

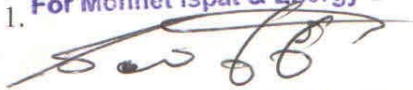





Monnet Ispat & Energy Limited

Corporate Office : MONNET HOUSE, 11 Masjid Moth, Greater Kailash Part II, New Delhi-110 048 (INDIA)
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CIN No. : L02710CT1990PLC009826

FORM A

1.	Name of the Company:	Monnet Ispat & Energy Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	√ Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period Not Applicable
5.	<p>1. For Monnet Ispat & Energy Limited.  Chairman & Managing Director For Monnet Ispat & Energy Limited.</p> <p>2.  Chief Accounts Officer</p> <p>3.  For Monnet Ispat & Energy Limited.</p> <p>4.  Chairman - Audit Committee</p>	

Reinforcing Fundamentals. Building Value.

Annual Report 2013-14



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Corporate Information

BOARD OF DIRECTORS

Chairman & Managing Director

Sandeep Jajodia

Deputy Managing Director

C.P. Baid

Non Executive Independent Directors

Amulya Charan

Amit Dixit

Vikram Deswal

Other Non Executive Director

J.P. Lath

BOARD COMMITTEES

Audit Committee

Amulya Charan Chairman

Amit Dixit Member

J.P. Lath Member

M.P. Kharbanda Secretary

Stakeholders Relationship Committee

J.P. Lath

C.P. Baid

Nominations & Remuneration Committee

Amulya Charan

Vikram Deswal

J.P. Lath

Corporate Social Responsibility Committee

Sandeep Jajodia Chairman

Amulya Charan Member

J.P. Lath Member

Finance Committee

Sandeep Jajodia

C.P. Baid

J.P. Lath

Executive Committee

Sandeep Jajodia

C.P. Baid

J.P. Lath

Share Transfer Committee

J.P. Lath

C.P. Baid

M.P. Kharbanda

BANKERS

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Patiala

IDBI Bank Limited

State Bank of Mysore

AUDITORS

O.P. Bagla & Company

Chartered Accountants, New Delhi

REGISTERED OFFICE & RAIPUR WORKS

Monnet Marg, Mandir Hasaud, Raipur-492 101

Raigarh Works

Village Naharpali, Tehsil Kharsia, Distt. Raigarh,

Chhattisgarh

Coalmine

Village Milupara, Block-Tamnar, Distt. Raigarh,

Chhattisgarh

Investor Services Centre

Monnet House, 11, Masjid Moth,

Greater Kailash Part-II

New Delhi-110 048, India

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CORPORATE OFFICE

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MIEL Corporate Website

www.monnetgroup.com

Reinforcing Fundamentals. Building Value.

Building value over the long-term requires the ability to envisage the future and to reinforce competencies, capabilities and capacities to make the most of emerging opportunities. It mandates systemic evaluation and appraisal of core business fundamentals in order to build resilience towards challenging business environment, achieve operational efficiencies, produce superior products and deepen existing relations with customers. In short, a closer look at efficiency, execution and market impact to ensure sustainable growth.

At Monnet Group, building value over long-term is embedded in our corporate culture, thus forming an inseparable part of our fundamentals. Driven by the firm conviction that evolution is vital to sustainability, we have invested significant resources for vertical integration and for business expansion. During the year, we continued to steadily move towards building long-term value through firm and decisive steps in this direction. From innovation and employee engagement to processes and systems, we have relentlessly toiled to direct our energies towards strengthening our operations, maximizing growth and creating value for our stakeholders. In our pursuit of brand value creation, we are leaving no stone unturned to scale up our operations, keep our cost matrix balanced and maximize shareholder value. This shall eventually lead to greater economic prosperity for the nation.

Our far-sighted vision laid the foundation of our dynamic portfolio and formidable business operations. With our core strengths reinforced, we stand reaffirmed to our commitment to deliver on our goal of building lasting value.



Chairman's Communique

Dear Shareholders,

I am pleased to reconnect with you at the end of another financial year.

Monnet is a proud, progressive and value-driven Company. Systemically, over the years, we have expanded and integrated our business portfolio to progressively deliver greater value to all our stakeholders. Concurrently, we have continued to reinforce our fundamental strengths, aligning them to the prevailing complex and challenging business environment.

Review of operations in challenging times

Even as global economy made a slow and gradual progress towards recovery during FY14, India saw a second consecutive year of sub 5% growth. This manifested itself in persistent high inflation, high fiscal deficit and low investments in the infrastructure and construction sector. As a natural fallout, industries across all sectors were impacted and the steel sector was no exception.

Under such challenging macro-economic conditions, we reported an increase in total revenue from operations, which increased to ₹ 2267.94 Crores in FY14 from ₹ 1957.43 Crores in the previous fiscal. Commercial operation of steel plant in the second half saw a sudden surge in the variable and fixed expenses which had an impact on the profits of the Company and the same declined to ₹ 97.12 Crores.

A milestone year

The year 2013 will be etched in the timeline of Monnet's business achievements as a momentous year, as it marked the commissioning of its state-of-the-art 1.5 MTPA integrated steel plant at Raigarh. This plant is endowed with world-class facilities and technology for the manufacture of long and flat products used in the infrastructure and construction domain.

With a stable government at the Centre, there is a growing optimism that there will be more decisiveness in government policy formation, as well as greater efficiency in implementation, leading to a revival in growth. With infrastructure development among the key target areas for stimulating economic progress, this is certainly good news for the steel industry.

On track to generate greater value

Building value over the long-term requires delivering on commitments in the short-term while simultaneously keeping a constant vigil on future requirements and developing capacities and competencies to meet the same. In this regard, I would like to share that our pithead thermal power plant project of 1050 MW at Angul, Odisha, to meet the growing energy requirements, both within the Company and externally, is progressing well on track. Once completed, this will give us a sustainable and competitive advantage for long-term growth.

Closer collaboration with customers

Our expansion efforts are clearly aligned to our plans for the future, which is linked to a well-planned business strategy. Sustainable growth, in our view, is a direct deliverable of greater customer connect. The year in review saw Monnet creating the first 'SCM Function' to strengthen the supply chain at Raigarh. The new system will enable the teams involved in the planning and execution of inbound and outbound processes of the supply chain at Raigarh to work as a cohesive unit. More importantly, deployment of this new function will result in timely deliveries, increased capability to handle larger volumes and greater attention to the needs of the customers. This customer-focused approach will undeniably hold us in good stead.

Geared for higher performance

As we move into the new fiscal, we are confident that we are on the right track and the strategies we have adopted of customer-focused innovation, simplified operations and better use of technology will enable substantial improvement in performance. Through reconfiguration and re-strengthening of our fundamentals, we are committed to continuing driving costs out of our business and achieving further improvements in the productivity and effectiveness of our manufacturing, selling and administrative activities.

In conclusion, while economic growth has been subdued in the last couple of years, we are encouraged by the signs of improvement in recent months. Steel is among the basic



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With our core strengths reinforced, we stand reaffirmed to our commitment to deliver on our goal of building lasting value
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blocks to build, maintain and advance the Indian economy and Monnet is ideally positioned to respond to the challenges and to capitalize on the opportunities that lie ahead. We appreciate the efforts of our employees to achieve the business objectives in the most efficient and effective way possible. On behalf of the Board, I would also like to express my gratitude to our shareholders, investors and bankers for reposing trust in our vision and strategies. Thank you for your continued support as we work to create sustainable value for all our stakeholders.

Sandeep Jajodia
Chairman & Managing Director

A Legacy of Reinforcing Fundamentals & Building Value



Monnet's milestone journey through the years has been a legacy of value-creation steered by well-defined objectives. With a clear approach and a philosophy based on moving steadfastly towards the realization of its goals, Monnet today stands tall as the nation's leading manufacturer of sponge iron, which is one of the most important and the basic raw materials required for the production of various steel/iron-based products. With the commissioning of its 1.5 MTPA integrated steel plant, Monnet is emerging as a significant player in the steel industry.

The history of Monnet goes back to the early nineties, when its first sponge iron plant was set up at Raipur in Chhattisgarh. With a vision going beyond short-term gains, Monnet soon diversified into allied sectors that would reinforce its business model and further strengthen its foundation. From generating power to making steel and from mining coal to providing extensive coal consultancy services, Monnet has indeed come a long way since its inception. With strong upstream and downstream competencies now in place, it has emerged as one of the most reliable manufacturers in the country.

Investing continuously and strategically in people, projects, products and processes is at the core of the business decisions at Monnet, for achieving long-term growth. Co-ordinated efforts towards acquiring state-of-the-art manufacturing capabilities, manufacture of impeccable quality products and expansion of national geographic footprint offer significant opportunities to further scale business and unlock additional value.

Monnet's business success is deeply linked to the society's progress. Through the Monnet Foundation and Monnet Sports Foundation, the Group invests in programs that create measurable and lasting value for the communities around the areas of its operation. Monnet is proud to be the official sponsors of the Indian Boxing Team, in line with its goal to partner the development of sports in the country.

Monnet's story continually evolves, but the commitment to uncompromising integrity and long-term value remains steadfast, paving the way for holistic, long-term growth.

The Monnet Approach to Value Realization

VISION

- To achieve holistic leadership in terms of cost, quality and customer satisfaction in a systematic and planned manner.
- To be a symbol of corporate excellence with a strong focus on benefiting stakeholders and society at large.

TECHNOLOGY PARTNERS

- Nuova Carpenteria Odolese, Italy
- Hallteck Equipment, UK
- EMA-Lysright Pty, Australia
- CLI Corporation, USA
- Daniel Corporation, USA
- J-Coal, Japan

MISSION

- To achieve total integration in operations with global cost and quality standards with the use of latest technology and to be perceived as the "preferred" choice of our customers.
- To build a team of motivated and dedicated workforce with high work ethos.
- To strive to emerge as an ideal corporate citizen.

CERTIFICATIONS

- Quality Protocol: ISO 9001:2008
- Monnet Ispat & Energy Limited, Raigarh is accredited with ISO 9001:2008 & ISO 14001:2004
- Monnet Ispat & Energy Limited is registered with UNFCC for Certified Emission Reductions (CER)

VALUES

- 'TRUST' IS THE CORE VALUE
- T - Tenacity for Results
- R - Respect for Environment
- U - Upholding Integrity
- S - Service to Community
- T - Team Work

The First Step towards Value Creation

Reinforcing fundamentals in manufacture of Sponge Iron

Setting the first goal, and going on to translate it into a success story, marked the origin of Monnet's odyssey. The journey began with the Company's foray into manufacturing of superior quality sponge iron, and continues to find strength in its focused reinforcement of this business.



STRATEGY

The vision of becoming a fully integrated steel manufacturer with strong upstream and downstream competencies served as the framework for the Company's sponge iron business.

Committed to delivering excellent products, the Company has continually ensured that the sponge iron facilities are world-class and equipped with the latest technologies. Also, the systematic approach of setting up of beneficiation and pelletization plants in close proximity to existing facilities has enabled the sponge iron business to make gainful use of cheap iron ore fines available in abundance.

OUTCOME

Leveraging the captive availability of raw materials, Monnet has surged forward as the **nation's second largest coal-based sponge iron producer.**

Monnet produces high-grade sponge iron that is consistent in quality as well as unique and superior from competitor products.

Monnet is a cohesive steel producing unit because of its sponge iron business. The high quality sponge iron produced in Monnet's sponge iron kilns is used for internal consumption in its own steel plant as well as for selling.

Building Value by Expanding Business

Reinforcing fundamentals through diversification into Power

Focusing on just one or two sectors can constrain a company's thinking and growth prospects and hamper its efforts to reinforce its fundamental strengths. Driven by this belief, Monnet ventured into new avenues which would steer its growth and enhance long-term profitability. Diversifying into power generation not only enables backward integration for the Company but also helps it leverage the growing opportunities in the energy sector.



STRATEGY

With a relentless focus on performance and productivity, Monnet ensures that the captive power plants at Raipur and Raigarh, equipped with combined power generation capacity of 230 MW, are running at the highest possible levels of efficiency.

Addressing the nation's current power challenges, Monnet has recently stepped up operations to transform its identity into an Independent Power Producer (IPP). Leveraging captive resources of coal, Monnet, through its subsidiary Monnet Power Company Limited, is currently in the midst of implementing its pithead thermal power plant of 1050 MW in Angul, Odisha.

Endorsing Monnet's capabilities, leading global investment and advisory firm, Blackstone Group, continues its strong support to the upcoming project.

OUTCOME

- ▶ Energy requirements for the different business verticals to be secured.
- ▶ Availability of captive coal mines will enable power to be produced without disruptions.
- ▶ Logistics efficiency to be attained through transportation of coal through conveyor belts.
- ▶ The Angul project is envisaged to be amongst the lowest cost generating units in India.
- ▶ The power generated from Angul project will be sold on long-term power sale agreements and on merchant basis to fuel the growing energy requirements of India.
- ▶ Diversification into power sector has strengthened Monnet's business model.

Value Creation through Backward Integration

Pursuing Coal Mining for further reinforcement

When companies integrate backwards, value is realized by assured availability of quality inputs for the manufacturing process. For Monnet, a strong foothold in the sponge iron business, steel and planned expansion in the power vertical meant an imperative need to strengthen accessibility of coal to take existing businesses consistently ahead. Coal mining thus became a new avenue for the Company to reinforce its core fundamentals.

STRATEGY

Monnet Ispat & Energy Limited has a strong presence in the mining sector. The Company has plans to scientifically exploit the minerals for the long-term interest of the stakeholders, by setting up investment for profitably utilizing these resources.

With efforts directed towards pursuing opportunities around the globe, MIEL, through its subsidiary Monnet Global Limited (MGL), acquired PT Sarwa Sembada Karya Bumi's thermal coal mine in Sumatra, Indonesia. Spread over an area of 25,000 hectares, with substantial reserves, the coal mine is considered to be one of the largest thermal coal mines in the world. This acquisition on account of its close proximity to the port and excellent mine logistics holds significant importance for Monnet. Further, it gives MGL access to good grade coal with a coal to OB ratio of 1:3.5, having a very low sulphur content of mere 0.14%.

Through this acquisition, MIEL has become one of the few Indian companies to acquire the prestigious Coal Contract of Work (CCoW) awarded by the Government of Indonesia.

OUTCOME

Through the strategy of integrating backward, Monnet has emerged as a full-fledged integrated player across its business operations.

Advanced mining techniques, state-of-the-art facilities, new generation mining equipment and technology, and scale and flexibility of its operations and systems have helped Monnet register its presence in the mining sector.

Value Creation through Forward Integration

Venturing into Steel to reinforce performance edge

Incisive thinking is necessary to make strategic, value accretive decisions for the future. On the strength of Monnet's well-established verticals of sponge iron, power, coal and ferro-alloys, forward integration into steel segment was the next progression for delivering better returns to all the stakeholders through reinforcement of its performance edge.



STRATEGY

Through its world-class 1.5 Million Ton Per Annum integrated steel plant at Raigarh, Chhattisgarh, Monnet has, besides Structural Steel, further added products in both long and flat segments that include TMT Bars, Billets/Blooms, Rounds, Plate Mill Plates (PMPs), Slabs etc.

The integrated steel manufacturing facility includes the following:

Iron Making: DRI Plants, Sinter Plant, Blast Furnace and Pellet Plant.

Steel Making: The state-of-the-art Melting & Refining facilities viz. UHP/EBT Electric Arc Furnaces, Ladle Refining Furnaces, Multi Nozzle Type VD Unit, Slab Caster & 6 strand Combi Billet Caster.

Finishing Mills: State-of-the-art Bar Mill, with technical know-how from Nuova Carpenteria Odolese, Italy and a 2500 mm wide Plate Mill.

OUTCOME

Integration of operations and adoption of latest technology at the plant makes the steel production score significantly higher on the quality parameter.

Monnet is amongst the top primary steel manufacturers in India.

With the launch of '**Monnet Steel TMT**', the Group has marked its entry into the consumer domain.

Delivering Value by Driving Opportunities

Scaling Beneficiation facilities to scale fundamental strengths

Value can be sustainable when a constant vigil is kept on emerging opportunities and capabilities are stepped up in accordance. Monnet's strategic decision to augment mineral beneficiation facilities is driven by the plethora of opportunities in the beneficiation business and a strong conviction in its own competence, which shall continue to help it scale its fundamental strengths.

TECHNOLOGICAL PROWESS & WASHING CAPACITY

- Has well-established state-of-the-art technology laboratory at its Khalari (Ranchi) washery in NK Coalfields; also has R&D laboratory equipped with the most sophisticated equipment for testing coal at Raigarh, Chhattisgarh.
- In collaboration with EMA-Lysright Pty, Australia and CLI Corporation, USA, Monnet is confident of playing a strong role in various bids being invited by Coal India Ltd. (CIL) and its subsidiaries for setting up coal washeries. A coking coal washery, which was awarded to Monnet under international bidding, is being installed for CIL at Patherdih near Dhanbad, Jharkhand in association with the technology partners.
- In collaboration with Daniel Corporation, USA, Monnet is operating a 4.2 MTPA capacity coal washery for Punjab State Electricity Board at KDH-Khalari in NK Coalfields near Ranchi.
- Monnet has commissioned a 2.5 MTPA washery at Angul in Talcher Coalfields, Odisha in collaboration with J-Coal, Japan.
- Monnet is in the final stage of commissioning a 2.5 MTPA non-coking coal washery at Raigarh in Chhattisgarh.

STRATEGY

Leveraging its extensive knowledge and expertise in the mining sector, Monnet is heading in a big way to become a one-stop source to provide beneficiation solutions across the value chain - from concept to commission, followed by operation and maintenance of the washeries, both in the coking and non-coking sectors.

