight Outward [net of recoveries Rs. 389.74 lacs (Rs. 18 lacs)]	582.55	644.93
Auditor's Remuneration		
- Statutory Audit Fees	7.00	1.41
- Tax Audit Fees	0.50	0.23
- Limited Review Fees	3.00	0.84
- Out of pocket expenses	0.13	-
Insurance Charges	10.55	20.98
Printing and Stationary	6.25	7.33
Postage and Communication	16.43	12.34
Legal & Professional Charges	142.60	29.16
Rent & Hire Charges	106.02	35.22
Rates & Taxes	5.79	8.20
Loss on Foreign Exchange Fluctuation/Forward Exchange Contract (Net)	208.99	-
Charity & Donations [Includes Rs. 0.50 lacs (Rs. Nil) to political parties]	6.44	3.31
Irrecoverable Debts, Deposits and Advances written off	44.40	-
Provision for bad & doubtful debts/advances	70.17	-
Miscellaneous Expenses	136.51	77.17
Share Issue Expenses Written Off	-	21.98
Preliminary Expenses written Off	1.82	0.69
	3,886.90	2,836.84
SCHEDULE : 21		
INTEREST & FINANCE CHARGES		
Interest		
- On Term Loans	1,096.66	659.25
- On Working Capital Facilities	777.35	712.62
- On Others	3.74	13.69
Finance Charges	64.66	29.84
	1,942.41	1,415.40



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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 & Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of Accounts

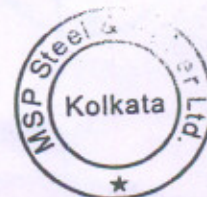
The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical 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 (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest 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.
- b) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.



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MSP STEEL & POWER LIMITED

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

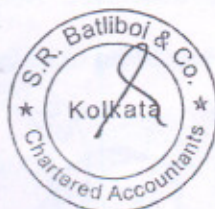
- c) All direct expenditure relating to construction of project are capitalized as "Pre-operative & Trial Run Expenses (pending allocation)". Administrative and general overheads which are specifically attributable to the construction of the project and/or bringing it to the working conditions for intended use are also 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 at the weighted average cost of capital.

(iv) Depreciation / Amortization

- 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 specified in schedule XIV to the Companies Act, 1956 or the rates determined as per the useful lives of the respective assets, whichever is higher.
- c) Depreciation on Fixed Assets added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.
- d) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

(v) 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.



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MSP STEEL & POWER LIMITED

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

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.

(vi) 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-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 / 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.
- e) **Derivative Instruments:** In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 "The Effects of Changes in Foreign Exchange Rates") is done based on the "marked to market" on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.



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MSP STEEL & POWER LIMITED

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

(vii) 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.

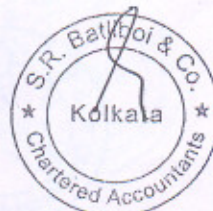
Current investments are carried at lower of cost and fair value determine on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognized a decline' other than temporary' in the value of the investments.

(viii) Inventories

- a) Raw materials, Stores, spares & consumables are valued at lower of cost (computed on FIFO basis) and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- 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 estimated 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.

(ix) 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 respective funds are due.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method, at the end of each financial year.
- 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.
- d) Actuarial gains/losses are taken to profit and loss account and are not deferred.



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MSP STEEL & POWER LIMITED

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

(x) **Borrowing Costs**

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 costs are charged to revenue.

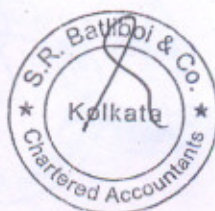
(xi) **Taxation**

Tax expense comprises of current, deferred and fringe benefit tax.

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflect 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 recognized 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 realized. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed at the end of each reporting period and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

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 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.



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MSP STEEL & POWER LIMITED

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

(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 on passage of title thereof to the customers, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc.

(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 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. Provisions 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 earning 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.



