



MSP Steel & Power Limited



**REPORT
AND
ACCOUNTS
2005 - 2006**

MSP STEEL & POWER LIMITED**BOARD OF DIRECTORS**

Mr. Puran Mal Agrawal	Chairman
Mr. Suresh Kumar Agrawal	Managing Director
Mr. Manish Agrawal	Non Executive Director
Mr. Saket Agrawal	Non Executive Director
Mr. Arvind Saraf	Independent Director
Mr. A. K. Singh	Independent Director
Mr. N. Jagatramka	Independent Director

Registered Office

1, Crooked Lane, Kolkata - 700 069

Tel : (033) 2248 1720

Fax : (033) 2248 4138

E-mail : info@mbspsteel.com

Website : www.mbspsteel.com

Company Secretary

Mr. Ashok Kumar Sarawagi

Banker

State Bank of India
 ING Vysya Bank Ltd.
 Indian Overseas Bank
 UCO Bank
 Andhra Bank
 CITI Bank NA
 ABN Amro Bank
 HDFC Bank Ltd.
 ICICI Bank Ltd.

Auditors

Messrs Kuldeep Jaiswal & Co.
 Chartered Accountants

Share Registrars

Karvy Computershare Pvt. Ltd.
 46, Road No. 4,
 Street No. - 1 banjara hills,
 Hyderabad - 500 034

MSP STEEL & POWER LIMITED**NOTICE**

Notice is hereby given that the Thirty-seventh Annual General Meeting of the Members of **MSP STEEL & POWER LTD.** will be held on Thursday August 31, 2006, at 10.00 A.M. at the AIKATAN, Eastern Zonal Cultural Centre, 1A-290, Sector-III, Saltlake City, Kolkata-700097, to transact the following:

1. To receive, consider and adopt the Audited Accounts of the Company for the financial year ended March 31, 2006, alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Akshay Kumar Singh, who retire by rotation and are eligible re-appointment.
3. To appoint a Director in place of Mr. Navneet Jagatramka, who retire by rotation and is eligible for re-appointment.
4. To appoint Auditors in place of retiring auditors M/s. Jaiswal Kuldeep & Co., who has expressed their inability to Continue as statutory auditors of the company, and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution which will be proposed as Special Resolution.

"RESOLVED THAT M/s. Dwarka Ashok & Associates, Chartered Accountants be and are hereby appointed as the Auditors of the Company in place of the retiring auditors' M/s. Jaiswal Kuldeep & Co. Chartered Accountants, and to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration mutually decided by the Board of Directors."

The Register of Members of the Company shall remain closed from Tuesday, 21st August 2006 to Friday 31st August 2006, both days inclusive, for the Purpose of AGM.

Registered office:

1, Crooked Lane
Kolkata-700 069

By Order of the Board
MSP STEEL & POWER LTD

(Suresh Kumar Agrawal)
Managing Director

Kolkata, 10th June 2006

NOTES :-

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and on a poll to vote instead of himself and such proxy need not be a member of the company.

Proxies, in order to be effective, must be received at the registered office of the company, not less than forty-eight hours before the commencement of the meeting. A proxy form is appended with the admission slip.
2. Members/Proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
3. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote at the Annual General Meeting.
4. Members holding shares in physical form are requested to avail the facility of dematerialisation of their shares and also to notify/send the following to Karvy Computer Share Pvt. Ltd. to facilitate better servicing:-
 - i) Any Change in their address/mandate/bank details,
 - ii) Income Tax Permanent Account Number (PAN)
5. Members who wish to obtain any information on the Company or view the financial Results/Accounts may visit the Company's website www.mspsteel.com

MSP STEEL & POWER LIMITED**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Corporate Governance**

The company believes in adopting the best Corporate Governance practices in the organization. The company believes that following the best practices brings best results for the organization and enhances stakeholders value. Trusteeship, transparency, accountability, integrity, fairness forms the cornerstone of the corporate governance philosophy of your company.

2. Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board. Your Board comprises of an optimal complement of independent professionals having in-depth knowledge of the business of the industry. The size and composition of the Board conforms to the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchanges.

None of the Directors on the Board holds the office of director in more than 15 companies or memberships in committees of the Board in more than 10 committees or Chairmanship of more than 5 committees.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the Last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Name	Category	Attendance At		Director ships in other Companies	Committee Positions in other Companies As	
		Board Meetings	Last AGM		Chairman	Member
Mr Puranmal Agrawal	C(ED)	10	Yes	7	—	—
Mr Suresh Kumar Agrawal	MD(ED)	10	Yes	4	—	—
Mr Manish Agrawal	NED	8	Yes	2	—	1
Mr Saket Agrawal	NED	8	Yes	2	—	2
Mr Akshyaya .Kumar Singh	NEID	10	Yes	—	—	—
Mr Niranjan Dash	NEID	10	Yes	—	—	—
Mr Navneet Jagatramka	NEID	8	Yes	—	—	—
Mr Arvind Saraf	NEID	10	Yes	—	2	—