OUTCOME

- Monnet is slated to enhance its coal-washing capacities.
- Monnet provides services ranging from concept to commission, followed by operation and maintenance of the washeries both in the coking and non-coking sectors.

Extending Value by Leveraging Experience

Reinforcing growth by offering Coal Consulting services

With a well-entrenched position in the industry comes experience - experience that can be leveraged for further value creation. Monnet, based on its fundamental strength in the mining business, took the step to diversify into the allied sector of coal consulting for driving new growth opportunities.

STRATEGY

Monnet has an extensive repertoire of mining knowledge on the strength of its domestic and overseas operations. Monnet consultants are supported by technical and engineering capabilities sufficient to complete the most complex assignments related to resource assessment, mine planning, engineering, coal handling, coal washing, energy audit, safety management, etc.

OUTCOME

Monnet's experienced professionals provide insights and perspectives necessary to complete projects within time and budget, a key strength that is driving future growth opportunities.

Value Sustainability through Quality Assurance

Manufacturing Ferro-Alloys to reinforce business operations

Quality control is vital in any organization because good reputation ensures sustainability in business. Monnet's presence in the ferro-alloy segment ensures high quality inputs for its finished products, thus reinforcing its steel division and overall business.



STRATEGY

Monnet manufactures vital alloys such as Ferro-Manganese (Fe-Mn) and Silico-Manganese (Si-Mn). These are supplied in several shapes and form-factors - from billets and ingots to powders, fillers and allied reinforcements.

Captive availability of power for Ferro-Alloy operations has increased the value proposition for this Business Vertical at Monnet.

OUTCOME

Strong vertical integration ensures consistency, quality control and competitive prices for the value-added steel products of Monnet.

Value Creation for All

Reaching new goals of responsible fundamental growth

Acting responsibly toward the communities and employees is woven into all of Monnet's CSR operations, as it is the Company's firm belief that its own growth can only be sustainable when it promotes lasting economic and social development. Under the aegis of the Monnet Foundation (MF), a Trust set up for carrying out the social responsibility initiatives, Monnet aspires to make a difference on the ground. Monnet has also set up the Monnet Sports Foundation (MSF) to promote the development of sports within the country, and help India make its mark as a sporting nation on a global platform.



COMMUNITY DEVELOPMENT

Through investing in programs that promote self-sufficiency, job growth and economic development, Monnet aims to bring about a radical transformation in the lives of community members in and around the areas of the Company's plant operations.

SALIENT MEASURES UNDERTAKEN

- Adoption of seventeen villages in Raigarh, Chhattisgarh - Naharpalli, Singhanpur, Bilaspur, Bhupdeopur, Tilaipali, Lodhajhar, Raksapali, Saliabhata, Sendripali, Badegumda, Chotegumda, Katangdih, Milupara, Lalpur, Kondkel, Lamdarha and Kurubhata, and nine villages in Raipur, Chhattisgarh namely Sakri, Chatauna, Seri Khedi, Riko, Kurud, Nakta, Tulsi, Murethi and Mandir Hasaud, to provide quality education and proper infrastructure to the weaker sections of the society.
- Special focus on promoting equality and economic empowerment for women through regular training classes on diverse crafts and skills.
- Focus on training the youth at computers to help increase their job opportunities.

EDUCATION

Monnet recognizes that investment in education is pivotal to the empowerment of communities and long-term prosperity of the nation. In India, rural areas need special focus, as awareness level about the necessity of education is still low and requisite infrastructure is absent or poor. Monnet gives high priority to the cause of education through its programs and investment under the Monnet Foundation.

SALIENT MEASURES UNDERTAKEN

- Setting up of Monnet DAV Public Schools, Raipur and Raigarh, replete with modern facilities, for the welfare of the employees' children and for children in the surrounding areas.
- Support to non-formal education to children through 'anganwadis', under the pioneering Integrated Child Development Services (ICDS) Scheme of the Government of India.
- Conducting literacy campaigns to increase the GER in the rural villages near the Group's operational areas.
- Rewarding meritorious students with scholarships.
- Financial assistance to children from under-privileged families.
- Establishing a special foundation 'Sahan', to look after the needs of the differently-abled children.

HEALTH

Local communities are a valuable resource for Monnet's business operations. Monnet's healthcare initiatives are directed towards ensuring that the workforce and the communities they live in have access to reliable and quality health services. Monnet is committed to using resources to promote partnerships and programs that foster better access to healthcare facilities for employees, their families and the surrounding communities.



SALIENT MEASURES UNDERTAKEN

- Setting up of hospitals at Raipur and Raigarh, which serve as vital infrastructure units for attending to the healthcare needs of the community.
- Provision of round-the-clock free ambulance services for meeting basic healthcare needs as well as for emergency facilities.
- Regular free medical camps.
- Financial support for surgical treatments at hospitals in Raipur and Raigarh.
- Partnering with government, non-profit organizations and aid agencies to support health and hygiene awareness and treatment programs.
- Free of cost proper healthcare facilities to pregnant women, and care of mother and new born baby post delivery.

INFRASTRUCTURE DEVELOPMENT & ENVIRONMENTAL STEWARDSHIP

Monnet is dedicated to the practice of sound environmental stewardship, and establishing the necessary infrastructure that fosters community and economic development.



SALIENT MEASURES UNDERTAKEN

- Beautification and green landscaping of areas around the airports in the cities of Kolkata, Raipur and Bhubaneswar.
- Maintaining Chhattisgarh Haat and Anupam Garden in Raipur.
- Undertaking electrification projects in villages.
- Building schools and recreational facilities.
- Developing the Mahendrapuram integrated townships at Raipur and Raigarh.
- Constructing roads, development of proper sanitation facilities.

SPORTS DEVELOPMENT

Inspired by Mr. Jajodia's vision of having India recognized as a sporting nation as against just a cricketing nation, the Monnet Group has set up the Monnet Sports Foundation (MSF). Strengthening focus on sports (other than cricket) and to work towards the development of sports is the main purpose of the Foundation. In India, there is an urgent need to promote the training and development of sports and sportspersons to help deserving talent reach the pinnacles of international glory. In line with this thinking, Monnet has included the development of sports in the country as part of its CSR portfolio.

Through the specially constituted Monnet Sports Foundation, sporting talent is nurtured by providing financial support and developing suitable infrastructure. Monnet will primarily be focusing on Boxing as it reflects the qualities of power, strength, agility and endurance that correlate with the nature of business operations carried out by the Group. Setting up of academies, sponsoring players and their kits, and organizing tournaments are among the prominent efforts initiated by Monnet for the promotion of Boxing. Monnet is also proud to be the first and official sponsor of the Indian Boxing Team.

Financial Highlights (Standalone)

[₹ in Crores]

Financial Year	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Equity Capital	54.48	64.36	64.36	64.36	65.84
Preference Capital	0	0	0	175.00	175.00
Sales	1480.70	1573.05	1897.38	1,957.43	2,267.94
EBITDA (Profit Before Dep., Int. & Tax)	477.33	466.39	537.85	546.51	475.24
EBITDA Margin (%)	32.24	29.65	28.35	27.92	20.95
Net Profit after Tax	269.10	281.16	288.86	250.32	66.63
Cash Profit	346.40	364.33	372.23	354.84	232.13
Dividend per Share (₹)	5.00	5.00	2.50	1.50	1.00
Earnings per Share (₹)	53.64	48.61	44.90	39.07	8.25
Book Value per Share (₹)	307.20	324.78	366.77	428.06	431.28
Shareholders' Funds	1673.05	2090.14	2360.35	2,754.76	2,839.65

Report of the Directors

for the financial year ended 31st March, 2014

Your Directors submit their report for the financial year ended 31st March, 2014.

Sales, Profits, Dividends & Retention

	[₹ in Crores]	
	2014	2013
Sales (Net of Excise) & Other Income	2,360.83	2,028.27
Profit before Depreciation	235.86	427.31
Depreciation and amortization expenses	138.73	88.90
Profit before taxes	97.13	338.41
Tax Expense	30.49	88.09
Profit after Tax	66.63	250.32
Cash Profit	232.13	354.84
Profit brought forward from previous year	1,412.00	1,198.04
Profit available for appropriation	1,478.63	1,448.36
Dividend: 10% (2012-13 : 15%)	6.58	9.56
Dividend on Preference Shares	11.38	0.06
Tax on Dividend	3.05	1.64
Dividend paid (including taxes thereon)	21.01	11.26
Transfer to General Reserve	6.66	25.10
Surplus carried to Balance Sheet	1,450.96	1,412.00

Status of Expansions

Steel

Post Commercial Operation of steel facility, stabilization of various modules was a challenge which has successfully been met and the company is now steadily ramping-up the capacity utilization. Operating cash flows of the Company are showing a definitive ascending trend from month to month. The Company is penetrating new markets and developing a customer base for its value added products successfully. The efforts of the Company are supplemented by the revival of overall steel markets.

The Company's production strategy is primarily driven by the marketing strategy which involves the opportunities of encashing product mixes with higher profitability and relative ease of salability. We have been fairly successful in our approach and are now gradually pushing our main products in the market. Based on the response, we are not facing major challenge and concerns to create a market base for our products. The company is hopeful of making the current year a much better performing year both in terms of top line and bottom line.

Power (Monnet Power Company Limited)

Monnet Power Company Limited (MPCL) is a subsidiary of MIEL and is at an advanced stage of implementation of the 1050 MW pit-head coal based Thermal Power Project at Angul, Odisha. The Project was started in the right earnest in June 2009 with the award of the BTG package to BHEL. However, the pace of project implementation got affected due to delays

in receipt of various Government approvals and disbursement of loan from the banks. The Environmental Clearance, which is the important approval from the Project perspective, was received in June 2010 instead of June 2009 due to Angul being included as High Pollution Area.

The Company obtained all the requisite Loan sanctions by January 2010 but the lenders started their disbursement in December 2010 only. The Company faced the impact of high cost of debt from the first disbursement itself due to the change in the interest rate regime in the country. The rate of interest which was envisaged as 11.50% p.a. in the loan documents shot up considerably and have hovered around 14% p.a. ever since.

The Power Sector has been facing multiple challenges over the past few years which generally has resulted in time and cost over-runs in most of the projects. MPCL too has faced similar challenges of delayed disbursements, late approvals and the issue of land acquisition in the beginning resulting in time & cost over-run of the project. The revised Cost of Project is pegged at ₹ 7117 crores instead of ₹ 5092 crores earlier. Similarly, the COD of the Project has been revised to September 2015 instead of December 2012 earlier, with unit-I expected to be commissioned by March 2015 and unit-II by September 2015.

Despite the multiple hurdles being faced by corporates in this sector MPCL has managed to freeze its Revised Cost of Project and has also arranged the required funding for the

cost overrun so as to complete the project within the revised time lines.

The project implementation is at a very advance stage with 65% of the overall project having been completed. Individually, Unit-I is progressing faster and much ahead in terms of completion which as per the latest external monitoring report is around 75% complete. As against this, Unit-II as per the same report is 60% completed. In terms of completion Unit-I is expected to be completed within 8 months and Unit-II is expected to be completed within 13 months from the date the funds, both equity and debt, are made available to the Project.

Risk Management

Your Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of policies and procedures framed at management level and strictly adhered to and monitored at all levels. The risk policy defines the risk management handling system vis-à-vis role of various entities. The profiling, a continuously ongoing and evolving process, is done for each risk. The process involves prioritizing, modeling and assigning mitigation process to each type of risk model. The management periodically issues the policies to its divisions. These divisions modify these to make it suitable. A corporate level independently constituted team and a sound internal audit system is in place. The internal audit team periodically visits the divisions and carries out audit. The findings are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

Note on Subsidiaries

Your Company has sixteen subsidiary companies including subsidiaries of subsidiaries. The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. For further details of these subsidiaries, please refer Note 1 [I] of Consolidated Financial Statements on page 83. The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 08-02-2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies required to be attached under Section 212 (1) of the Companies Act, 1956 to the Balance Sheet of the Company. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of financial performance of subsidiary companies is contained in the Report as **Annexure VI**. The Annual Accounts of the subsidiary Companies are open for inspection by any Shareholder at the Company's Registered Office at Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101 and the Company will make available these documents and the related detailed information upon request by any Shareholder of the

Company or any Shareholder of its subsidiary Companies who may be interested in obtaining the same.

Consolidated Financial Statements

The audited Standalone and Consolidated Financial Statements of your Company, which form part of the Annual Report, have been prepared pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges, in accordance with the provisions of the Companies Act, 1956, the Accounting Standard (AS-21) on Consolidated Financial Statements, the Accounting Standard (AS-23) on Accounting for Investments in Associates and Accounting Standard (AS-27) on Financial Reporting of Interests in Joint Ventures, prescribed by the Companies (Accounting Standards) Rules, 2006.

Dividend

The Board of Directors recommends a dividend of ₹ 1.00/- per share (10%) on 65825681 equity shares of face value of ₹ 10/- each for FY 2013-14 (₹ 1.50 per share (15%) in the previous year) subject to approval of the shareholders in the ensuing Annual General Meeting. The total outgo on account of dividend including Dividend Distribution Tax works out to ₹ 11.26 Crore as against ₹ 18.65 Crore in the previous year.

Necessary information with respect to entitlement is being given in detail in the Notice calling Annual General Meeting.

Depository System

As on 31st March, 2014, about 99.33% of the shares of your Company are held in dematerialized form.

The shares of the Company are available for trading in the dematerialized form under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE743C01013. The annual custody fee for the financial year 2014-15 has been paid to NSDL and CDSL, the Depositories.

During the year, 10408 shares of the Company, covered in 68 requests, were dematerialized. Out of 65825681 equity shares being the paid-up capital of the Company as on 31st March, 2014, a total of 65386775 shares constituting 99.33% of the paid-up share Capital stand dematerialized.

Directors

During the period beginning after the date of last Directors' Report, Shri Ajay Relan, and Shri G.C. Mrig, Directors ceased to be directors from the Board of w.e.f. 3rd December, 2013 and 24th January, 2014 respectively. Shri Ajay Relan had to resign from the Board owing to mandate of the Funds he was advising not to stay on the Boards of the Listed Companies. Shri G.C. Mrig has crossed the age of 75 years and opted to step down on health grounds. The Board places on record its appreciation of valuable guidance rendered by them during their tenure.

Pursuant to sub-section (4) of Section 161 of the Companies Act, 2013, the Board has filled the casual vacancy resulted from the resignation of Shri Ajay Relan by appointing Shri Amulya Charan in his place w.e.f. 11th June, 2014. Shri Amulya Charan shall hold the office of director only up to the date up to which Shri Ajay Relan would have held the office of director in case he would not have resigned.

The nature of composition of the Board member is being recast to make it compliant with the provisions of the Companies Act, 2013 with respect to appointment of independent directors for a fixed term during which period, they shall neither retire by rotation nor shall be counted in the Total strength of the Board. However, two-third of these Total strength of the Board shall comprise of the directors who shall be liable to retire by rotation. For this purpose, requisite resolutions have been incorporated in the Notice of the 24th Annual General Meeting and the Explanatory Statement contains the detailed reasons therefor. Consequently, Shri J.P. Lath being the only director liable to retire by rotation, shall retire at the ensuing Annual General Meeting. He has conveyed his willingness to be re-appointed as a director liable to retire by rotation.

As per Clause 49 (IV) (G) of the Listing Agreement, the required detail of directors appointed/reappointed during the year is given in **Annexure-V**.

Independent Directors

Pursuant to Section 149 of the Companies Act, 2013 (new Act) read with the Rules made thereunder, the Independent Directors can hold office for a period of up to 5 consecutive years and shall not be liable to retire by rotation. They may be appointed for a maximum of two consecutive terms of up to 5 years each. In terms of revised clause 49 of the listing agreement which will be applicable from 1st October, 2014, in case the Independent Director has already served for 5 or more years, he can be appointed for only one term of 5 years. However, under the new Act and Clause 49 of listing agreement, they may be appointed afresh with a fixed period of up to 5 years. As per sub-section (5) of said Section 149, the compliance is to be made within one year from the date of commencement of the new Act.

Presently, Shri Amulya Charan, Shri Amit Dixit and Shri Vikram Deswal are the Independent Directors of the Company in terms of Section 149. As per their existing terms of appointment, all of them are liable to retire by rotation. The Board considered the appointment of the above mentioned Directors in terms of Section 149 and Schedule IV to the Companies Act, 2013 and Clause 49 of the listing agreement and was of the view that these independent directors fulfill the conditions specified in the Act and the rules made thereunder and that the proposed directors are independent of the management and can be appointed for a term of three years during which period, they shall not be

liable to retire by rotation. These directors possess requisite qualifications, appropriate skills, experience and knowledge in one or more fields of finance, law management, marketing, administration, technical operations and other disciplines related to Company's business, the educational / professional qualifications, working experience, expertise in line with Company's business, positive attributes.

Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956, your directors confirm having:

- (i) followed in the preparation of Annual Accounts, the applicable accounting standards, with proper explanation relating to material departures, if any;
- (ii) selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) prepared the accounts on a going concern basis.

Management Discussion & Analysis

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled "Management Discussion & Analysis" has been included in this annual report and is given in **Annexure-II** and forms an integral part of this report.

Corporate Governance Report

Pursuant to clause 49 of the Listing Agreement with stock exchanges, a separate section titled "Compliance Report on Corporate Governance" has been included in this annual report and is given in **Annexure-III** along with a certificate of compliance from the Auditors and forms an integral part of this report.

Statutory Disclosures

- i) A declaration signed by Chairman & Managing Director as required under Clause 49 (I) (D) of the Listing Agreement is enclosed as **Annexure-IV**.
- ii) The Chairman & Managing Director and Chief Financial Officer have given a certificate to the Board of Directors, as required under Clause 49 (V) of the Listing Agreement, for the year ended 31st March, 2014.