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MSP STEEL & POWER LIMITED

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

(xvi) Excise duty & custom duty

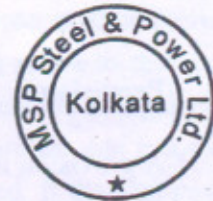
Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time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

(xvii) Cash and Cash equivalents

Cash and cash equivalents as indicated in the Cash Flow Statement comprise 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 ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.



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MSP STEEL & POWER LIMITED**Schedule forming part of the Balance Sheet and Profit and Loss Account****2. Contingent liabilities not provided for in respect of:**

(Rs. in lacs)

Particulars	As at 31 st	As at 31 st
	March 2009	March 2008
a) Excise Matters under dispute/ appeal	81.57	68.35
b) Sales Tax Matters under dispute/ appeal	141.69	40.25
c) Un-expired Bank Guarantees and Letters of Credit	910.05	1,037.68
d) Cess on Power Generation (Amount unascertainable)	-	-

3. Capital Commitments

(Rs. in lacs)

Particulars	As at 31 st	As at 31 st
	March 2009	March 2008
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs 1,850.86 lacs (Rs 1,428.88 lacs))	3,617.47	870.05

4. The Pellet Plant having achieved the technical parameters of operations and stabilization of production efficiency, has commenced the commercial production as at 29th March, 2009. Accordingly, fixed assets amounting to Rs. 8,677.69 lacs (including allocated pre-operative expenditure and trial run expenditures) have been capitalised during the year.
5. A search and seizure was conducted by Excise department at the Company's Plant at Raigarh on 17th February, 2009 where in certain supporting documents relating to consumption of raw materials and production have been seized by the said department. Based on the documents and information available with the Company, the figures of raw-materials consumption and production have been arrived at for the period from 1st April' 08 to 17th February' 09 which have been relied upon by the auditors.
6. 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 have been made by the Company to such creditors, if any, and no disclosure thereof is made in this accounts.



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MSP STEEL & POWER LIMITED

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

7. A) Details of nature of security of Secured Loans

- i) Term Loans from banks are secured by way of the following:
 - a) Equitable mortgage of factory land, buildings and all the immovable fixed assets and hypothecation of all the plant and machinery and other movable assets on pari passu basis with all the term lenders of the Company.
 - b) Second charge over all the current assets, present and future, on pari passu basis with all the term lenders of the Company.
- ii) Working Capital facilities from banks are secured by way of the following:
 - a) First hypothecation charge on entire current assets i.e. inventories and receivables on pari-passu basis (both present and future).
 - b) Second charge on factory land and buildings and all the immovable fixed assets and hypothecation of all the plant and machinery and other movable assets on pari passu basis.
- iii) The terms loans and working capital facilities are additionally secured by the corporate guarantee of Rama Alloys Private Limited as a collateral security and personnel guarantee of all promoters directors of the Company.
- iv) Hire purchases obligations are secured by hypothecation of vehicles purchased under the respective agreements.

B) Secured Loans falling due for repayment within one year Rs. 3,522.30 lacs (Rupees 1,952.70 lacs).

C) Fixed Assets include items acquired under Deferred payment credits under hire purchase scheme Gross Block Rs 406.94 lacs (Rs 247.79 lacs), Net Block Rs. 367.43 lacs (Rs 230.76 lacs) and the year wise break-up of future obligations towards lease rentals of Rs. 217.80 lacs (Rs. 188.24 lacs) inclusive of finance charges of Rs. 21.10 lacs (Rs. 23.73 lacs) under the respective agreements as on 31st March, 2009 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 st March, 2009	Minimum Lease Payment	Present Value as on 31 st March, 2009
217.80	196.70	143.59	127.07	74.21	69.63
(188.24)	(164.51)	(83.58)	(68.15)	(104.66)	(96.36)



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MSP STEEL & POWER LIMITED

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

8. Gratuity and other post retirement benefit plans

The Company provides gratuity benefits which is 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 year are as follows: -

(Rs. in lacs)

Particulars	Gratuity		Leave	
	(2008-09)	(2007-08)	(2008-09)	(2007-08)
Current service cost	9.20	12.06	0.28	7.33
Interest cost	1.01	-	0.57	-
Expected return on plan assets	-	-	-	-
Net actuarial losses	2.60	-	27.59	-
Net benefit expense	12.81	12.06	28.44	7.33
Actual return on plan assets	7.75	N.A.	N.A.	N.A.