Notes:

- I. Number of directorships / memberships held in other companies excludes directorships/ memberships in private limited companies, foreign companies, membership of managing committees of various committees of various chambers/bodies and alternate directorships.
- II. Committee positions in other Companies relate to Chairmanships/ Memberships of Audit and Shareholders' Grievance Committees only.
- III. During the Financial year under review 10 Board Meetings were held on 08.04.05, 31.05.2005, 3.06.05,05.06.2005,5 .07 .2005 ,08.07 .2005,30.07 .2005, 31.10.2005, 31.01.2006,30.03.2006

MSP STEEL & POWER LIMITED

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

3. Board Committees:

Currently, the Board has two committees viz., the Audit Committee and Shareholders'/Investor Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Minutes of Board Committee meetings are placed for the information of the Board. Matters requiring the Board's attention/approval are placed in the form of notes to the Board by the respective Committees. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. Audit Committee

- a) The Audit Committee consisting of three Non-Executive Directors, of whom two are independent and are all persons of high standing in the Industry having considerable financial experience and expertise. The Chairman of the Committee also has professional accounting qualification and has attended the last Annual General Meeting.
- b) The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with the provision of Section 292A of the Companies Act, 1956. The brief terms of reference of the Audit Committee are broadly as follows:
 - i) To review compliance with internal control systems
 - ii) To review the findings of the internal Auditor relating to various functions of the company.
 - iii) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors /Internal Auditors.
 - iv) To review the quarterly, half yearly and annual financial results of the Company before submission to the Board:
 - v) To make recommendations to the Board any matter relating to the financial management of the Company, including the Statutory & Internal Audit Reports:
 - vi) Recommending the appointment of statutory auditors and the branch auditors as also fixation of their remuneration.
- c) The Audit committee comprises of three Directors viz Mr Arvind Saraf, Mr Navneet Jagatramka and Mr Saket Agrawal. The Audit Committee met four times during the year i.e on 31.05.2005, 30.07.2005, 31.10.2005 and 31.01.2006. The composition and attendance of the members at the Audit Committee Meeting are as follows:

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

- d) The Company Secretary acts as the Secretary to the Committee. Statutory Auditors are permanent invitees along-with the Executive Director who are also invited to join the meeting. The representative of Internal Auditors also attends the meeting.
- e) The Audit Committee had reviewed the Unaudited quarterly results during the year under review and the Annual Accounts for the year ended 31.3.06 before recommendation of the same to the Board for their approval and adoption.

B. Shareholders'/Investor Grievance Committee

- a) The shareholders'/Investors Grievance Committee consists of one Non executive independent director and two Non executive director. Mr. Arvind Kumar Saraf is the chairman of the committee and Mr Manish Agrawal and Mr Saket Agrawal are other members.

There were 4 meetings of the said Committee held during the year under review. Mr A.K.Sarawagi, Company Secretary, is the Compliance Officer of the Company.

- b) The details of complaints received and attended to during the year are given below:
- | | | |
|---|---|-----|
| a. No. of complaints received from shareholders | : | 205 |
| b. No. of complaints not resolved / no actions taken | : | Nil |
| c. No. of pending Share Transfers as on 31 st March,06 | : | Nil |

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

4. General Body Meetings

Details of the last 3 Annual General Meetings held:

Sl	Annual General Meeting	Venue	No. of Special Resolutions
1.	34 th Annual General Meeting	1,Crooked Lane, Kolkata-69	—
2.	35 th Annual General Meeting	1,Crooked Lane, Kolkata-69	—
3.	36 th Annual General Meeting	1,Crooked Lane, Kolkata-69	—

No Special resolutions were passed in the last 3 AGMs.

Disclosures

(a) Related party transactions

The list of related party transactions as required to be disclosed, is done under AS-18 and disclosed in Note 10 of Schedule 19 to the Accounts.

(b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or any statutory authority on matter related to capital markets, during the last three years.

MSP STEEL & POWER LIMITED**(c) Whistle Blower Policy**

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

(d) Compliance with Mandatory and adoption of Non-mandatory requirements

All mandatory requirements of the Corporate Governance Code had been complied. Among the non-mandatory requirements, the Company has established the mechanism for implementation of the whistle blower policy.

Means of Communication

- a. As the results of the Company are published in the newspapers, half-yearly reports are not sent to individual shareholders.
- b. The quarterly results are generally published in 'The Business Standard' or 'Financial Express' and 'Dalmik Lipi' or 'Arthik Lipi'.
- c. No presentations were made to institutional investors or to analysts during the year under review.
- d. The Management Discussion & Analysis Report is a part of Annual Report.

Code of Conduct

The company has adopted the 'Code of Conduct for Principal Executive and Senior Financial Officers' and 'Code of Business Conduct and Business Ethics'. These codes are derived from the fundamental principles on which the MSP's corporate philosophy is based and is applicable to all Directors, senior management and employees of the Company.