Consolidated Financial Statements

In accordance with Accounting Standard 21 - Consolidated Financial Statements prepared on the basis of audited financial statements received from subsidiary companies as approved by their respective boards form part of this Report & Accounts.

Audit Committee

The Audit Committee of Board of Directors constituted in terms of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 consists of Shri Amulya Charan as its Chairman and Shri Amit Dixit and Shri J.P. Lath as its members.

Auditors

The Auditors' Report and Notes to the Accounts as referred in the Auditors' Report are self-explanatory and therefore, do not call for any further comments or explanation.

M/s. O.P. Bagla & Co., Chartered Accountants, New Delhi, Auditors of the Company, hold the office till the conclusion of 24th Annual General Meeting and are eligible for reappointment. A Certificate from the auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 (1) of the Companies Act, 2013.

Fixed Deposits

The Company has not invited or accepted any deposits during the year from the Public under Section 73 of the Companies Act, 2013.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

As required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data is enclosed as **Annexure-I** forming part of this report.

Personnel

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 the Report and Accounts are being sent to all the members and other entitled

thereto excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary at the Corporate Office of the Company for a copy.

Corporate Social Responsibility

Monnet is already sharing a percentage of its profits for discharging its societal responsibility. During the year under report, the Company has contributed 6.04% of its profits (previous year 7.28% to Monnet Foundation. Monnet Foundation was formed in the year 2007 by the Company and is governed by the Board of Trustees drawn from the senior management of the Group. During the seven years period, Monnet Foundation has done a lot of developmental and social work for the populace living around its Units / Operations in Raipur, Raigarh etc. Monnet Foundation is predominantly engaged in woman empowerment, education, vocational training, health, sanitation and hygiene, road development, creating facilities for availability of hygienic and potable drinking water besides financial help to the needy or deserving. Monnet Foundation also conducts awareness campaigns. The Company has formed CSR Committee and has appointed E&Y as consultants for the purpose of formulation of CSR Policy and other matters related thereto. Presently, the Committee has Shri Amulya Charan as its Chairman and Shri J.P. Lath and Shri Sandeep Jajodia as its members. Your company is already committed to spend a minimum of 2% of its average net profits of preceding three financial years.

Acknowledgments

Your Directors take this opportunity to offer their sincere thanks to the various Departments of the Central and State Government, Financial Institutions, Bankers to the Company, all Customers, Suppliers and contractors for their continued valued assistance and support. Your Directors also wish to place on record their appreciation for dedicated services rendered by all officers, staff and workers of the Company at all levels.

For and on behalf of Board of Directors

Place: New Delhi

Date: 11th August, 2014

(Sandeep Jajodia)

Chairman & Managing Director

Annexure to the Directors' Report

Information as per Section 217[1][e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2014.

A. CONSERVATION OF ENERGY:

The Company has taken a number of steps to improve the conservation of energy by increasing the efficiency of raw material inputs in power generation and by reducing/eliminating consumption wastages. Conservation of energy and improving the efficiency of existing resources are continuing processes and form an integral part of responsibilities of departmental heads. Various steps taken in this direction are as follows:

a] Energy conservation measures taken during the year:

Raigarh Unit

Energy conservation measures taken and new technology absorption

- Improved Oxygen lancing system in Electric Arc Furnace to reduce specific electric energy consumption.
- Use of Static Var Compensator for better Power Factor and better energy efficiency in Electric Arc Furnace.
- Oxygen enrichment in hot blast air in Blast furnace to improve energy efficiency.
- Replacement of Low Ash Metallurgical coke by pulverized coal in blast furnace.
- Use of dolo char in fluidized bed boilers to reduce coal consumption for Power Plant
- Use of Blast Furnace gas in reheating furnace to reduce furnace oil consumption for Rolling Mill
- Use of hot flu furnace gas to dry coals for injection in the blast furnace

Raipur Unit

- De-staging of two Nos. Boiler Feed Pumps resulting into energy conservation of 23,760 Kwh per month in the Power Plant.
- Reduction in consumption of coal by using the Char in AFBC Boilers. Char consumption in FY 2013-14 was 49176 MT as against 32925 MT in FY 2012-13.
- Arresting steam leak and repair of insulation work for reducing radiation loss.
- Efficiency enhancement in compressed air system.
- Stoppage of one FD Fan in AFBC-2 Boiler by fulfilling balance air requirement by smaller capacity bed ash cooler fan resulting into energy conservation of 57,600 KWH per month.
- Installation of In-house designed Side Steam Filter in TG-3 Cooling Tower for optimizing the performance of Condenser and Cooling Tower.
- Energy conservation and bed material reclaiming by Regular operation of In-house developed bed ash sieving and magnetic particle separation system in AFBC-2 Boiler. It is meeting the requirement of bed material for both the AFBC Boilers.
- Reduction in consumption of Furnace Oil in reheating furnace from 1329 KL in 2012-13 to zero due to direct rolling of Billet for Structural.
- Developed one smaller coal bunker to store good quality coal for light-up compartment in AFBC-1 Boiler. It helped in increasing the percentage of char in coal mix.
- By process optimization in SID, specific coal consumption per tonne of Sponge Iron was reduced from 1.32T to 1.26T in FY 2013-14.
- Saving of precious furnace oil and hydraulic oil by arresting minute leakage through proper maintenance in SMS.

- Stoppage of 40 H.P. compressor for ladle preparation by installing 10 H.P. compressor, which results in power saving in SMS.
- Sponge Iron Feeding conveyor in one no. 8 MT furnace is replaced by making direct feeding from hopper to furnace through pipe. It reduced 5 KW of load in SMS.
- Interconnected hot water pipeline of six cooling towers to cool down the water to lowest possible temperature for better efficiency of furnace in SMS.
- Changing over the lining of furnace from SRM to NRM has increased the No. of heats between two lining repairs, which results in reduction of power consumption on account of heating of crucible during changeover.
- Better charge mix in SMS induction furnace saved approx. 100 Kwh of power / MT in melting (Normally furnace melting power varies from 750 KWH/ MT to 880 KWH/ MT, depending upon the charge mix).
- Slag crushing has been stopped completely. Now slag is sold-out directly for various applications. It reduced the fugitive emission and saving of electricity to the tune of approx. 40,000 KWH per month.
- One Motor of 15 KW and two Motors of 3.7 KW were replaced by 11 KW and 2.2 KW motors in Centrifugal Pump at Ferro Settling tank, lathe & shaper machine in workshop respectively.

Milupara Mines

- Installed APFC panel (Automatic Power Factor Control Panel) to improve Power Factor and to reduce energy losses on transmission.
- Synchronized operation of DG sets, to avoid ideal running. 80% loading can be insured to achieve optimum UPL (Unit per liter) from each DG sets.
- For industrial illumination LED and CFL lamps are being used.
- Underground Bunker for coal storage is proposed to reduce ideal running of main conveyor belt and to conserve energy.

b] Additional Investments and proposals, if any, being implemented for reduction of consumption of energy at Raigarh Plant :

1. To run turbine by pressure energy of Blast Furnace Gas to generate power,
2. Setting up of imported reheating furnace in bar mill to reduce furnace oil consumption to zero.
3. Reduction in the weights of cooling fan blades in cooling towers to reduce energy consumption in the fan motors.

c] Impact of measures of [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods.

- The per tonne power consumption has been under control.

d] Total energy consumption and energy consumption per unit of production is as per Form A annexed.

B. TECHNOLOGY ABSORPTION

- e] Efforts made in technology absorption are as per Form B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- f] Activities relating to exports initiatives taken to increase exports development of new export markets for products and services and export plans. The efforts are being made.
- g] Total Foreign Exchange used and earned
- | | |
|----------|---------------|
| - Used | 273.34 Crores |
| - Earned | 185.36 Crores |

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY

	Current Year (2013-2014)	Previous Year (2012-2013)
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY		
a] Purchased		
- Units	47,76,874	3,97,72,092
- Total Amount (₹ in Lakhs)	1,571	2,181
- Rate/Unit (₹)	32.88	5.48
b] Own Generation		
(i) Through Diesel Generator		
- Units (in KWH)	1,74,63,675	1,40,95,001
- Unit per ltr. of Diesel Oil	3.34	3.40
- Cost/Unit [₹]	20.19	15.62
(ii) Through Steam Turbine		
- Units (in KWH)	92,28,72,247	92,16,30,999
- Unit per MT of Gas	238	241
- Cost/Unit	2.54	2.68
2. COAL		
Quantity (in Mts.)		
Sponge Iron Kiln	9,41,418	9,43,655
Power Plant Boiler	5,25,050	3,85,800
Ferro Alloys furnace	5,553	3,437
Blast Furnace & Sinter Plant	1,01,287	N.A.
Total Cost (₹ in Lakhs)	36,885	31,934
Average rate (₹ per tonne)	2,344.40	2,395.81
3. FURNACE OIL/LDO		
Quantity (K. Ltrs.)	29,74,606	15,01,326
Total Cost (₹ in Lakhs)	1,207.92	633.17
Average rate (₹ per Ltrs.)	40.61	42.17
4. OTHERS/INTERNAL GENERATION	NIL	NIL
B. CONSUMPTION PER MT OF SPONGE IRON		
Electricity (in KWH)	83	78
Furnace Oil (in K. Ltrs)	NIL	NIL
Coal (in Mts.)	1.17	1.25
Others	NIL	NIL
C. CONSUMPTION PER MT OF MILD STEEL INGOTS		
1. Electricity (KWH)	0	0
D. CONSUMPTION PER MT OF MILD STEEL BILLET		
1. Electricity (KWH)	770	873
E. CONSUMPTION PER MT OF FERRO ALLOYS		
1. Electricity (KWH)	4,315	4,412
F. CONSUMPTION PER MT OF STRUCTURAL STEEL		
1. Electricity (KWH)	110	72

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENTS :	NIL	NIL
B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :		
1) Efforts, in brief, made towards : technology absorption adaptation and innovation	Same as previous year	The Raigarh Plant is using 85% efficient TPH CFBC Boiler Technology in place of conventional 80% efficient AFBC Boiler Technology
2) Benefits derived as a result of : the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Same as previous year	The efficient Boiler Technology has resulted in saving of coal which is a scarce mineral
3) Information relating to imported : Technology	Slag Atomising Plant has been commissioned and Slag Crushing Plant is expected to be completed by October, 2014	A Slag Recycling Plant is being set up by Korean Technology to further extract from the slag and also Manufacture PS Balls that has varied uses in developed countries.

Management Discussion And Analysis

Industry Structure & Developments

The Global Economy

The world economy continues to gradually recover from the aftermath of the massive financial and economic crisis of 2008. The global macro-economic environment is certainly improving albeit very gradually and that too in very distinct patches.

U.S. economy is consistently generating positive economic data on the metrics of housing, consumption and also unemployment. The recent jobs creation in US at 288,000 in June, 2014 has come after a gap of 14 years accompanied by an unemployment rate of 6.1% has fallen faster than most optimistic projections by the US Central Bank. However, this cheer from jobs is clouded by the poor performance of the overall economy. Q1 saw the GDP contract sharply. That was attributed largely to the unduly harsh winter which U.S. witnessed but even now, the broader economy continues to struggle. Economists are in fact suspecting that productivity growth in the U.S. has dropped off over the last few years. Prof Michael Spence, winner of the Nobel in Economics in 2001, has crunched data to show that starting from 2008, practically all the jobs growth in U.S. has happened in the "non-tradable" sectors such as government, healthcare etc while almost all the output growth has been seen in the "tradable" sectors (think iPhones!). That is probably why the U.S. central bank can afford to keep interest rates at near-zero even as unemployment falls sharply. However that would also logically imply that the U.S. economy remains very far away still from becoming a significant engine of growth for the rest of the world.

Through the 2008 crisis Europe proudly claimed that its economic model was superior to the "Anglo-Saxon" model of U.S. and U.K. After November 2009 those noises have never been heard again. That month saw Greece admitted that they had been "conservative with the truth" and that their national debt was actually 113% of the GDP roughly twice the upper limit of 60% allowed to euro zone members. That set the trend for national bailouts starting from Greece and then on to other peripheral European nations. While sovereign defaults have been successfully averted, even today the Euro economy has a clear divide. Germany continues to be the powerhouse for the region while countries like Portugal, Spain, Italy and Greece continue to flounder. In fact the IMF has recently urged the European Central Bank to launch its own QE or Quantitative Easing wherein the central bank infuses liquidity into the economy by buying sovereign bonds and other securities from the open market (and thereby also driving down longer term interest rates).

The U.K. economy is perhaps the best placed today. Economic data has consistently beaten forecasts by economists and Britain may well be the first to emerge out of the ultra-loose monetary policy regime. However, the British economy is focused on services and accounts for only a small share in global trade of goods. Hence positive spill-over effects for the world at large will remain limited.

China has successfully managed its orchestrated "soft-landing" from a red-hot 11% p.a. growth earlier to a more sedate 7.5% growth now. Chinese policymakers continue to struggle between divergent objectives. On one hand they are keen to keep a lid on the frothy asset markets and gain some control on the so-called shadow banking system. Simultaneously the Government is anxious to continue providing stimulus for the struggling economy – the latest growth of 7.5% would almost certainly have been impossible without active state support.

Japan has witnessed yet another round of over-promise and under-delivery. The positive sentiment around the new premier, fuelled by aggressive monetary easing has managed to weaken the Yen and push up the local stock market but economic data has so far failed to reflect any meaningful recovery. Increase in the local consumption tax was Mr. Abe's first meaningful reform and apparently that has been absorbed by the economy reasonably well. Whether similar success is achieved with future reforms which are lined up – cut in corporate taxes, loosening of controls on the labour market etc – that will help determine if Japan can emerge from its overextended economic slumber.

Overall the global economic landscape is one of a very gradual and hesitant recovery against the backdrop of looming risks. One of the biggest risks is the imminent reversal in the U.S. bond yields. Interest rates have been falling in U.S. for more than three decades. A meaningful reversal could spell not only spell trouble for global asset markets but also could create further headwinds for the fledgling recovery.

Global Steel Industry

In the backdrop of Global Economy, the Global steel demand which follows like a shadow to the economic growth grew by 3.6% to 1480 million tonnes and the world crude steel production grew by 3.5% to 1607 million tonnes mainly in developed economies and increased infrastructural activity in Asia. China's global steel demand grew by 6.1% in comparison to 2.9% in 2012 but demand in rest of the world remained lower.

The price regime remained under control with no further downward bias during 2013-14 indicating the bottoming out of the Industry. The efforts by the global majors like Rio

Tinto and BHP Biliton, to upscale the capacity of all important iron ore translating into increased supplies during the 2nd half of the last financial year helping the prices of iron ore to cool down. Similar pattern was seen in coking coal prices with a correction in the prices of Raw Materials and stability in the prices of end products. The industry, after a long lull experienced a scenario of margin expansions.

The Global Steel Production in 2013 was as below:

Country	2013	2012	2013/2012
	(MT)	(MT)	(%)
China	779.0	716.5	+8.7%
Japan	110.6	107.2	+3.2%
United States	87.0	88.7	-1.9%
India	81.2	77.6	+4.6%
Rest of the World	279.7	285.6	-2.1%

Source : World Steel Association

Indian Steel Industry

India's steel consumption grew by a mere 0.6% to 73.93 MT in 2013-14 which is lowest in four years. Imports were also lower indicating slowdown due to slower expansion of the domestic economy and weak base level demand conditions. Construction sector accounts for around 60% of the country's total steel demand while the automobile industry consumes 15% which were hit by a slowdown in the economy which according to Central Statistics Office (CSO) estimates grew by 4.9% in 2013-14, against the growth rate of 4.5% in 2012-13.

However, in the first nine months during 2013-14, India became net steel exporter after six years. This momentum is likely to be maintained in 2014-15 to tide over moderate domestic consumption.

Sensing poor demand in store, almost all domestic steel producers, both public and private, tried to export vigorously and showed good growth in overseas shipments last fiscal.

With the change of Government in Centre, which is seen to be favouring the growth in the economy backed by Urban Upgradation and social sector spending for Rural Development manifested by some economic reforms announced by the Government in the Budget clearly puts the estimates of Economists to push the growth to 7% levels over the next one to two years. The Government has also laid down a road map of various policy reforms and initiatives which will bring about a fundamental and sustainable impetus to economic activity. These measures are positive developments for the steel sector.

The Railway Budget 2014 has proposed to set up a Diamond Quadrilateral rail network connecting major metros. The Rail Budget has also proposed to attract private domestic

investment and FDI in infrastructure. The Union Budget 2014 also announced a series of measures to push the infrastructure sector.

Banks are to be permitted to raise long term funds for lending to the infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and priority sector lending.

Steel Production

The steel production during previous five years has been as below:

Year	Total Finished Steel (alloy + non-alloy) (million tonnes or mt)			
	Production for sale	Import	Export	Real Consumption
2007-08	56.08	7.03	5.08	52.13
2008-09	57.16	5.84	4.44	52.35
2009-10	60.62	7.38	3.25	59.34
2010-11	68.62	6.66	3.64	66.42
2011-12	73.42	6.83	3.64	70.00
2012-13	78.00	6.00	4.04	77.30
2013-14	82.00	5.50	4.00	85.05

Source : JPC

GDP Growth Rate during five years (Factor Cost)

2009-10	2010-11	2011-12	2012-13	2013-14
8.59	8.91	6.69	4.47	4.74

Risks Opportunities and Threats

The steel sector is integrated at the international level and the development in the sector at any part of the Globe with predominant presence in the steel industry like slower demand, increased prices could impact the sector in India as well. Therefore, the sector always remains exposed to any adverse global conditions.