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

(Rs. in lacs)

Particulars	Gratuity		Leave	
	31 st March 2009	31 st March 2008	31 st March 2009	31 st March 2008
Defined benefit obligation	24.87	12.06	34.61	7.33
Fair value of plan assets	12.09	-	-	-
Net liability	12.78	12.06	34.61	7.33

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

(Rs. in lacs)

Particulars	Gratuity		Leave	
	(2008-09)	(2007-08)	(2008-09)	(2007-08)
Opening defined benefit obligation	12.06	-	7.33	-
Interest cost	1.01	-	0.57	-
Current service cost	9.20	12.06	0.28	7.33
Benefit paid	-	-	(1.16)	-
Actuarial losses	2.60	-	27.59	-
Closing defined benefit obligation	24.87	12.06	34.61	7.33



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

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

(Rs. in lacs)

Particulars	Gratuity
	31 st March 2009
Opening fair value of plan assets	-
Expected return on plan assets	-
Contribution by the Company	12.09
Benefits paid	-
Actuarial (gains) / losses	-
Closing fair value of plan assets	12.09

Since the insurance policy has been taken during the year, last year's details are not furnished.

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

Particulars	(2008-09)	(2007-08)
Discount rate (%)	7.75	8.40
Rate of increase in salary (%)	10.00	10.00
Expected average remaining working life of the employees	25.92	27.03
Return on Plan Assets (Gratuity Scheme)	Nil	N.A.

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

(Rs. in lacs)

Particulars	Gratuity		Leave	
	31 st March 2009	31 st March 2008	31 st March 2009	31 st March 2008
Defined benefit obligation	24.87	12.06	34.61	7.33
Fair value of plan assets	12.09	-	-	-
Deficit	12.78	12.06	34.61	7.33
Experience adjustments on plan liabilities – (gains)/ losses	(0.07)	-	23.06	-
Experience adjustments on plan assets	Nil	N.A.	N.A.	N.A.

Since the Accounting Standard 15 on Employees Benefit was adopted from 1st April, 2007 disclosures are given only for 2007-08 and 2008-09

- (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.



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MSP STEEL & POWER LIMITED

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

(h) The Company expects to contribute Rs. 12.00 lacs to gratuity fund in the year 2009-2010.

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

Particulars	(Rs. in lacs)	
	(2008-09)	(2007-08)
Provident Fund	32.73	15.63

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

Name of the Company	31 st March, 2009	31 st March, 2008	Maximum Amount outstanding during the year	
			2008-09	2007-08
			MSP Cokes Private Limited	51.21

10. a) Loans & Advances includes the following balances due from companies under the same Management.

Name of the Company	31 st March, 2009	31 st March, 2008	Maximum Amount outstanding during the year	
			2008-09	2007-08
			MSP Metallics Limited *	N.A.
Chaman Metallics Limited *	N.A.	0.60	105.60	88.44

* Ceased to be company under same management with effect from 1st September, 2008

b) Loans and Advances include the following balances due from private company in which director is a director or a member.

Name of the Company	31 st March, 2009	31 st March, 2008	Maximum Amount outstanding during the year	
			2008-09	2007-08
			MSP Infotech Private Limited	-

11. a) Current Tax provision is net of Rs 387.51 lacs (including Rs. 311.28 lacs for earlier years) being the Minimum Alternate Tax (MAT) in terms of section 115JB of the Income Tax Act, 1961. Further, in terms of the provisions of section 115JB of the Income Tax Act, 1961, MAT entitlement of Rs 387.51 lacs is being carried forward for future adjustment. Based on the profitability projections and improved market conditions, 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 of Rs 1,582.95 lacs has been recognized in the accounts up to 31st March, 2009.