Code of Conduct for Prevention of Insider Trading

MSP has a Code of Conduct for Prevention of Insider Trading in the shares of the Company. The Code, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

General Shareholder Information

37th Annual General Meeting Date : 31st August 2006

Time : 10.00 AM

Venue : AIKATAN, Eastern Zonal Cultural Centre
IA-290, Sector-III, Saltlake City Kolkata-700 097

Financial Calendar	1. First Quarter Results	July, 2006
	2. Second Quarter and Half Yearly results	October, 2006
	3. Third Quarter Results	January, 2007
	4. Annual Results	May, 2007

Listing on Stock : The Company's shares are listed on The Stock

Exchanges Exchanges, Mumbai (BSE) and National Stock Exchange

MSP STEEL & POWER LIMITED

Stock Code : Bombay Stock Exchange : 532650

Demat ISIN No. : INE752G01015

Market Price Data in NSE:

	Month's High Price (Rs.)	Month's Low Price (Rs.)
July 2005	15.65	12.80
August 2005	15.45	12.50
September 2005	21.10	14.35
October 2005	16.55	10.90
November 2005	14.40	12.30
December 2005	13.30	11.00
January 2006	12.65	10.90
February 2006	12.50	11.25
March 2006	13.80	11.00

Note: Company has got listed on 18th July 2005.

Performance in comparison to BSE Sensex

Share Price Movement compared with BSE Sensex

	BSE
Company's Share Price	
On July 18, 2005	15.00
On March 31, 2006	12.00
Change	-20.00%
BSE SENSEX as	
On July 18, 2005	7347.00
On March 31, 2006	11280.00
Change	+53.53%

Registrar and Share Transfer Agent:

Karvy Computershare Pvt. Ltd.

46, Road No 4, Street No 1 Banjara Hills

Hydreabad - 500 034

DISTRIBUTION SCHEDULE OF SHARES AS ON 31ST MARCH 2006:

CATEGORY	NO. OF SHAREHOLDER	%	NO. OF SHARES	%
1- 5000	10010	69.45	3231316	5.5616
5001-10000	2325	16.13	2110522	3.6325
10001-20000	1013	7.03	1688714	2.9065
20001-30000	327	2.27	870251	1.4978
30001-40000	141	0.98	518325	0.8921
40001-50000	193	1.34	939935	1.6177
50001-100000	210	1.46	1650674	2.8410
100001 & Above	195	1.35	47090263	81.0503
TOTAL	14414		58100000	100.000

SHAREHOLDING PATTERN AS ON 31.03.2006**MSP STEEL & POWER LIMITED**

DISTRIBUTION OF SHAREHOLDING AS ON 31/03/2006				
CATEGORY		CATEGORY WISE TOTAL HOLDING		
			NO.OF SHARES HELD	% OF HOLDING
A	PROMOTERS HOLDING			
1	PROMOTERS			
	-Indian Promoters		41704500	71.78%
	- Foreign Promoters		0	
2	PRESONS ACTING IN CONCERT		0	
		Sub Total:	41704500	71. 78%
B	NON-PROMOTERS HOLDING			
3	INSTITUTIONAL INVESTORS			
a.	-Mutual Funds and UTI		0	
			8000	
	-Banks, Financial Institutions, Insurance Companies (Companies (Central/State Govt.Institutions/ b. Non-Govt. Institutions)			
c.	FIs		2500	0.00%
		Sub Total:	10500	0.02%
4	OTHERS			
a.	Private Corporate Bodies		4138468	7.12%
b.	Indian Public		11612390	19.99%
c.	Nris / OCBs		98533	0.17%
d.	Any other		402938	0.69%
	- CLEARING MEMBERS		132671	0.23%
		Sub Total:	16385000	28.20%
		Grand Total:	58100000	100.00%

Share Transfer System:

The Share Transfer Committee approves the transfer and transmission of shares, issue of duplicate share certificates and allied matters. The Company's Share Registrar and Transfer Agent, Karvy Computershare Pvt. Ltd. The share transfers received are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. In compliance with the Listing Agreement, a Company Secretary in practice audits the system of share transfer every six months and a Certificate to that effect is issued.

Dematerialisation of Shares:

The Company's scrips form part of the SEBI's Compulsory Demat segment for all investors. The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar, Karvy Computershare Pvt. Ltd.

Outstanding GDRs / ADRs / Warrants or any convertible instruments. etc.

As on date, the Company has not issued these types of securities.

Plant Location:

1. Village & PO: Jamgaon

Dist: Raigarh

Pin: 496001

Chattisgarh

2. Khair Company

PO: Gairkata

Dist: Jalpaiguri

West Bengal

Address for Correspondence:

Corporate Office

:

16/S Block- A

New Alipore

Kolkata- 700053

Registered Office

:

1, Crooked Lane,

Kolkata - 700 069

Registrar and Transfer

:

Karvy Computershare Pvt. Ltd.

Agents

:

46, Road No 4, Street No 1 Banjara Hills

Hyderabad - 500 034

On behalf of the Board

Place: Kolkata

Puranmal Agrawal

Date : 31st May 2006

Chairman