Outlook

The steel consumption in India is hugely correlated with the GDP growth in the country. GDP has been consistently decreasing in last five years which severely impacted the investment climate and the resultant demand for steel and allied products like cement. However, the basic construction activity and investment in the infrastructure still managed the domestic production and consumption of steel to remain in the positive territory. The recent change in the Government with the single party rule and a growth oriented executive is likely to usher India into high growth eventually. The Government policies and programs will take a minimum gestation time to convert into desired investments but the general consensus for the India to move into high growth numbers from the next

year onwards will automatically propel the growth in the steel industry and is encouraging news for the industry. Early sign of recovery in the industry are clearly visible.

Segment wise or Product wise Performance

Production	Unit	2014	2013	Increase / (Decrease) %
Sponge Iron	MT	8,05,471	7,61,142	5.82
M.S./S.S. Products	MT	2,04,935	1,00,015	104.90
Structural Steel	MT	77,624	76,387	1.62
Ferro Alloys	MT	20,565	10,864	89.30
Pig Iron	MT	1,76,574	0	N.A.
Coal	MT	9,19,316	7,94,723	15.68
Power	Units in '000	8,46,844	7,43,069	13.97

Internal Control Systems

Internal Control systems are an integral part of company's corporate governance. Your Company has effective internal control environment. Control systems have documented policies, checks and balances, guidelines and procedures that are supplemented by robust internal audit processes and monitored continuously by periodical reviews by management which provides reasonable assurance that all assets are safeguarded; transactions are authorized, recorded and reported properly. Your Company has an independent MIS and Audit Department to oversee the day-to-day functioning of the Company. The Company has proper budgeting system and the actual performance is continuously evaluated and the corrective measures are taken from time to time.

Cost Auditors

The Central Government has approved the appointment of M/s N.K. Jain & Associates, Cost Accountants as Cost Auditors for conducting Cost Audit of the Company for the Financial Year 2013-14. The due date for filing the Cost Audit Reports for the Financial Year ended 31st March, 2014 is 27th September, 2014. As per Section 148 of the Companies Act, 2013, the Audit Committee, at its meeting held on 11th June, 2014, recommended and the Board of Directors has appointed, M/s. N.K. Jain & Associates, (Registration No. 101952) Cost Accountants, New Delhi as Cost Auditors of the Company, to carry out the cost audit of all the products (Steel & Power) manufactured / generated by the Company for the year ending 31st March, 2015.

The Cost Audit Report, along with the Performance Appraisal Report of the Cost Auditors for the previous financial year ended 31st March, 2013, was filed with the MCA Accountants in XBRL Mode as mandated by the Ministry of Corporate

Affairs vide their circular no. 8/2012 dated 10th May, 2012, which confirmed the maintenance of all cost records and otherwise full compliance in all respects. The cost audit for the last financial year ended 31st March, 2014 is underway and the due date for filing the Cost Audit Report is 27th September, 2014.

Material Developments in Human Resources/Industrial Relations front

Your Company believes that the drive for progress is integral to growth objective that can be achieved only by having innovative talent. To achieve this objective, your Company invites best technical talent from premier technology and management institutes throughout India who have to appear in the entrance examination that are conducted across major cities in India. Selected candidates have to further complete successfully extensive on job training before final induction in appropriate divisions. Your company also conducts comprehensive development programs. Equal emphasis is laid on the development of workforce. Company contributes its profits in Monnet Foundation through which, the Company continually strives to improve the living conditions, providing better sanitation and medical facilities. Further, a blend of programmes and initiatives are devised from time to time and followed extensively with an objective to reach out to the people living in and around company's plant areas as also to the immediate family members of Company's workforce to provide education opportunities to talented children, providing skill learning opportunities to womenfolk who can work from home and help boost family's earning capacities.

Industrial relations in the Company are satisfactory and cordial across all the plants and divisions. The operations of the plant are under the charge of independent Chief Executive Officers, who have rich experience and qualifications in the field. Your Company assiduously keeps on devising and improving its HR policies towards never ending pursuit of value creation.

Forward Looking Statements

The "Management Discussion and Analysis" section contains forward-looking statements and are stated as required by applicable securities laws and regulations. Unforeseen factors such as change in policies, tax laws and other statutes may affect the results and actual outcome may differ materially from those expressed or implied herein and thus, involve risk and uncertainties. Use of certain words such as expects, estimates, believes, will and other similar words identify such forward looking statements. The Company does not undertake obligation to publicly update or revise any such forward looking statements. Therefore, precaution should be taken to read these statements with caution and by not placing undue reliance. Further, this report should be read in conjunction with the financial statements and notes thereto contained herein.

Report on Corporate Governance

Your Directors present the Company's Report on Corporate Governance for the financial year ended on 31st March, 2014.

Company's Philosophy on Code of Governance

Monnet is committed to ethical corporate citizenship by following systemic process of healthy governance practices and discharging societal responsibilities towards capital providers, business associates, stakeholders and employees in conducting its affairs in a fair and professional manner and in maintaining the high standards. The Company has also taken a series of other measures such as having professional Directors on the Board who have achieved prominence in their professional career, adopting pragmatic policies and effective systems and procedures, sharing of information with shareholders on a regular basis, through newspapers, audits and checks.

The policies and actions of the Company, while being in full compliance of applicable laws and regulations, are dictated by the underlying objective of maximizing shareholder value on a long-term basis.

Board of Directors

Your Company has strong and balanced Board of Directors. The Board is fully empowered to discharge the responsibility of strategic supervision of your Company. As on date, half of the strength of the Board comprises of Independent and Non-executive Directors. The Board consists of six directors, i.e. a Chairman & Managing Director, a Dy. Managing Director, and four Non-executive Directors. Three of these four Directors are Non-executive Independent Directors.

The Board of Directors meets at least once in a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact any other business. The intervening period between two Board Meetings was well within the maximum gap of four months as prescribed under Clause 49 of the Listing Agreement.

Meetings & Agenda

The agenda is accompanied by Notes giving comprehensive background that enables the Board to take informed decisions. Generally, agenda papers are circulated seven days prior to the board meeting.

Present structure of the Board of Directors is as following

Name	DIN No.	Category	No. of Board Meetings attended during 2013-14	Whether attended AGM held on 30th September, 2013	No. of Directorships in other public companies ^{1, 2}	No. of Committee Memberships in other Companies ^{1, 3}	
						Chairman	Member
Shri Sandeep Jajodia (Chairman & Managing Director)	00082869	Not Independent Executive	4	NP	5	0	1
Shri C.P. Baid (Dy. Managing Director)	00466414	Not Independent Executive	4	NP	5	0	0
Shri G.C. Mrig *	00025932	Independent Non Executive	2	NP	2	1	1
Shri Amit Dixit	01798942	Independent Non Executive	3	NP	7	0	4
Shri Vikram Deswal	05277967	Independent Non Executive	1	NP	0	0	0
Shri Ajay Relan **	00002632	Independent Non Executive	2	NP	6	2	2
Shri Amulya Charan	00007370	Independent Non Executive	NA	NA	2	2	0
Shri J. P. Lath	00380076	Not Independent Non Executive	4	P	4	0	2

Notes:

- Other Directorships and Committee Memberships, based on the disclosures received from the directors, are as on 31st March, 2014. If appointed later, as on the date of appointment.

2. Directorships in other Companies exclude Private Limited Companies, Foreign Companies, Membership of Associations etc./Professional Bodies and Alternate Directorship.
3. Committee Membership is in respect of Audit Committee and Investors Grievance Committee of Indian Public Limited Companies.
4. None of the directors is a member of more than ten committee or acts as the chairman of more than five committees in all Public companies in which they are directors.
5. Information in respect of appointment / re-appointment of Directors as required under Listing Agreement is given in Annexure – V.
6. There is no relationship between directors inter-se
- * Resigned w.e.f. 24-01-2014
- ** Resigned w.e.f. 08-12-2013.

Details of Board Meetings during Financial Year

During the financial year ended 31st March, 2014, four meetings of the Board were held as follows:—

Sl. No.	Date	Board Strength	No. of Directors Present
1	29th May 2013	9	7
2	14th August 2013	7	5
3	14th November 2013	7	5
4	14th February 2014	6	4

Information in respect of appointment / re-appointment of Directors as required under Listing Agreement is given in Annexure – V.

Committees of the Board

Currently, there are seven Committees of the Board, i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Executive Committee, Finance Committee, and Share Transfer Committee. These Committees have defined terms of reference. However, occasionally, the Board assigns certain matters. The Board also forms Committee for a specific purpose after which these Committees cease to exist.

Audit Committee

Your Company has in place a qualified and independent Audit Committee as defined in Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. It has been delegated with Powers, Role & Responsibilities as defined in the said Section 177 and sub clause (II) of existing Clause 49 and sub clause (III) of revised Clause 49 besides power to review as per sub clause (V) of Clause 49 of the Listing Agreement. It meets at least four times in a year and not more than four months elapse between two meetings as prescribed in sub-clause (B) of the aforesaid Clause 49 (II). The Audit Committee also meets the requirements contained in Section 292A of the Companies Act, 1956 and Section 177 of the Companies Act, 2013. The Board has defined the roles and responsibility of the Committee in line with those prescribed under Section 177 & Rules made thereunder and as also as per Revised Clause 49 of the Listing Agreement.

Composition

The Audit Committee comprises of two Independent Non-Executive Directors and a Non-executive Non-independent Director and a Secretary and is in compliance of Clause 49 II (A) (i) of the Listing Agreement and Clause 49 (III) (A) of revised Clause 49. Shri Vikram Deswal replaced Shri G.C. Mrig who was replaced by Shri Amulya Charan. Lately, Shri Amit Dixit replaced Shri Vikram Deswal. Presently, Shri Amulya Charan is the Chairman and Shri Amit Dixit and Shri J.P. Lath are the other members of the Committee.

Attendance

The details of attendance in the Audit Committee Meetings held during the financial year 2013-14 are given below: —

Name	No. of Audit Committee Meetings held during the tenure of the Members	No. of Audit Committee Meetings Attended
Shri G.C. Mrig	3	1
Shri Ajay Relan	3	2
Shri J.P. Lath	4	4
Shri Vikram Deswal	1	1

During the year 4 Audit Committee Meetings were held. The detail of these Meetings and attendance thereat is given below: —

Sl. No.	Date	Committee Strength	No. of Members Present
1	29th May 2013	3	3
2	14th August, 2013	3	2
3	14th November 2013	3	2
4	14th February 2014	3	2

Besides members of the Committee, the Managing Director, Dy. Managing Director, Executive Director and Chief Financial Officer along with the Statutory Auditors are invitees to the meetings.

Mr. Mohinder Paul Kharbanda, Company Secretary, acts as Secretary of the Committee.

Cost Auditor's details

The Central Government has approved the appointment of M/s N.K. Jain & Associates, Cost Accountants (Regn. No. 101952) as Cost Auditors for conducting Cost Audit of the Company for the Financial Year 2013-14. The due date for filing the Cost Audit Reports for the Financial Year ended 31st March, 2014 is 27th September, 2014.

The Cost Audit Report of the Company for the Financial Year ended 31st March, 2013 has been filed by the Cost Auditor M/s N.K. Jain & Associates, Cost Accountants in XBRL Mode as mandated by the Ministry of Corporate Affairs vide their circular no. 8/2012 dated 10th May, 2012.

Nomination & Remuneration Committee (Erstwhile Remuneration Committee)

The Remuneration Committee comprises of Shri Amulya Charan (Chairman) Shri Vikram Deswal and Shri J. P. Lath. Shri Amulya Charan has been inducted and designated as Chairman in place of Shri G.C. Mrig. The terms of reference of this Committee cover the matters specified for Remuneration Committees under Annexure-(I D) of existing Clause 49 and under new clause 49 (IV) of the Listing Agreement. The Remuneration Committee has been given the Roles and Responsibilities as required under Section 178 of the Companies Act, 2013. The Board has defined the roles and responsibility of the Committee in line with those prescribed under Section 178 & Rules made thereunder and as also as per Revised Clause 49 of the Listing Agreement.

Remuneration Policy

The Company while deciding the remuneration package of the senior management members takes into consideration the following items:

- current scenario of employment in the industry
- current remuneration package of the industry and

Company's and the Senior Manager's individual performance is factored into while deciding the annual variable pay.

Only sitting fee is paid to the Non-Executive Directors (NEDs). The sitting fee during the financial year 2013-14 was ₹ 20,000 to the NEDs for attending the meetings of the Board and ₹ 5,000 for the Audit Committee Meeting, no sitting is paid for Executive Committee, Finance Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Share Transfer Committee, constituted by the Board from time to time.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) to managing Director and variable salary (variable component) to Dy. Managing Director. Annual increments effective 1st April each year, as recommended by the Remuneration Committee (within the range approved by the Shareholders), are approved by the Board of Directors. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

Stakeholders' Relationship Committee (Erstwhile Shareholders/Investors Grievance Committee)

The Stakeholders' Relation Committee (Erstwhile Shareholders/Investors Grievance Committee) oversees the redressal of Shareholders and Investor Grievances. The Committee has the composition and has been given the Roles and Responsibilities in compliance of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013. Apart from this, the Committee also oversees the compliance with Listing Agreement and various statutes, Rules, Regulations pertaining to securities market,

dissemination of quarterly information to Stock Exchanges, furnishing of various certificates from practicing Company Secretary such as Capital Reconciliation Audit, Clause 47 certification, NSDL & CDSL matters such as carrying out Corporate Action etc.

On day to day basis, the Investor grievances are handled by Company's Registrars and Share Transfer Agents MCS Ltd., New Delhi. The Secretarial Department of the Company monitors complaints and other activities and also helps in resolving grievances wherever needed. A firm of Practicing Company Secretaries conducts the audit on quarterly basis and submits Capital Reconciliation Audit Report. It also conducts half yearly due diligence exercise in compliance of Clause 47 of the Listing Agreement and submits its certificate.

Composition

The Shareholders/Investors Grievance Committee is headed by Non-executive Chairman in compliance of Clause 49 IV (G) (iii) of the Listing Agreement. Shri J.P Lath is the Chairman of the Committee. Shri C.P. Baid is the other Member of the Committee.

Attendance

The dates of meetings and details of attendance at Shareholders/Investors Grievance Committee Meetings held during the year is given below: —

Sl. No.	Date	Committee Strength	No. of Members Present
1	29th May 2013	2	2
2	14th August 2013	2	2
3	14th November 2013	2	2
4	14th February 2014	2	3

Share Transfer Committee

The Share Transfer work is handled by the Registrars who along with Share Transfer Committee handle the transfers/transmission of shares, issue of duplicate share certificates etc. The Composition and attendance of the members during the financial year ending 31st March, 2014 is as follows: —

Name	Category	Number of Meetings held during the tenure of the Members	Number of Meetings attended during the year
Shri J. P. Lath	Director	14	14
Shri C.P. Baid	Dy. Managing Director	14	14
Shri M.P. Kharbanda	Company Secretary	14	14

Whereas requests for share transfer, transmission, split/consolidation and duplicate share certificate are first processed by Company's Registrar & Transfer Agents, MCS Ltd. and only valid requests are forwarded to Share Transfer Committee for its approval, requests for dematerialization/rematerialization are handled directly and independently by MCS Ltd. in line with the Depository Guidelines for their speedy disposal. The Share Transfer Committee meets regularly.

Details of Remuneration to Managing Director

The break-up of remuneration paid to the Managing Director, Dy. Managing Director and Executive Director are as follow: —
(₹ in lakhs)

Name	Shri Sandeep Jajodia	Shri C.P. Baid	Shri N.C. Jha
Position	Chairman & Managing Director	Dy. Managing Director	Whole-time Director
Salary (₹)	420.00	164.48	28.38
Commission/Allowance (₹)	NIL	NIL	NIL
Perquisites (₹)	51.50	6.55	0.93
Total (₹)	471.50	171.02	29.31
Stock Option Granted (Nos.)	NIL	NIL	NIL
Service Contract	5 years from 1-4-2010 to 31-3-2015	5 years from 8-11-2010 to 07-11-2015	Resigned w.e.f. 1-8-2013

Sitting Fee paid to Non-Executive Directors is as given below

Name of the Director	Sitting Fees (₹)	ESOP granted (No. of Shares)
Shri G.C. Mrig	66,000	NIL
Shri Ajay Relan	NIL	NIL
Shri Gopal Tiwari	20,000	NIL
Shri J. P. Lath	88,000	NIL
Shri Amit Dixit	60,000	NIL
Shri Vikram Deswal	40,000	NIL

Compliance Officer

Shri M.P. Kharbanda, Company Secretary
 Monnet House, 11 Masjid Moth,
 Greater Kailash-II, New Delhi – 110 048

Status of Complaints For The Period 1st April, 2013 to 31st March, 2014.

Particulars	No. of Complaints
Number of complaints received from the investors (including the opening Balance as on 1 st April, 2013) comprising of Non-receipt of Dividend Warrants where reconciliation is completed after end of the quarter, securities sent for transfer and transmission, annual report & complaints received from Regulatory/Statutory Bodies	161
Number of complaints resolved	157
Complaints Pending as at 31st March, 2014	4
Number of shares pending for transfer as at 31st March, 2014.	0

General Body Meetings

a)

Details of Last 3 Annual General Meetings		
Financial Year	Place of Meeting	Date and Time
2012-13	Monnet Ispat & Energy Ltd.	30th September, 2013 at 2.30 p.m.
2011-12	Monnet Marg, Mandir Hasaud,	29th September, 2012 at 2.30 p.m.
2010-11	Raipur-492101, Chhattisgarh	30th September 2011 at 11.30 a.m.

b) Special Resolutions passed in previous three Annual General Meetings :

- At the last Annual General Meeting held on 29th September, 2012, two Special Resolutions were passed (a) for addition of an object in the Main Object Clause of Memorandum of Association of the Company and (b) for various changes in the Articles of Association of the Company and were passed unanimously.
- At the Annual General Meeting held on 30th September, 2011, a Special Resolution was passed for holding office of profit by a director.

c) **Postal Ballot:** During the year 2013-14, following Special Resolutions were passed through Postal Ballot Process in which, the eVoting facility was also extended to the shareholders as required Section 192A of the Companies Act, 1956 and as per the Listing Agreement, pertaining to:

Special Resolution No. (1): Increasing the aggregate investment limit of FII in the Company as per FEMA Act, Rules, Regulations and Guidelines.