The break-up of major components of such net Deferred Tax liability is as follows:

Components of Deferred Tax Liability/ (Assets)	(Rs. in lacs)	
	As at 31 st March 2009	As at 31 st March 2008
Timing Difference in depreciable assets	1647.38	925.25
Other Temporary difference	(64.43)	-
Total	1,582.95	925.25

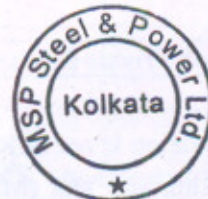
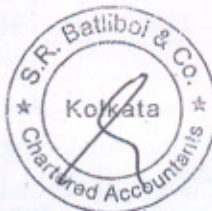
12. Details of remuneration paid to the directors:

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Salary & Bonus*	66.00	51.00

- * As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and therefore not included in above.

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

Particulars		2008-09	2007-08
Present Weighted Average Number of Equity Shares	Nos.	58,100,000	58,100,000
Net Profit/(Loss) After Tax	Rs. in lacs	3989.04	4,666.24
Nominal Value of each Shares	Rs.	10/-	10/-
Basic & Diluted Earning Per Share	Rs.	6.87	8.03



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MSP STEEL & POWER LIMITED

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

14. 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 which is yet to commence the process of commercial extraction of coal and hence no Profit & Loss account have been prepared by the Joint Venture Company.

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 st March 2009	As at 31 st March 2008
Assets	149.88	137.52
Liabilities	150.14	137.78
Miscellaneous Expenditure (To the extent not written off or Adjusted)	0.26	0.26

There are no capital commitments and contingent liability of the joint venture Company.

15. Excise duty & cess on stocks represents differential excise duty and cess on opening and closing stock of finished goods.

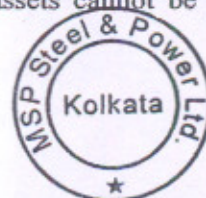
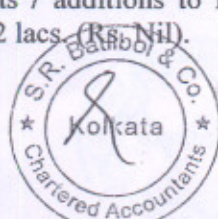
16. Segment Information:

The company has only one business segment i.e. iron & steel and thus no further disclosures are required in accordance with Accounting Standard 17 as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).

Information for Secondary Geographical Segments

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Domestic Revenues (Net of Excise Duty)	35,480.02	35,508.35
Export Revenues (Including Export Benefits)	4,995.43	564.14
Total	40,475.45	36,072.49

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 year end amounts to Rs. 32.52 lacs. (Rs. Nil).



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MSP STEEL & POWER LIMITED

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

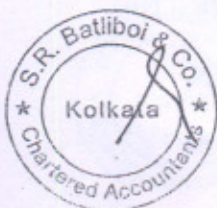
17. The Company has the following un-hedged exposures in US Dollars as at the period end.

Particulars	(Rs. in lacs)	
	As at 31 st March 2009	As at 31 st March 2008
Advance from customers	20.54	-

18. Related Party Disclosures

(a) Names of the related parties :

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 Rolling Mills Private Limited MSP Coke Private Limited MSP Group International Singapore (PTE) Limited MSP Cement Limited MSP Power Limited Rama Alloys Private Limited Chaman Metallics Limited Shree Khathupatti Merchantiles Private Limited Larigo Investment Private Limited MSP Mines & Minerals Private Limited High Time Holding Private Limited B.S. Confin Private Limited



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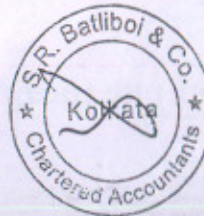
MSP STEEL & POWER LIMITED

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

(b) Related Party Disclosures :