Special Resolution No. (2): Increase in Borrowing Powers under Section 180 (1) (c) of the Companies Act, 2013

Special Resolution No. (3): Increase in Power to create Security for the Loans / Credit Facility by Mortgage / Creation of Charge pursuant to Section 180 (1) (a) of the Companies Act, 2013.

Special Resolution No. (4): Power to make loans, give guarantee or provide security or make investments over and above limits prescribed under Section 372A of the Companies Act 1956 and also under Section 186 of the Companies Act, 2013.

Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company had, at its meeting held on 14th February, 2014, appointed Mr.Sanjay Grover, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot voting /eVoting process.
2. The Postal Ballot and eVoting process was carried out in a fair and transparent manner. The eVotes / postal ballot forms had been kept under his safe custody before commencing the scrutiny of such postal ballot forms.
3. All votes cast through eVoting process / postal ballot forms received up to the close of working hours on 26th March, 2014, the last date and time fixed by the Company for casting eVotes / receipt of the forms, had been considered.
4. The results of the Postal Ballot were announced on March 28, 2014 at 10.30 a.m. at the Registered Office of the Company as per the Scrutinizer's Report as under :

Special Resolution No. 1

Promoter/ Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding Shares	No. of Votes-In Favour	No. of Votes Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
	(1)	(2)	(3)=[(2)/ (1)]*100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/ (2)]*100
Promoter & promoter Group	31982841	31982841	100	31982841	0	100	0
Public-Institutional Holders	26219599	2717508	10.3644	2717508	0	100	0
Public-Others	7623241	41361	0.5426	40306	1055	97.4493	2.5507
Total	65825681	34741710	52.7784	34740655	1055	99.9970	0.0030

Special Resolution No. 2

Promoter/Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding Shares	No. of Votes-In Favour	No. of Votes Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
	(1)	(2)	(3)=[(2)/ (1)]*100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/ (2)]*100
Promoter & promoter Group	31982841	31982841	100	31982841	0	100	0
Public-Institutional Holders	26219599	2717508	10.3644	2712491	5017	99.8154	0.1846
Public-Others	7623241	41021	0.5381	37707	3314	91.9212	8.0788
Total	65825681	34741370	52.7778	34733039	8331	99.9760	0.0240

Special Resolution No. 3

Promoter/Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding Shares	No. of Votes-In Favour	No. of Votes Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
	(1)	(2)	(3)=[(2)/ (1)]*100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/ (2)]*100
Promoter & promoter Group	31982841	31982841	100	31982841	0	100	0
Public-Institutional Holders	26219599	2717508	10.3644	2712491	5017	99.8154	0.1846
Public-Others	7623241	40521	0.5315	37077	3444	91.5007	8.4993
Total	65825681	34740870	52.7771	34732409	8461	99.9756	0.0244

Special Resolution No. 4

Promoter/Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding Shares	No. of Votes-In Favour	No. of Votes Against	% of Votes in Favour on Votes Polled	% of Votes Against on Votes Polled
	(1)	(2)	(3) = [(2)/(1)] * 100	(4)	(5)	(6) = [(4)/(2)] * 100	(7) = [(5)/(2)] * 100
Promoter & promoter Group	31982841	31982841	100	31982841	0	100	0
Public-Institutional Holders	26219599	2717508	10.3644	0	2717508	0	100
Public-Others	7623241	40471	0.5309	34394	6077	84.9843	15.0157
Total	65825681	34740820	52.7770	32017235	2723585	92.1603	7.8397

e) There are no items in the 24th Annual General Meeting that will be conducted through Postal Ballot Process.

Disclosures

(A) Disclosure by key managerial personnel about related party transactions

The appropriate policies and guidelines are in place to enable the key managerial personnel to give the disclosures relating to financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large. The related party transactions have been disclosed in Note No. 48 of Other Notes on Accounts on Balance Sheet and Profit and Loss Account for the year ended 31st March, 2014.

(B) Matters related to capital market

During the financial year 2013-14, No non-compliance related penalties have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(C) Access to Audit Committee

No personnel has been denied access to the Audit Committee.

(D) Management Discussion and Analysis

The Management Discussion and Analysis is a part of the annual report.

(E) Compliance with mandatory requirements and adoption of Non-mandatory requirements

Besides mandatory requirements of Clause 49 of Listing Agreement, endeavor is being made to comply with non-mandatory requirements such as special resolution for alteration of Articles of Association, though not mandatory, is being conducted through postal ballot and formation of Remuneration Committee. For details, refer to the section of this report dealing with Committees of the Board.

Means of Communication

Monnet regularly interacts with the shareholders and pursues the policy of timely disclosure of information. The Company publishes quarterly results on an all India basis in major newspapers.

Quarterly Results	Normally published in Business Standard, Hindu Business Line, Veer Arjun and Pioneer.
Whether it also displays official news releases and Presentations made to institutional investors or to analysts	N.A.
Whether M D & A is a part of annual report or not	Yes

The Company maintains a functional website www.monnetgroup.com containing basic information about the Company e.g. details of its business, financial information, shareholding pattern, contact information of the designated officials handling investor grievances. The Company also ensures that the contents of the said website are updated at any given point of time.

General Shareholder Information

1. Annual General Meeting

Date	27th September, 2014
Venue	Monnet Ispat & Energy Limited Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh
Time	2.30 p.m.
Book Closure Date	Tuesday, 23 rd September, 2014 to Saturday 27 th September, 2014 (both days inclusive)
Dividend Payment Date	Within 30 days from the date of approval by shareholders in AGM. Dividend shall be payable to those members whose name appears in the records of the beneficiary as at the close of 22 nd September, 2014 or in the records of the Company after giving effect to all the transfers received on or prior to 22 nd September, 2014.

2. Financial Calendar for : 2014-15 (Tentative)

Financial Year 2014-15	
Financial year ending	31st March
First Quarter Results	On or before 14th August, 2014
Half Yearly Results	On or before 14th November, 2014
Third Quarter Results	On or before 14th February, 2015.
Fourth Quarter Audited Results	On or before 30th May, 2015

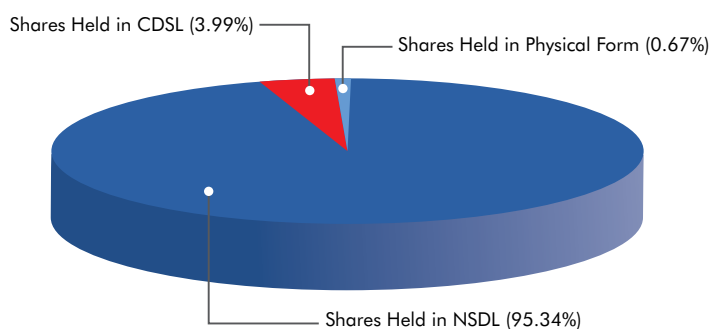
3. Registered Office: Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh- 492101

4. Listing of shares on stock exchanges

The equity shares of the Company are listed on National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd. & Madhya Pradesh Stock Exchange. Delisting from Calcutta Stock Exchange Assn. Ltd. is pending.

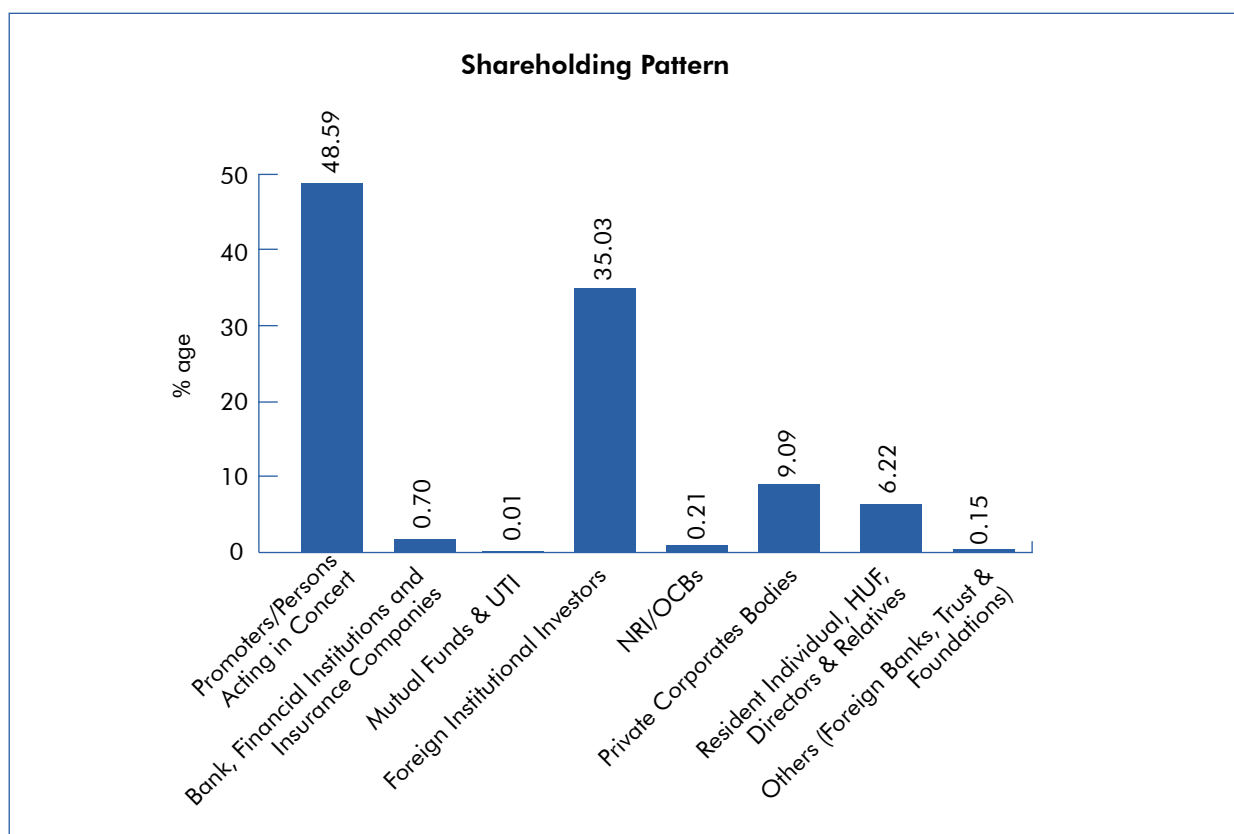
Stock Exchange	Stock Code
National Stock Exchange of India Ltd. 'Exchange Plaza', Bandra Kurla Complex, Bandra (E), Mumbai- 400051. e-mail : ignse@nse.co.in ; website : www.nseindia.com	MONNETISPA
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 e-mail : is@bseindia.com ; website : www.bseindia.com	513446
M.P. Stock Exchange "Palika Plaza", Phase II, 201, 2nd Floor, MTH Compound, Indore – 452 001 (M.P)	Exchange is in the process of voluntary exit from Exchange Business.

5. Shares held in Dematerialized and Physical form as on 31st March, 2014



6. Shareholding Pattern as on 31st March, 2014:

Particulars	Number of Shareholders		Number of Shares Held		Voting Strength	
	31-3-2014	31-3-2013	31-3-2014	31-3-2013	31-3-2014	31-3-2013
Promoters	16	16	31982841	31810341	48.59	49.91
Mutual Funds/ UTI	4	5	9643	10807	0.01	0.02
Financial Institutions / Banks	1	2	62000	66420	0.09	0.10
Insurance Companies	1	2	396443	677782	0.60	1.06
Foreign Institutional Investors	51	57	23057843	24673984	35.03	38.72
Bodies Corporate	813	434	5984684	4395835	9.09	6.90
Individuals	16519	12416	4093941	2004022	6.22	3.14
Non Resident Indians	161	116	138272	90490	0.21	0.14
Trusts and Foundations	1	1	100014	2000	0.15	0.00
TOTAL	17567	13049	65825681	63731681	100.00	100.00



7. Distribution of Shareholding as on 31st March, 2014:

Range of Holding of Shares	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 - 500	3481	12299	15780	89.83	387812	1439215	1827027	2.78
501 - 1000	22	812	834	4.75	16802	653575	670377	1.02
1001 - 2000	7	408	415	2.36	11300	623338	634638	0.96
2001 - 3000	0	145	145	0.83	0	366061	366061	0.56
3001 - 4000	0	83	83	0.47	0	292944	292944	0.45
4001 - 5000	0	70	70	0.40	0	331256	331256	0.50
5001 - 10000	1	107	108	0.61	6992	803652	810644	1.23
Above 10000	1	131	132	0.75	16000	60876734	60892734	92.51
TOTAL	3512	14055	17567	100.00	438906	65386775	65825681	100.00

8. Top Ten Public Shareholders as on 31st March, 2014:

Sl. No.	Name of Shareholder	Shares Held	%age of Paid-up Capital
1	Vistabrook Limited	5087418	7.73
2	Deutsche Securities Mauritius Limited	5018300	7.62
3	Blackstone Gpv Capital Partners Mauritius V-A Ltd	4567647	6.94
4	Mavi Investment Fund Limited	1536857	2.33
5	Copthall Mauritius Investment Limited	1146002	1.74
6	J.Caird Bmd Mb	908630	1.38
7	J.Caird Mb	851504	1.29
8	Religare Finvest Ltd	654285	0.99
9	Retail Employees Superannuation Pty. Limited as Trustee	642095	0.98
10	CLSA (Mauritius) Limited	6210000	0.94
	Total	21033738	31.95

9. Stock Price Data (for the period April, 2013 to March, 2014)

Year	Month	BSE High (₹)	BSE Low (₹)	NSE High (₹)	NSE Low (₹)
2013	April	228.00	196.30	229.90	182.00
2013	May	198.85	149.40	202.00	148.15
2013	June	159.00	117.05	158.00	115.00
2013	July	128.05	100.20	130.00	102.00
2013	August	117.90	92.55	114.90	90.25
2013	September	139.00	107.00	136.90	105.25
2013	October	142.50	113.75	142.50	114.10
2013	November	165.00	126.00	168.50	125.10
2013	December	166.95	132.00	166.90	136.20
2014	January	155.50	92.10	155.45	92.10
2014	February	95.95	71.15	95.80	70.10
2014	March	97.00	58.25	97.35	58.30

10. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Company has provided on its website the details of the amounts of dividend lying unclaimed as on 30-9-2013 that can be claimed by the shareholders in compliance of Notification No. G S R 352 (E) dated 10th May 2012 of Ministry of Corporate Affairs. The date of declaration of dividend in respect of Financial Years 2007-08 to 2012-13 and the last date for claiming such dividend is given in the table below:

Interim / Final Dividend	Financial Year	Date of Declaration	Dividend %	Dividend (₹ Per share*)	Last Date of Claiming Payment from the Company
Final Dividend	2012-13	30-09-2013	15	1.50	29-09-2020
Final Dividend	2011-12	29-09-2012	25	2.50	28-09-2019
Final Dividend	2010-11	30-09-2011	50	5.00	29-9-2018
Final Dividend	2009-10	30-12-2010	50	5.00	29-12-2017
Final Dividend	2008-09	30-09-2009	50	5.00	29-09-2016
Final Dividend	2007-08	30-09-2008	25	2.50	29-09-2015
Interim Dividend	2007-08	28-04-2008	25	2.50	27-04-2015

* on the face value of ₹10/- per share fully paid-up

Shares held in Electronic Form

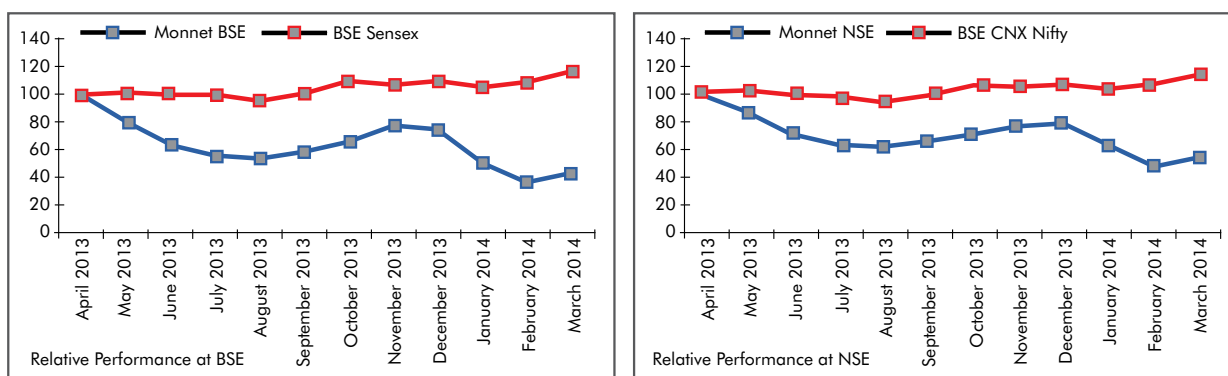
Shareholders holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination and power of attorney should be given directly to the DP.

Shares held in Physical Form

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, nomination and power of attorney should be given to the Company's RTA viz. MCS Limited, Delhi.

11. Stock Performance:

The performance of the Company's share relative to the BSE Sensitive Index and S&P CNX Nifty (on closing rates at the end of each month in respective stock exchange) considering 100 as the base is given in the Chart below:



12. Registrar & Share Transfer Agents:

MCS Ltd.
F-65, Okhla Industrial Area, Phase-I,
New Delhi – 110020
Tel. : 011- 41406149
Fax : 011- 41709881

13. Share Transfer System:

Share Transfer Committee is normally held every 15 days and approves the physical transfers received periodically. The Company is fine tuning its procedures to ensure transfer of Physical Shares within the prescribed period of 15 days of receipt of documents, if found in order or to be returned within 15 days. Share Transfer Agents have been authorized to sign the share certificates on behalf of the Company for expeditious disposal of transfer requests.

14. Dematerialization of Shares & Liquidity:

As at 31st March 2014, 99.33% of equity capital was held in Electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). Normally, requests for dematerialization of shares are processed and confirmed within 15 days of receipt to NSDL and CDSL.

For guidance on depository services, shareholders may write to the Company.

15. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their holding in the Company, as permitted under section 72 of the Companies Act, 2013 are requested to submit to the Company the prescribed Form SH-13 for this purpose.

16. Update bank details for remittance of dividend in electronic form:

Company's RTA update bank details of their shareholders holding shares in demat mode and/or physical form, to enable usage of the electronic mode of remittance for distributing dividends to the shareholders vide SEBI Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 ("Circular").

Payment of dividend through electronic mode has many advantages like prompt credit, elimination of fraudulent encashment and delay /loss in transit, etc. Therefore, it is in the interest of the shareholders to opt for electronic mode of payment of dividend and update their bank details:

- those holding shares in dematerialized form, through their Depository Participant by giving suitable instructions to update the bank details in their demat account.
- those holding shares in physical form, by informing the Company's RTA viz. MCS Ltd. their Folio No(s), Name and Branch of the Bank in which they wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions (CBS) and the 9 digit MICR Code Number.

Those Shareholders who do not wish to avail of the electronic facility of remittance, are requested to furnish to the DPs/Registrars, the Name and Branch of the Bank and the Bank Account Number allotted by their banks after implementation of Core Banking Solutions, which will be printed on the warrants.

17. Avail facility to receive electronic copy of Annual Report through Email:

Members who have not provided their Email IDs to the RTA / Depository, are requested to opt for soft copy of Annual Report and play a positive role in saving the earth. Besides prompt and sure delivery, it will help save the paper and will save the environment.

18. Address for Communication:

Monnet House,
11, Masjid Moth, Greater Kailash-II,
New Delhi – 110 048
Phone : +91 11 29218542 – 46
Fax : +91 11 29218541
e-mail : isc_miel@monnegroup.com

Disclaimer :

The information furnished above is certified by Monnet Ispat & Energy Limited to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it.

M.P. Kharbanda

Company Secretary
Monnet Ispat & Energy Limited

Certificate

To The Members of

MONNET ISPAT & ENERGY LIMITED,

We have examined the compliance of conditions of Corporate Governance procedures by MONNET ISPAT & ENERGY LIMITED, for the year ended on 31st March, 2014, with the relevant records and documents maintained by the Company, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **O.P. BAGLA & CO.,**
Chartered Accountants

Sd/-

(Rakesh Kumar)

Partner

M. No. 087537

Firm Regd. No. 000018N

Place: New Delhi

Date : 11th August, 2014

Annexure - IV

Declaration By Chairman & Managing Director

It is hereby declared that all Board Members and senior management personnel have affirmed compliance with the Code of Conduct within 30 days for and from the beginning of current financial year.

Sd/-

(Sandeep Jajodia)

Chairman & Managing Director

Place: New Delhi

Date: 11th August, 2014

Details of Directors seeking appointment / reappointment in 24th Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Amulya Charan	Shri Amit Dixit	Shri Vikram Deswal	Shri J.P. Lath	Mr C.P. Baid
Date of Birth	21-9-1948	26-1-1973	09-10-1973	16-9-1941	15-6-1953
Date of Appointment	11-6-2014	14-5-2012	14-05-2012	30-01-2006	8-11-2010
Qualifications	Bachelor of Engineering from IIT Roorkee and a Post Graduate Diploma Holder in Finance and Marketing from IIM, Ahmedabad.	M.B.A. from Harvard Business School, M.S. in Engineering from Stanford University where he was awarded John A. Blum fellowship, and B. Tech. from IIT-Bombay.	Graduate from Indian Institute of Technology, Varanasi, is an MBA from IIM, Lucknow and from The Wharton School, University of Pennsylvania, U.S.A.	Graduate.	BE (Hons) Mechanical Engineering Practice from B.I.T.S. Pilani and a Gold Medalist from the 1974 batch. MBA in Project Management.
Expertise in specific functional area	Having over 43 years of experience in various positions such as Corporate Planning, Business Development, besides serving as CEO and ED in various Companies. His expertise areas are Planning and Finance.	Investment Banker by profession. Presently, Senior Managing Director of Private Equity at The Blackstone India Advisors. Before joining Blackstone, Mr. Dixit was a Principal at Warburg Pincus for more than five years.	Investment Advisory and heading the India desk for U.S.A. investments in India	37 years of experience in pivotal senior managerial roll in the running of a large manufacturing unit. Land acquisition, statutory regulatory compliance and liaison with Government Agencies for licenses, permissions, NoC etc.	His expertise is in Metal, Mining & Energy besides unleashing hidden potential & leading multi fold growth of the Companies. Mr Baid has worked with Vedanta Resources Plc, MALCO, BALCO, Konkola Copper Mines, Zambia and Sterlite Energy Ltd. and Sesa Goa.
Directorship held in other public companies (excluding foreign Companies, Private Limited Companies & Section 8 Companies)	<ol style="list-style-type: none"> Tata Petrodyne Limited Monnet Power Company Limited 	<ol style="list-style-type: none"> NCC Limited Midday Infomedia Limited Monnet Power Company Limited Emcure Pharmaceuticals Limited MB Power (Madhya Pradesh) Limited Jagran Prakashan Limited Igarashi Motors India Limited 	NIL	<ol style="list-style-type: none"> Twenty First Century Securities Limited. Monnet Industries Limited. Monnet Project Developers Limited. Monnet Cement Limited. 	<ol style="list-style-type: none"> Mandakini Coal Company Ltd. Solace Land Holding Ltd. Gamma Land Holding Ltd. Beta Land Holding Ltd. Ginger Land Holding Ltd.
Membership/ Chairmanship of Committees of other public Companies (includes only Audit Committees and Shareholders'/ Investors' Grievance Committee)	<ol style="list-style-type: none"> Chairman of Audit Committee in Monnet Power Company Limited Chairman Audit Committee in Tata Petrodyne Limited 	<ol style="list-style-type: none"> Member of Audit Committee in Midday Infomedia Limited Member of Audit Committee in MB Power (Madhya Pradesh) Limited Member in Audit Committee in Emcure Pharmaceuticals Limited Member of Audit Committee in Monnet Power Company Limited 	NIL	<ol style="list-style-type: none"> Member of Audit Committee of Monnet Project Developers Ltd. Member of Stakeholders Relationship Committee of Monnet Industries Ltd. 	NIL
Shareholding in the Company	NIL	NIL	NIL	Holding 1696 equity shares by himself and relatives holding 600 equity shares.	NIL

Summary of the Key Financials of Subsidiary Companies

(pursuant to exemption u/s 212 of the Companies Act, 1956 and General Circular no: 2/2011 date 8th February, 2011 relating to Subsidiary Companies)

Particulars	Monnet Overseas Ltd.		Monnet Global Ltd.		Monnet Enterprises Pte Ltd.		Monnet Power Company Limited (In ₹)	Monnet Daniels Coal Washeries Ltd. (In ₹)	Monnet Cement Limited (In ₹)	Monnet Sports Foundation (In ₹)	Chomal Exports Pvt. Ltd. (In ₹)
	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In USD)					
Currency											
1 Capital	84,043,681	1,398,402	300,967,598	5,007,797	60	1	7,306,759,310	207,600,000	21,900,000	100,000	954,000
2 Share Application Money Pending Allotment	0	0	0	0	0	0	0	0	0	0	0
3 Reserves	-75,816,378	-1,261,508	-780,176,959	-12,981,357	163,242,036	2,716,183	1,712,592,996	86,007,597	-886,340	-79,005	3,128,000
4 Total Assets	10,366,014	172,480	2,232,807,396	37,151,661	191,421,882	3,185,067	49,508,775,936	2,701,931,266	21,027,705	81,440	4,200,000
5 Total Liabilities	2,138,711	35,586	4,171,979,910	69,417,534	28,179,786	468,883	40,489,474,631	2,408,323,669	14,045	60,445	118,000
6 Investments	0	0	1,459,963,153	24,292,313	0	0	51,000	0	0	0	0
7 Turnover/Total Income	0	0	64,006,287	1,065,000	0	0	0	666,639,909	0	0	0
8 Profit before taxation	-14,794,948	-246,173	-155,310,564	-2,584,211	41,159,035	684,845	10,199,902	9,429,979	-72,485	-46,976	-623,000
9 Provision for taxation	0	0	0	0	4,327,711	72,009	11,930,569	2,554,581	0	0	0
10 Profit after taxation	-14,794,948	-246,173	-155,310,564	-2,584,211	36,831,323	612,836	-1,730,667	6,875,398	-72,485	-46,976	-623,000
11 Proposed Dividend	0	0	0	0	0	0	0	0	0	0	0

Notes :

1. Foreign Exchange conversion rate taken is ₹ 60.0998 = 1 USD
2. Exchange rates taken for revenue items is ₹ 57.1924 = 1 USD

Independent Auditor's Report

To the Members of
MONNET ISPAT & ENERGY LIMITED
 New Delhi

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MONNET ISPAT AND ENERGY LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the "Act"), read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- 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;
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **O. P. BAGLA & CO.**
 Chartered Accountants
 Firm Regn No. 000018N

Place : New Delhi
 Dated : 11-06-2014

(RAKESH KUMAR)
 Partner M. No. 087537

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE
AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR
ENDED 31st MARCH, 2014**

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, major fixed assets have been physically verified by the management during the year. We have been informed that the discrepancies noticed on such verification as compared to book record were not material and have been properly dealt with in the books of account. In our opinion the frequency of verification is reasonable.
- c) The Company has disposed off an insignificant part of fixed assets during the year, hence paragraph 4 (i) (c) of the said order is not applicable.
2. a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except ores & coal. We were informed that physical verification of the same was difficult due to its volume and loose nature.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of these stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion the Company is maintaining proper records of inventories. The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same have been properly dealt with in the books of account.
3. The Company has given loan to a Company covered in the registers maintained under section 301 of the Companies Act, 1956. The balance amount outstanding at the year end was ₹ 8057 lacs. The terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. There are no overdue amounts outstanding at the year end regarding this loan.
4. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, Firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (e) to (g) of the order are not applicable.
5. 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 with regard to purchase of inventories, fixed assets and with regard to the sale of goods. During the course of audit, no major weakness has been noticed in the underlying internal control system.
6. a) In our opinion and according to information and explanations given to us, the transactions that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been entered in the register.
- b) In our opinion, the transactions made in pursuance of contracts/ arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
8. In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with its size and nature of its business.
9. The central government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
10. a) As per information and explanations given to us, the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Octroi, Entry Tax and other statutory dues with the appropriate authorities. There are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date they become payable.

- b) We have been informed that following disputed demands in respect of Income Tax, Excise Duty, Sales Tax and Entry Tax have not been deposited on account of pending appeals.

S. No.	Nature of Demand	Unpaid Amount (₹ in Lac)	Forum where appeal is pending
1.	Sales Tax	666.45	Deputy Commissioner of Sales Tax (Appeals)
2.	Entry Tax	285.26	Deputy Commissioner of Sales Tax (Appeals)
3.	Central Excise/ Service Tax	211.07	Commissioner Appeals (Central Excise)
4.	Central Excise	2833.63	CESTAT
5.	Income Tax	13877.66	Commissioner Income Tax (Appeals)

* Basic amount, excluding interest, if any.

11. The Company does not have any accumulated losses at the end of the financial year. Further, there are no cash losses during the financial year under audit and in the immediately preceding financial year.
12. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of dues to the Financial Institution, Banks or Debenture holders as at the year end.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Paragraph 4 (xii) of the order is not applicable.
14. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.
15. In our opinion, and according to information and explanations given to us, proper records have been maintained of the transactions and contracts relating to investments in shares and other securities and debentures. These investments have been held by the company, in its own name, except certain investments made under portfolio management schemes.
16. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks / Financial Institutions, terms and conditions whereof are prejudicial to the interest of the Company.
17. According to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which the loans were obtained.
18. According to the information and explanations given to us, the funds raised on short term basis have not been utilized for long term investments.
19. During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained u/s 301 of the Companies Act 1956. As such paragraph 4 (xviii) of the order is not applicable.
20. The Company has created security / charge in respect of debentures issued.
21. Since the Company has not raised money by way of Public Issue during the year, paragraph 4 (xx) of the order is not applicable.
22. Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2014.

For **O. P. BAGLA & CO.**
Chartered Accountants
Firm Regn No. 000018N

Place : New Delhi
Dated : 11-06-2014

(RAKESH KUMAR)
Partner M. No. 087537

Balance Sheet As at 31st March, 2014

Particulars	Note	(₹)	
		As at 31-03-2014	As at 31-03-2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,408,429,224	2,387,489,224
Reserves and Surplus	3	25,988,036,347	25,160,118,809
		28,396,465,571	27,547,608,033
Non-Current Liabilities			
Long-Term Borrowings	4	53,772,569,006	40,324,248,796
Deferred Tax Liabilities (Net)	5	1,928,893,931	1,661,220,870
Long-Term Provisions	6	73,491,617	60,085,882
		55,774,954,554	42,045,555,548
Current liabilities			
Short-Term Borrowings	7	9,850,896,447	13,991,782,042
Trade Payables	8	2,285,491,115	837,617,024
Other Current Liabilities	9	10,354,440,407	9,180,751,251
Short-Term Provisions	10	210,823,783	112,573,536
		22,701,651,753	24,122,723,853
TOTAL		106,873,071,878	93,715,887,434
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	43,989,248,755	13,875,021,388
Capital Work-in-Progress		21,580,784,382	36,825,918,051
Intangible Assets under Development		94,711,107	0
Non-Current Investments	12	10,667,650,686	9,314,971,446
Long-Term Loans and Advances	13	7,377,740,520	8,096,082,352
Other Non-Current Assets	14	735,360,961	836,178,327
		84,445,496,411	68,948,171,564
Current assets			
Current Investments	15	0	994,550
Inventories	16	10,671,612,891	7,790,413,195
Trade Receivables	17	2,150,401,280	2,458,498,083
Cash and Bank Balances	18	883,504,591	7,191,707,486
Short-Term Loans and Advances	19	8,573,198,583	7,218,930,944
Other Current Assets	20	148,858,123	107,171,611
		22,427,575,468	24,767,715,870
TOTAL		106,873,071,878	93,715,887,434

Significant Accounting Policies

1

The accompanying notes form an integral part of these financial statements.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For **O.P. BAGLA & CO.**

Chartered Accountants

(**Rakesh Kumar**)

Partner

M. No. 087537

Firm Regd. No. 000018N

Place : New Delhi

Dated : 11-6-2014

Sandeep Jajodia

Chairman & Managing Director

DIN 00082869

M.P. Kharbanda

Company Secretary

M. No. F-2365

C.P. Baid

Dy. Mg. Director

DIN 00466414

J.P. Lath

Director

DIN 00380076

Statement of Profit and Loss For the year ending 31st March, 2014

Particulars	Note	(₹)	
		Year ended 31-03-2014	Year ended 31-03-2013
Revenue:			
Revenue from Operations	21	25,187,230,483	21,721,136,831
Less: Excise Duty		2,507,816,517	2,146,801,578
		22,679,413,966	19,574,335,253
Other Income	22	928,860,510	708,345,784
Total Revenue		23,608,274,476	20,282,681,037
Expenses:			
Cost of Materials Consumed	23	17,574,134,472	11,736,905,446
Changes in Inventories	24	(2,787,561,743)	7,695,363
Employee Benefits Expense	25	1,435,258,049	1,084,730,831
Finance Costs	26	2,393,826,014	1,192,091,885
Depreciation and Amortization Expense	11	1,387,288,757	888,979,802
Other Expenses	27	2,634,064,476	1,988,229,109
Total Expenses		22,637,010,024	16,898,632,435
Profit before Exceptional and Extraordinary Items & Tax			
Exceptional / Extraordinary Items		971,264,452	3,384,048,601
Profit before Tax		971,264,452	3,384,048,601
Tax expense:			
Current Tax			
Current Year		208,900,000	683,900,000
Earlier Years		23,717	373,960
Deferred Tax			
Current Year		267,673,061	156,230,467
Add : MAT Credit Entitlement Utilized / (c/o)		(171,659,432)	40,351,099
Profit for the year		666,327,106	2,503,193,075
Earnings per equity share (Par value of ₹10/- each)			
Basic		8.25	39.06
Diluted		8.10	37.82

Significant Accounting Policies

1

The accompanying notes form an integral part of these financial statements.
IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365

Cash Flow Statement For the year ending 31st March, 2014

Particulars	(₹)	
	Year ended 31-03-2014	Year ended 31-03-2013
A. Cash Flow from Operating Activities		
Net Profit before tax and Extra-ordinary items	971,264,452	3,384,048,601
Adjustment for :		
Depreciation	1,387,288,757	891,938,816
Profit/Loss on Sale of Fixed Assets	729,959	1,022,871
Interest Received	(558,655,100)	(561,577,194)
Interest Paid	2,391,960,608	1,179,885,661
Dividend Received	(2,007,981)	(2,833,836)
	3,219,316,253	1,508,436,318
Operating Profit before Working Capital Facilities	4,190,580,695	4,892,484,919
Adjustment for :		
Trade & Other Receivable	(821,073,623)	(3,467,331,427)
Inventories	(2,881,199,696)	(2,166,738,133)
Trade Payable	2,046,391,856	4,627,669,718
	(1,655,881,463)	(1,006,399,842)
Cash generated from Operations	2,534,699,232	3,886,085,078
Tax Paid	(396,008,523)	(720,615,480)
Dividend Paid	(111,844,321)	(186,466,429)
	(507,852,844)	(907,081,909)
Net Cash Flow from operating activities	2,026,846,388	2,979,003,169
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(31,515,335,445)	(982,409,135)
Sale of Fixed Assets	3,098,581	1,923,548
Net movement in CWIP	15,871,144,715	(16,606,618,266)
Purchase of Investments (Net)	(1,351,684,690)	(3,402,905,136)
Buyback of Shares	0	(196,506,440)
Interest Received	558,655,100	561,577,194
Dividend Received	2,007,981	2,833,836
	(16,432,113,759)	(20,622,104,400)
Net Cash used in Investing Activities	(16,432,113,759)	(20,622,104,400)
C. Cash Flow from Financing Activities		
Proceed from Preference Share Issue	0	1,750,000,000
Interest Paid	(2,391,960,608)	(1,179,885,661)
Proceeds from Borrowings	10,288,636,756	15,972,129,373
Net Cash used in Financing Activities	7,896,676,148	16,542,243,712
	(6,508,591,233)	(1,100,857,519)
Cash & Cash Equivalent Opening	6,961,023,937	8,061,881,456
Cash & Cash Equivalent Closing	452,432,704	6,961,023,937

NOTES:-

- The above Cash Flow Statement has been prepared pursuant to Clause No 32 of the Listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflow.
- Significant Accounting Policies and Notes on Accounts form an integral part of Cash Flow Statement.
- Previous year figures have been regrouped/reclassified to conform to current year's classification.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365

Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with Accounting Standards notified under the Companies Act, 1956 of India (the "Act"), read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

II. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

III. Income and Expenditure

Accounting of Income & Expenditure is done on accrual basis except interest on late payment received from debtors which is accounted for on receipt basis.