(Rs in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel & their Relative	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Sales				
Howrah Gases Limited			4.15 (-)	4.15 (-)
MSP Sponge Iron Limited			655.11 (606.01)	655.11 (606.01)
MSP Metallica Limited			547.53 (222.74)	547.53 (222.74)
Chaman Metallica Limited			9.68 (28.55)	9.68 (28.55)
MSP Coke Private Limited			119.27 (-)	119.27 (-)
MSP Rolling Mills Private Limited			80.15 (36.34)	80.15 (36.34)
Purchases of Goods				
MSP Sponge Iron Limited			3323.71 (1610.04)	3323.71 (1610.04)
MSP Metallica Limited			5165.74 (202.62)	5165.74 (202.62)
Chaman Metallica Limited			22.68 (61.44)	22.68 (61.44)
MSP Rolling Mills Private Limited			2.63 (1.29)	2.63 (1.29)



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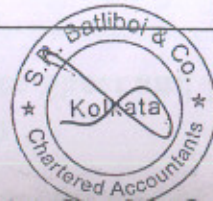
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MSP STEEL & POWER LIMITED

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

(Rs in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel & their Relative	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Managerial Remuneration				
Mr. Purnamal Agrawal		36.00 (27.75)		36.00 (27.75)
Mr. Suresh Kumar Agrawal		30.00 (23.25)		30.00 (23.25)
Legal & Professional Charges Paid				
MSP Mines & Minerals Private Limited			4.15 (-)	4.15 (-)
Rent Paid				
MSP Infotech Private Limited			3.60 (1.80)	3.60 (1.80)
Shree Khathupati Mercantiles Private Limited			2.43 (1.22)	2.43 (1.22)
Larigo Investment Private Limited			- (0.18)	- (0.18)
Mrs. Kasturi Devi Agrawal		0.48 (0.48)		0.48 (0.48)
Mrs. Nisha Agrawal		0.30 (0.30)		0.30 (0.30)
Mrs. Kiran Agrawal		0.30 (0.30)		0.30 (0.30)
Mr. Manish Agrawal		0.48 (0.48)		0.48 (0.48)
Mr. Saket Agrawal		0.48 (0.48)		0.48 (0.48)



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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	Jointly Controlled Entity	Key Management Personnel & their Relative	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Subscription to Equity Shares				
Madanpur South Coal Company Limited	34.78 (54.50)			34.78 (54.50)
MSP Power Limited			0.80 (-)	0.80 (-)
MSP Cement Limited			0.80 (-)	0.80 (-)
Loans Taken				
High Time Holding Private Limited			100.00 (-)	100.00 (-)
B.S. Confin Private Limited			50.00 (-)	50.00 (-)
Loans Given				
MSP Rolling Mills Private Limited			75.00 (315.00)	75.00 (315.00)
Loans Repaid				
MSP Rolling Mills Private Limited			200.00 (90.00)	200.00 (90.00)
Guarantees Obtained				
Rama Alloys Private Limited			489.00 (501.71)	489.00 (501.71)
Guarantees Given on behalf of				
Madanpur South Coal Company Limited	650.00 (650.00)			650.00 (650.00)



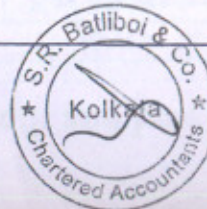
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MSP STEEL & POWER LIMITED

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

(Rs in lacs)

Nature of Transactions	Jointly Controlled Entity	Key Management Personnel & their Relative	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Interest Paid				
High Time Holding Private Limited			4.34 (-)	4.34 (-)
B.S. Confin Private Limited			2.17 (-)	2.17 (-)
Interest Received				
MSP Rolling Mills Private Limited			13.64 (3.05)	13.64 (3.05)
Closing Balance as at the year end – debit				
MSP Metallica Limited			358.49 (689.09)	358.49 (689.09)
MSP Sponge Limited			- (507.64)	- (507.64)
MSP Cement Limited			1.20 (-)	1.20 (-)
MSP Coke Private Limited			51.21 (-)	51.27 (-)
MSP Rolling Mills Private Limited			109.33 (222.13)	109.33 (222.13)
MSP Group International Singapore (PTE) Limited			2.51 (-)	2.51 (-)
Madanpur South Coal Company Limited	2.01 (2.00)			2.01 (2.00)
MSP Infotech Private Limited			- (64.76)	- (64.76)