IV. Sales

- a) Sales are shown inclusive of excise duty and net of sales tax, rebates and discounts etc.
- b) Interdivision sales are reduced from gross turnover as required by AS-9 of ICAI.
- c) Sale of Certified Emission Reduction (CER) is recognized as income on the delivery of the CER to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

V. Fixed Assets & Depreciation

- a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties

and expenditure incurred in the acquisition, construction and installation.

- b) Cenvat credit availed on capital equipments is accounted for by credit to respective fixed assets.
- c) Incidental expenditure on Modifications, Expansions/New Projects (including interest and other charges on loans obtained for acquisition of capital assets) has been allocated to assets on pro-rata basis on completion of the Project.
- d) Depreciation on fixed assets is provided on Straight Line Method (SLM) on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except on some Plant & Machinery of Sponge Iron Division, Unit-I, on which depreciation is being provided since commissioning of the unit on Written Down Value (WDV) method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on improvement to leasehold premises is provided based on tenure of lease.

VI. Inventories

Inventories are valued on the following basis:

- a) Finished Goods - at lower of cost or estimated realizable value.
- b) Semi Finished Goods - at lower of cost or estimated realizable value.
- c) Work-in-Process - at lower of cost or estimated realizable value
- d) Raw Materials - at cost. However, in cases where the realizable value of the finished product falls below cost, materials are written down to net realizable value.
- e) Stores and Spares - at cost
- f) Finished Goods At Depot – at lower of cost or estimated realizable value (including excise duty & freight)

VII. Excise Duty

Cenvat credit, to the extent availed, is adjusted towards cost of materials.

VIII. Retirement Benefits

Gratuity is accounted for on the basis of actuarial valuation as on the closing date.

IX. Contingent Liabilities

Contingent Liabilities are determined on the basis of available information and are disclosed by way of notes to the accounts.

X. Sundry Debtors

Sundry Debtors are shown net of bills discounted. Interest on overdue bills is accounted for on receipt basis.

XI. Investments

Long Term Investments are stated at cost. Provision for diminution is made only if such a decline is other than temporary. Short term investments are carried at lower of cost or quoted / fair value.

XII. Foreign Currency Transactions

a) Monetary Assets and liabilities in foreign currency are revalued at the year end exchange rates. Exchange differences arising on such

revaluation are recognized in Statement of Profit & Loss.

b) In case of forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expense over the life of the contract.

c) Exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to acquisition of a depreciable capital asset are adjusted in the cost of the asset as per Companies (Accounting standards) (second amendment) rules, 2011 for additions after 1.4.2011.

XIII. Dividend is accounted for as per the date of declaration.

XIV. Unless specifically stated to be otherwise, these policies are consistently followed.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 2 : SHARE CAPITAL		
AUTHORISED		
<u>Equity Shares</u>		
8,20,00,000 Shares of par value of ₹10/- each (Previous year 13,20,00,000 shares of par value of ₹10/- each)	820,000,000	820,000,000
<u>Preference Shares</u>		
1,75,00,000 Shares of par value of ₹100/- each (Previous year NIL)	1,750,000,000	1,750,000,000
	2,570,000,000	2,570,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
<u>Equity Shares</u>		
6,58,25,681 shares of par value of ₹10/- each (Previous year 6,37,31,681 shares of par value of ₹10/- each)	658,256,810	637,316,810
Add : Shares Forfeited (Amount Originally Paid up)	172,414	172,414
<u>Preference Shares</u>		
1,75,00,000 6.5% Cumulative Non Convertible Redeemable Preference Shares of par value of ₹100/- each	1,750,000,000	1,750,000,000
Total	2,408,429,224	2,387,489,224

- a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period is given below:

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
<u>Equity Shares</u>		
Number of shares outstanding as at the beginning of the year	63,731,681	64,337,807
Shares issued during the year*	2,094,000	0
Shares bought back during the year	0	606,126
Number of shares outstanding as at the closing of the year	65,825,681	63,731,681
<u>Preference Shares</u>		
Number of shares outstanding as at the beginning of the year	17,500,000	0
Shares issued during the year	0	17,500,000
Number of shares outstanding as at the closing of the year	17,500,000	17,500,000

* Issued on conversion of 13,08,750 fully convertible debentures in accordance with the conversion ratio of 1.6 equity share for each debenture.

- b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders

The holders of preference shares are entitled to preferential dividends from the date of allotment. Such shares shall rank for capital and dividend and for repayment of capital in a winding up, in priority to the ordinary shares of the Company. The holders of such shares shall have the right to receive notice of general meetings of the Company but shall not confer on the holders thereof, the right to vote at any meetings of the Company, save to the extent and in the manner provided in the Companies Act, 1956.

- c) Following Shareholders hold equity shares more than 5% of the total equity shares of the company at the end of the period :-

Name of Shareholder	% of Shareholding 31-03-2014	% of Shareholding 31-3-2013
<u>Equity Shares</u>		
Udhyam Merchandise Pvt Ltd.	38.17	38.69
Vistabrook Limited	7.73	5.95
Blackstone GPV Capital Partners Mauritius	6.94	7.17
Deutsche Securities Mauritius Ltd. (FII Custodian)	7.62	7.87
<u>Preference Shares</u>		
Monnet Industries Ltd.	100.00	100.00

- d) The company has issued the following shares for a consideration other than cash or bonus shares during the immediately preceding 5 years:
- 47,22,539 equity shares of ₹10 each were allotted as fully paid up for consideration other than cash pursuant to Scheme of Amalgamation of Mounteverest Trading & Investment Limited with the Company as per order dated 9.11.2010 passed by Honourable High Court of Chhattisgarh.
- e) The Company has bought back 18,92,385 equity shares during the last five years.
- f) Preference shares were issued on 30th March, 2013 for the period of 9 years with periodical put and call options.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 3 : RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	777,655,899	777,655,899
Securities Premium Account		
As per last Balance Sheet	7,318,482,164	7,508,927,344
Add : Addition during the year	371,685,000	0
Less : Utilized for Buy Back of Equity Shares	0	(190,445,180)
Debenture Redemption Reserve		
As per last Balance Sheet	860,164,156	860,164,156
Capital Redemption Reserve		
As per last Balance Sheet	18,923,850	12,862,590
Transferred from General Reserve	0	6,061,260
Capital Reconstruction Reserve		
As per last Balance Sheet	196,801,760	196,801,760
Amalgamation Reserve		
As per last Balance Sheet	33,050,090	33,050,090
General Reserve		
As per last Balance Sheet	1,835,012,286	1,590,073,546
Add : Transfer from Surplus	66,600,000	251,000,000
Less : Transfer to Capital Redemption Reserve on Buy Back of Equity Shares	0	(6,061,260)
Surplus		
As per last Balance Sheet	14,120,028,604	11,980,409,065
Add: Profit for the year from Statement of Profit & Loss	666,327,106	2,503,193,075
Less: Transfer to Debenture Redemption Reserve		
Transfer to General Reserve	(66,600,000)	(251,000,000)
Proposed Dividend on Equity Shares	(65,825,681)	(95,597,522)
Proposed Dividend on Preference Shares	(113,750,000)	(623,288)
Tax on Proposed Dividend	(30,518,887)	(16,352,727)
Total	14,509,661,142	14,120,028,604
	25,988,036,347	25,160,118,809

The Company has proposed final dividend for the year 2013-14 @ ₹1.00 per equity share par value of ₹10/- each (previous year ₹1.50 per equity share)

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 4 : LONG-TERM BORROWINGS		
Bonds/Debentures		
Secured		
Non-Convertible Redeemable Debentures Redeemable at Par. (For Coupon rate and Terms of Redemption / Conversion, refer Note 51)	9,203,611,498	6,050,005,067
Term Loans		
From Banks, Financial Institutions and Non Banking Finance Companies		
Secured		
Foreign Currency Loans	16,034,626,639	12,074,424,599
Rupee Loans	28,534,330,869	20,936,519,129
Unsecured		
Rupee Loans	0	1,263,300,000
TOTAL	53,772,569,006	40,324,248,796

- 1 Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from Financial Institution/ Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities where charge yet to be created as guaranteed by the Managing Director of the company.
- 2 The repayment terms and rate of interest of term loans are as under:
 - a) Rupee Term Loan for Steel & Other Projects :- The Company has an outstanding balance of ₹2,763.71 Crores of Rupee term loan with interest band of 1.50% to 2.50% plus base rate. These loans are repayable in quarterly installments commencing from FY 2013-14.
 - b) Rupee Term Loan for Power Division :- The Company has an outstanding balance of ₹61.65 Crores of Rupee term loan with interest band of 11.75% to 12.95% repayable by FY 2015-16.
 - c) Rupee Term Loan for Washery Project :- The Company has an outstanding balance of ₹195.52 Crores of Rupee term loan with interest band of 12.50% repayable by FY 2022-23.
 - d) Other Term Loan of ₹227.37 Crores is repayable from Sept 2013 to March 2018 with interest band of 2.50% plus base rate. The same carry residual charge on the fixed assets of the Company.
 - e) Foreign Currency Term Loan \$ 282 Million: the loan is repayable in installments from FY 2014-15 to FY 2019-20 and carries interest rate of libor plus 4.25 to 4.6%.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 5 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Difference of Book Depreciation and Tax Depreciation	2,710,838,993	1,662,579,374
Less: Deferred Tax Assets		
Unabsorbed Depreciation & Disallowances u/s 43B of the Income Tax Act, 1961	781,945,062	1,358,504
Total	1,928,893,931	1,661,220,870

The net increase during the year in the Deferred Tax Liability has been debited to the Statement of Profit & Loss.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 6 : LONG-TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity (Note No. 46)	17,163,909	10,866,113
Provision for Leave Benefits (Note No. 46)	56,327,708	49,219,769
Total	73,491,617	60,085,882

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 7 : SHORT-TERM BORROWINGS		
Working Capital Facilities		
- From Banks		
Secured	6,476,870,716	6,059,667,243
Commercial Paper (Unsecured)	0	500,000,000
Bonds/Debentures		
Unsecured		
0 % Fully Convertible Debenture of ₹1,000/- each.	0	392,625,000
Short Term Loans (Unsecured)		
Foreign Currency Loans	1,802,708,515	2,925,382,713
Rupee Loans	1,571,317,216	4,114,107,086
Total	9,850,896,447	13,991,782,042

1 Working Capital Facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. Some of the loans are guaranteed by Managing Director of the company.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 8 : TRADE PAYABLES		
Trade Payables - Micro, Small Enterprises	27,836,691	13,797,344
- Others	2,257,654,424	823,819,680
Total	2,285,491,115	837,617,024

Disclosure w.r.t. Micro and Small Enterprises as required by MSMED Act is made in Note No. 41.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 9 : OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts	4,861,699,627	4,273,122,500
Payable for Capital Expenditure	1,377,572,283	3,210,618,609
Interest Accrued but not due	303,015,920	195,867,285
Unpaid Dividends	7,120,338	7,297,078
Advances from Customers and others	786,631,365	126,227,511
Provision for Expenses	1,804,745,485	437,125,831
Statutory Dues	461,052,909	225,783,566
Security Deduction & Deposits	361,053,182	298,163,438
Other Liabilities	391,549,300	406,545,433
Total	10,354,440,407	9,180,751,251

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 10 : SHORT-TERM PROVISIONS		
Provision for Proposed Dividend on equity and preference shares	180,198,969	96,220,809
Provision for Corporate Dividend Tax	30,624,814	16,352,727
Total	210,823,783	112,573,536

NOTE NO. 11 : TANGIBLE FIXED ASSETS

(₹)

Particulars	Gross Block			Depreciation			Net Block		
	As at	Additions	Adjustments	As at	For the year	Adjustments	Up to	As at	As at
	01-04-2013			31-03-2014	31-03-2014		31-03-2014	31-03-2014	31-03-2013
Land & Site	346,880,426	120,594,472	0	467,474,898	7,09,388	0	1,418,776	466,056,122	346,171,038
Development									
Lease Hold Land	154,428,630	105,043,464	0	259,472,094	9,980,772	0	21,776,522	237,695,572	142,632,880
Building	2,117,230,782	2,947,079,104	0	5,064,309,886	101,378,238	0	515,652,740	4,548,657,146	1,702,956,280
Plant & Machinery	15,740,560,856	28,261,614,015	0	44,002,174,871	1,215,935,845	0	5,972,288,665	38,029,886,206	10,984,208,036
Office Equipment	67,908,947	41,663,009	0	109,571,956	4,138,143	0	18,423,506	91,148,450	53,623,584
Furniture & Fixtures	433,123,708	23,078,938	0	456,202,646	30,797,176	0	202,085,415	254,117,231	261,835,469
Vehicle	469,090,905	16,262,443	10,939,829	474,413,519	34,339,975	7,111,289	112,725,491	361,688,028	383,594,099
Current Year	19,329,224,254	31,515,335,445	10,939,829	50,833,619,870	1,397,279,537	7,111,289	6,844,371,115	43,989,248,755	13,875,021,386
Previous Year	18,353,790,983	982,409,135	6,975,856	19,329,224,262	891,400,349	4,029,437	5,454,207,874	13,875,021,388	13,786,959,070

NOTE NO. 12 : NON CURRENT INVESTMENTS

Name of Scrip	31-03-2014			31-03-2013		
	No. of Shares/Units	Face value per Share/Unit	Amount	No. of Shares/Units	Face Value Per Share/Unit	Amount
NON TRADE						
A. Equity Shares in Subsidiary Companies -						
Unquoted, fully paid up						
Monnet Global Ltd.	183,786	1,117.51	205,382,257	183,786	1,117.51	205,382,257
Monnet Overseas Ltd.	51,333	1356.67	69,642,037	43,247	1306.67	56,510,037
Monnet Power Company Ltd.	629,787,019	10.00	6,297,870,190	528,287,019	10.00	5,282,870,190
Monnet Cement Ltd.	2,189,400	10.00	21,894,000	2,189,400	10.00	21,894,000
Rameshwaram Steel & Power Pvt Ltd.			-	4,152,273	10.00	362,150,871
Chattel Constructions Pvt Ltd.	9,999	10.00	99,990	9,999	10.00	99,990
Chomal Exports Pvt Ltd.	48,654	40.00	19,46,160	48,654	40.00	1,946,160
Monnet Sports Foundation	5,000	10.00	50,000	5,000	10.00	50,000
Monnet Daniel Coal Washeries Ltd.	10,721,500	10.00	107,215,000	10,721,500	10.00	107,215,000
Monnet Enterprises Pte Ltd.	1	45.00	45	1	45.00	45
			6,704,099,679			6,038,118,550
B. Equity Shares in Associate Companies - fully paid up, Unquoted						
Rameshwaram Steel & Power Pvt Ltd.	4,152,273	10.00	362,150,871	-	-	-
Quoted						
Orrisa Sponge Iron & Steel Ltd.	9,494,633	10.00	2,738,390,322	8,894,633	10.00	2,568,590,322
			3,100,541,193			2,568,590,322
C. Other Shares - Unquoted, fully paid up						
<u>Equity Shares</u>						
Monnet Engineering & Infrastructure Pvt Ltd.	4,000	10.00	40,000	4,000	10.00	40,000
Mandakini Coal Company Ltd.	39,299,800	10.00	392,998,000	39,299,800	10.00	392,998,000
MP Monnet Mining Company Ltd.	980,000	10.00	9,800,000	980,000	10.00	9,800,000
Urtan North Mining Company Ltd.	5,751,347	10.00	57,513,470	2,973,300	10.00	29,733,000
Monnet Ecomaister Enviro Pvt Ltd.	14,211,363	10.00	142,113,630	12,960,266	10.00	129,602,660
Falcon Internal Forces and Fire Services Pvt Ltd.	1,000	10.00	10,000	1,000	10.00	10,000
Business India Publications Ltd.	100,000	10.00	5,500,000	100,000	10.00	5,500,000
Nutek India Ltd.	480,000	5.00	30,000,000	480,000	5.00	30,000,000
<u>Preference Shares</u>						
Tirumala Balaji Ferro Alloys Ltd.	140,000	100.00	14,000,000	140,000	100.00	14,000,000
			651,975,100			611,683,660