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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	Jointly Controlled Entity	Key Management Personnel & their Relative	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Chaman Metallics Limited			- (0.60)	- (0.60)
MSP Power Limited			3.20 (-)	3.20 (-)
Closing Balance as at the year end – credit				
MSP Sponge Iron Limited			145.30 (-)	145.30 (-507.64)
Shree Khathupatti Merchantiles Private Limited			0.32 (0.16)	0.32 (0.16)
MSP Mines & Minerals Private Limited			1.21 (-)	1.21 (-)
High Time Holding Private Limited			100.00 (-)	100.00 (-)
B.S Confin Private Limited			50.00 (-)	50.00 (-)
Mr. Puranmal Agrawal		2.10 (15.78)		2.10 (15.78)
Mr. Suresh Agrawal		1.77 (12.45)		1.77 (12.45)
Howrah Gases Limited			- (13.35)	- (13.35)



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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**

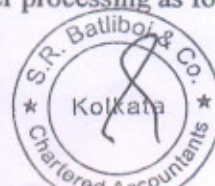
Class of Goods	Unit	Annual Installed Capacity		Production	
		2008-09	2007-08	2008-09	2007-08
Sponge Iron	Mt	192,000	192,000	124,896	136,256
MS Ingot/Billet	Mt.	144,109	144,109	95,078	97,952
TMT Bar	Mt.	80,000	80,000	56,506	50,661
Captive Power Plant	Kwh	190,080,000	190,080,000	137,088,268	130,071,522

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	2008-09		2007-08	
		Quantity	Rs. in lacs	Quantity	Rs. in lacs
Sale of Finished Goods					
Sponge Iron	Mt	33,557	5,185.47	38,553	4,808.82
MS Ingot/Billets	Mt	57,230	15,565.98	51,953	11,403.32
TMT Bar	Mt	57,026	16,931.72	48,771	11,280.85
MS Angle (Trading)	Mt	102	41.79	-	-
MS Channel (Trading)	Mt	102	43.19	-	-
MS Plate (Trading)	Mt	317	174.20	6,136	2,286.59
R.S. Joist (Trading)	Mt	33	14.02	-	-
TMT (Trading)	Mt	343	120.42	16,459	4,588.28
			38,076.79		34,367.86
Sale of Scrap & By product					
Iron Ore Fines	Mt	11,800	222.55	64,934	695.81
Coal Fines	Mt	98,819	488.79	111,191	439.40
Scrap	Mt.	-	-	178	24.66
			711.34		1,159.87
Sale of Raw Material					
Iron Ore	Mt	19,434	517.10	9,788	328.70
Coal	Mt	44,042	466.98	10,566	115.51
Pig Iron	Mt	30	5.21	-	-
Coal Tar	Mt	27	1.35	-	-
			990.64		444.21
Sale from Power Unit					
Power	Kwh	5,051,600	70.48	4,491,800	100.55
Carbon Credit Units	Nos.	95,331	589.24	-	-
			659.72		100.55
Total			40,438.49		36,072.49

*excluding goods transferred for further processing as follows:



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MSP STEEL & POWER LIMITED

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

Captive Consumption of Finished Goods	Unit	Quantity (MT)	
		2008-09	2007-08
Sponge Iron	Mt	91,403	96,787
Billets/Ingots	Mt	38,939	44,498
TMT Bar	Mt	414	688
Power	K.WH.	132,036,668	125,579,722

(iii) Details of Opening and Closing Stocks

Details of Finished Goods	Unit	2008-09		2007-08	
		Quantity (Mt)	Rs. in lacs	Quantity (Mt)	Rs. in lacs
Opening Stock :					
Sponge Iron	Mt	1,895	220.29	979	112.79
MS Ingot/Billets	Mt	2,805	585.45	1,304	259.83
TMT Bar	Mt	1,852	470.04	650	120.46
Oxygen Gas	Cu M	257	0.30	257	0.30
Katha	Kg.	7	7.47	7	7.47
Cutch	Kg.	3	0.58	3	0.58
			1,284.13		501.43
Closing Stock :					
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	-	-
			882.69		1,284.13

(iv) Details of Purchase of Traded Goods

Purchase of Finished Goods	2008-09		2007-08	
	Quantity (MT)	Rs. in lacs	Quantity (MT)	Rs. in lacs
MS Angle	102	38.73	-	-
MS Channel	102	40.14	-	-
MS Plate	317	161.74	6,136	1,928.84
R.S. Joist	33	13.04	-	-
TMT	343	120.90	16,458	3871.30
		374.55		5,800.14



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MSP STEEL & POWER LIMITED

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

(v) Details of Raw Materials Consumption

Consumption of Raw Materials (Including Shortage/Excess)*	2008-09		2007-08	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Coal	513,922	6,376.15	527,916	5,159.77
Iron Ore	308,588	10,687.05	287,312	9,243.33
Dolomite	11,154	74.92	4,144	26.74
Silico Manganese	1,572	609.58	1,676	654.82
Sponge/ Pig Iron	28,170	5,334.45	22,772	4,215.22
MS Billets/ Ingots	20,363	4,954.96	8,832	1,929.21
Iron Ore Pellet	16,486	741.85	-	-
Others		705.82		131.00
		29,484.78		21,360.09

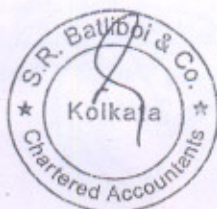
*Note -

- Including cost of raw materials sold during the year Rs. 1442.43 lacs (Rs. 401.55 lacs)
 - Including raw material consumed during trial run process Rs. 775.80 lacs (Rs. Nil.)
 - Excludes captive consumption as reflected in Note No. 19 (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) debited to respective expense.]

Particulars	Raw Materials		Stores & Spares Consumed	
	Rs. in lacs	%	Rs. in lacs	%
Indigenous	29,484.78 (21,360.09)	100 (100)	1,411.32 (1,059.49)	98.03 (97.49)
Imported	- (-)	- (-)	28.33 (27.32)	1.97 (2.51)
Total	29,484.78 (21,360.09)	100 (100)	1,439.65 (1,086.81)	100 (100)

20. Value of Imports (calculated on CIF basis)

Particulars	(Rs. in lacs)	
	2008-09	2007-08
Capital Goods	274.21	1,260.01
Stores, Spares & Consumables	28.33	27.32



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MSP STEEL & POWER LIMITED

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

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

(Rs. in lacs)

Particulars	2008-09	2007-08
Traveling	3.62	12.85

22. Earning in foreign currency (on accrual basis)

(Rs. in lacs)

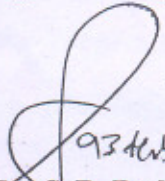
Particulars	2008-09	2007-08
FOB Value of Exports (excluding sales made to Nepal in Indian rupees Rs. 276.23 lacs)	4,706.82	564.14

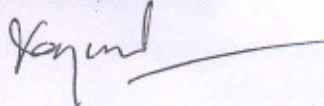
23. The comparative figures of the previous year appearing in the financial statement have been audited by Company's previous auditor M/S. Dwarka Ashok & Associates, Chartered Accountants, Kolkata.
24. Previous year's figures including those given in brackets, have been regrouped / rearranged where necessary to conform to this year's classification.

Signatories to Schedules 1 to 22

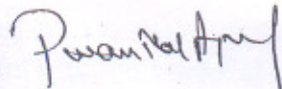
As per our Report of even date

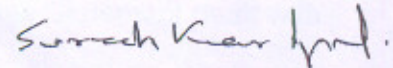
For and on behalf of Board of directors


For S. R. Batliboi & Co.
Chartered Accountants

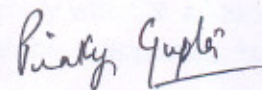


per R. K. AGRAWAL
Partner
Membership No : 16667


(Chairman)


(Managing Director)

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


(Company Secretary)

Date : 29th June, 2009