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 13 : LONG-TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
Capital Advances	7,135,593,883	7,846,325,256
Security Deposits	242,146,637	249,757,096
Total	7,377,740,520	8,096,082,352

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 14 : OTHER NON-CURRENT ASSETS		
Non-Current Bank Deposits	735,360,961	836,178,327
Total	735,360,961	836,178,327
Non-Current Bank Balances include:		
Deposits Provided as collateral against Credit Facilities	379,303,347	653,737,318

Particulars	31-03-2014			31-03-2013		
	No. of Share/Units	Face Value Per Share/ Unit	Amount	No. of Share/Units	Face Value Per Share/ Unit	Amount
	NOTE NO. 15 : CURRENT INVESTMENTS					
Equity Shares Through Portfolio Management Schemes			0			994,550
Total			0			994,550

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 16 : INVENTORIES		
(As taken valued and certified by the Management)		
Raw Materials	5,661,091,210	5,551,703,434
Work-in-Process	32,423,067	31,154,701
Finished Goods	4,253,214,332	1,650,220,105
Stores and Spares	724,884,282	557,334,955
Total	10,671,612,891	7,790,413,195

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 17 : TRADE RECEIVABLES		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	660,123,457	381,426,330
Considered Doubtful	23,803,639	19,621,111
Less: Provision for Bad & Doubtful Debts*	23,803,638	19,621,110
	660,123,458	381,426,331
Other Debts-Considered Good	1,490,277,823	2,077,071,752
Total	2,150,401,280	2,458,498,083
a) Trade receivables include amount due from Private Companies in which Directors of the Company are Directors	0	26,811,886

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 18 : CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks		
- in Current Accounts	139,666,938	3,046,693,671
Cheques & Drafts on Hand	0	29,426,369
Cash on Hand	10,896,832	7,090,728
Others (stamps in hand)	5,705,800	5,705,800
Bank Deposits with less than three months maturity	296,163,133	3,872,107,370
	452,432,703	6,961,023,937
Other Bank Balances		
Bank Deposits with more than three months maturity	423,951,549	223,386,471
Balance in Unpaid Dividend Accounts	7,120,338	7,297,078
Total	883,504,591	7,191,707,486
Deposits with banks include the following:		
Deposits provided as Collateral against Credit Facilities	286,115,259	1,230,704,294

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 19 : SHORT TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
LOANS		
To Subsidiaries	2,374,992,277	3,704,340,415
To Associates / JV Companies	962,057,652	0
To others	426,117,682	401,275,285
ADVANCES RECOVERABLE IN CASH OR KIND		
From Subsidiaries	76,804,938	100,525,711
From Associates	195,100,000	0
From Others	3,452,467,163	2,093,988,103
ADVANCES		
To Employees	60,456,318	47,510,346
Prepaid Expenses	48,337,014	48,873,387
Balances with Excise Authorities	325,892,214	530,188,610
Advance Income Tax (Net of provision for tax)	417,851,637	230,766,831
MAT Credit Entitlement	233,121,689	61,462,257
Total	8,573,198,583	7,218,930,944

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 20 : OTHER CURRENT ASSETS		
Interest Accrued on:		
Investments	108,658	258,041
Term deposits	148,749,465	106,913,570
Total	148,858,123	107,171,611

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 21 : REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	34,937,402,966	27,451,567,182
Sale of Services		
- Income from Job Work / Other Services	83,470,368	111,229,647
	35,020,873,334	27,562,796,829
Less : Inter Division Transfers	9,833,642,851	5,841,659,998
Total	25,187,230,483	21,721,136,831
Detail of Sale of Finished Goods		
Sponge Iron	14,770,673,766	17,197,517,471
M.S/S.S Products	11,111,274,334	2,813,152,518
Structure	3,534,825,062	2,914,046,385
Ferro Alloys	1,155,362,741	646,540,688
Coal	1,336,893,878	1,140,444,159
Power	2,843,976,073	2,621,409,057
Others	267,867,481	118,456,904
	35,020,873,334	27,451,567,182

Sales aggregating to ₹ 177.84 Crores in respect of production during the trial runs of various modules of steel division does not form part of total sales during the year and have been adjusted/reduced against the preoperative expenditure.

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 22 : OTHER INCOME		
A. Other Operating Income		
Interest Income		
From Bank Deposits	203,600,669	221,872,352
Other Miscellaneous Income	214,709,521	42,747,488
Total (A)	418,310,190	264,619,840
B. Other Income		
Interest Income		
From Long Term Investments	39,699	5,17,500
Others	355,014,732	339,187,342
Dividend		
Current Investments	0	6,000
Non Current Investments	2,007,981	2,827,836
Net Gain on sale of Investments	0	6,455,876
Rent Received	13,897,559	0
Insurance Claim Received	326,196	7,285,252
Exchange Fluctuation	139,264,154	87,357,722
Profit on Disposal of Fixed Assets	0	88,417
Total (B)	510,550,321	443,725,944
Total (A+B)	928,860,510	708,345,784

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 23 : COST OF MATERIALS CONSUMED		
Inventories at the Beginning of the Year	5,551,703,434	3,383,542,008
Add: Purchases (Net)	25,515,770,207	18,939,704,251
Less : Inventory at the end of Year	5,661,091,210	5,551,703,434
	25,406,382,431	16,771,542,824
Less : Inter Division Transfers	7,832,247,959	5,034,637,379
Total	17,574,134,472	11,736,905,446
Detail of Materials Consumed		
Iron Ore	9,891,860,384	8,341,408,568
Coke & Coal	6,874,802,769	3,352,646,787
Magnese Ore & Hi Mn Slag	465,440,789	240,010,273
Billets	2,603,190,946	2,029,156,333
Pig Iron & Hot Metal	1,495,676,147	445,673,180
M.S. Scrap	108,564,015	75,060,050
Ferro Alloys	141,446,750	105,911,827
Sponge Iron	2,369,053,436	1,574,546,125
Others	1,456,347,196	607,129,680
	25,406,382,431	16,771,542,824

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 24 : CHANGES IN INVENTORIES		
Opening Stock as on 01-04-2013		
Work-in-Process	31,154,701	35,274,926
Finished Goods	1,650,220,105	1,653,795,243
(A)	1,681,374,806	1,689,070,169
Finished Goods Transferred from Trial Run	2,279,148,518	0
Finished Goods used in Trial Run / Fixed Assets	2,462,447,668	0
Closing Stock as on 31-03-2014		
Work-in-Process	32,423,067	31,154,701
Finished Goods	4,253,214,332	1,650,220,105
(C)	4,285,637,399	1,681,374,806
	(2,787,561,743)	7,695,363
Detail of Finished Goods Inventory		
Sponge Iron/ Pig Iron	959,734,892	1,058,242,256
M.S./S.S. Products	1,698,741,567	119,217,139
Structure	450,290,857	168,095,724
Si Manganese	56,820,876	22,034,634
Coal	106,393,013	51,850,512
Sinter	269,303,088	0
Other		
Char	116,919,313	227,919,189
End Cutting/Miss Rolls/Slag	594,104,159	1,858,712
Bricks	906,567	1,001,940
GRAND TOTAL (A + B - C)	4,253,214,332	1,650,220,105

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 25 : EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	1,300,972,916	978,016,390
Contribution to Provident and other Funds	91,215,614	69,433,681
Staff Welfare Expenses	43,069,519	37,280,760
Total	1,435,258,049	1,084,730,831

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 26 : FINANCE COSTS		
Interest	2,391,960,608	1,179,885,661
Other Service Charges	1,865,406	12,206,224
Total	2,393,826,014	1,192,091,885

(₹)

Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 27 : OTHER EXPENSES		
MATERIAL, MANUFACTURING AND OTHERS		
Stores and Spares Consumed	706,427,415	299,706,875
Power and Fuel	2,580,006,160	1,283,187,461
Excise Duty on Stocks	4,257,010	(13,983,306)
Less : Inter Division Transfers	(2,001,394,881)	(807,022,619)
	1,289,295,705	761,888,410
ADMINISTRATION & OTHER EXPENSES		
Printing and Stationery	6,567,986	6,077,092
Rent	862,057	2,102,973
Rates & Taxes	4,572,668	3,724,202
Vehicle Expenses	68,933,196	46,698,628
Communication Expenses	9,492,124	8,992,659
Travelling & Conveyance	32,544,748	41,568,536
Insurance Charges	47,524,793	47,466,635
Legal & Professional Charges	120,723,515	65,579,717
Directors Sitting Fees	274,000	480,000
Auditors' Remuneration		
- As Audit Fees	3,500,000	3,000,000
- For Limited Review	300,000	400,000
- For Tax Matters	1,523,000	1,810,000
- For Certification & Other Matters	1,934,500	1,826,500
- Reimbursement of Expenses	275,786	259,668
Miscellaneous Expenses	114,235,416	126,528,441
Lease Rent & Hire Charges	8,420,992	8,215,956
Share Transfer Expenses	202,264	261,667
Internal Audit Fees & Expenses	4,239,810	4,340,860
Loss from Partnership Firm	976,426	324,623
Bank Charges	36,370,718	30,888,488
Provision For Doubtful Debts	4,182,539	(716,194)
Loss on Sale of Fixed Assets	729,959	1,022,871
Distribution & Marketing Expenses	708,130,837	688,663,451
Loss on Sale of Investment	20,637,309	0
	1,197,154,643	1,089,516,773
REPAIR & MAINTENANCE		
Machinery	117,534,614	102,243,262
Building	19,421,788	22,017,509
Others	10,657,725	12,563,154
	147,614,127	136,823,925
TOTAL	2,634,064,476	1,988,229,109

Other Notes on Accounts

28. Operational performance includes impact of loss of ₹ 84.20 Crores, being losses incurred during ramp up of production of the newly commissioned steel plant due to issues of synchronization and day – today operationalization of different modules of the steel plant. The management believes such losses are one time and non recurring in nature.

	As at 31-03-2014	(₹ in Lac) As at 31-03-2013
29. CONTINGENT LIABILITIES		
<i>(Excluding Matters Separately Dealt with in other notes):</i>		
Claims against the Company not Acknowledged as Debt		
- In respect of Disputed Excise Service Tax Demands	3044.70	1714.02
- In respect of Disputed Sales Tax Demands	684.23	579.40
- In respect of Disputed Entry Tax Demands	311.04	259.51
- In respect of Disputed Income Tax Demands	17783.35	16869.56
- In respect of Disputed Demands for water charges by Water Resources Division	1284.94	1238.09
- In respect of Electricity Duty on Generation of Power	9277.18	4407.56
- Other claims against the Company not acknowledged as Debt	10326.82	5111.07
<i>(The above are basic amounts excluding interest, if any)</i>		

	As at 31-03-2014	(₹ in Lac) As at 31-03-2013
30. COMMITMENTS		
a. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	15093.97	36576.16
b. Letters of Credit opened in favour of Inland/Overseas Suppliers (Net)	16880.69	9545.71

	As at 31-03-2014	(₹) As at 31-03-2013
31. SALARY INCLUDES FOLLOWING REMUNERATION PAID TO DIRECTORS		
Mr. Sandeep Jajodia (Managing Director)		
- Salary	42,000,000	36,000,000
- Perquisites	5,150,312	4,414,792
Mr. K.K. Khanna (Executive Director)		
- Salary	NIL	1,527,734
- Perquisites	NIL	14,400
Mr. C.P. Baid (Dy. Managing Director)		
- Salary	16,447,796	16,950,196
- Perquisites	6,54,600	6,54,600
Mr. Gopal Tiwari (Director)		
- Consultancy	NIL	660,000
Mr. Nirmal Chand Jha (Whole-time Director)		
- Salary	2,837,832	7,116,829
- Perquisites	92,683	153,945

	As at 31-03-2014	(₹ in Lac) As at 31-03-2013
32. GUARANTEES		
a. Counter guarantees issued in respect of guarantees issued by company's bankers	5617.31	2892.68
b. Guarantees issued on behalf of limited companies	30002.85	42597.67

33. The inventories are taken as per records duly certified by the Company. The same have been valued in accordance with Accounting Policies.

34.

Particulars	(₹ in Lac)			
	%	2013-2014	%	2012-2013
Value of Imported & Indigenous Raw Material Consumed and the percentage of each to total consumption :-				
- Imported	2.80	4923.12	0	0.00
- Indigenous	97.20	170818.22	100	117369.05

35. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by The Institute of Chartered Accountants of India, excise duty amounting to ₹ 3478 Lacs (Previous Year ₹ 1452 lacs) has been included in the value of inventories as on 31st March, 2014 and the corresponding amount of excise duty payable has been included in other liabilities. However, this has no impact on the Profit for the year.

36. VALUE OF IMPORTS ON CIF BASIS

	2013-2014	(₹ in Lac) 2012-2013
- Capital Goods including Spares etc.	13669.87	18746.71
- Raw Material etc.	4509.93	0.00

37. a) In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet except where stated otherwise.

b) No provision has been made for diminution in value of long term quoted investments as, in the opinion of the management, the diminution is temporary in nature.

38. Pre-operative Expenses capitalized as Capital Work in Progress during the year are as under:-

	(₹ in Lac)
Amount brought forward	113385.57
Incurred During the Year	
(Including Trial Run Expenses)	84554.22
	197939.79
Allocated to Fixed Assets during the year	103443.96
Amount carried over	94495.83

	Current Year	(₹ in Lac) Previous Year
39. EXPENDITURE IN FOREIGN CURRENCY		
- Traveling /Others	377.20	210.87
- Financial Charges	8777.23	6725.97

	(₹ in Lac)	
	Current Year	Previous Year
40. EARNING IN FOREIGN CURRENCY		
FOB Value of Exports (₹ in Lac)	18535.66	4486.82

41. Balance confirmations have not been received from number of parties showing debit/credit balances.

	(₹ in Lac)	
	2013-14	2012-13
42. DUES TO SMALL & MICRO ENTERPRISES #:		
1. Principal amount outstanding	278.37	137.97
2. Interest due on (1) above and the Unpaid Interest	0.00	0.00
3. Interest paid on all Delayed Payments under MSMED Act	0.00	0.00
4. Payment made beyond the Appointed date during the year	0.00	0.00
5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

The details of amounts outstanding to Micro & Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

43. Rupee equivalent of export obligation to be completed by 20th March, 2022 under EPCG Scheme as on 31st March, 2014 is ₹ 53,236.29 Lacs (Previous year ₹ 73,861.10 lacs).

44. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to ₹ 3256.00 lacs upto 31st March, 2014 (₹ 2962.00 lacs upto 31st March, 2013). The High Court of Chhattisgarh, in its order dated 15th December, 2006 has set aside the demand of the State of Chhattisgarh, terming the levy as 'unconstitutional'. However, the State Government has gone in appeal against the order of the High Court and the matter is pending before the Supreme Court.

45. As reported in earlier years, the Company had received risk purchase claims aggregating to ₹ 3505.90 Lacs during earlier years. The Company has disputed the claims and believes that the claims are untenable. The matter has been referred for arbitration. Necessary adjustment, if any, shall be made on finalization of the matter. No fresh claims have been received in this regard during the year.

46. RETIREMENT BENEFITS : Gratuity & Leave Encashment

The following tables summarises the components of the net employee benefit expenses recognized in the Statement of Profit & Loss and amount recognized in the balance sheet for gratuity & leave encashment:

(₹ in Lac)

Reconciliation of opening and closing Balances of the Present value of the Defined Benefit Obligation:	Gratuity For Year Ended		Leave Encashment For Year Ended	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Obligations at period beginning	1267	949	492	450
Service Cost	161	143	218	105
Interest on Defined benefit obligation	105	81	39	39
Benefits settled	-40	-41	-146	-130
Curtailment Cost / (Credit)	0	0	0	0
Actuarial (gain)/loss	-128	134	-41	28
Obligations at period end	1365	1267	563	492
Change in plan assets				
Plans assets at period beginning, at fair value	1158	776	0	0
Expected return on plan assets	96	66	0	0
Actuarial gain/(loss)	-22	-5	0	0
Assets distributed on settlements	0	0	0	0
Contributions	1	362	146	130
Benefits settled	-40	-41	-146	-130
Plans assets at period end, at fair value	1193	1158	0	0
Closing PBO	1365	1267	563	492
Closing Fair value of plan assets	-1193	-1158	0	0
Closing Funded status	-172	-109	-563	-492
Unrecognized actuarial (gains).losses	0	0	0	0
Unfunded net asset/(Liability) recognized in the balance sheet	-172	-109	-563	-492
Expenses recognized				
Service cost	161	143	218	105
Interest cost	105	81	39	39
Expected return on plan assets	-96	-66	0	0
Curtailment Cost / (Credit)	0	0	0	0
Actuarial (gain)/loss	-106	139	-41	28
Net cost	64	297	217	172
Assumptions				
Interest rate	9.31%	8.25%	9.10%	8.00%
Discount factor	9.31%	8.25%	9.10%	8.00%
Estimated rate of return on plan assets	9.31%	8.25%	N.A.	N.A.
Salary increase	5%	5%	8%	8%
Attrition rate	2%	2%	4%	4%
Retirement age	60	65	60	65

47. Tax Expense is the aggregate of current year income tax, fringe benefit tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of ₹ 2089 lacs has been made on current year profits as per provisions of the Income Tax Act (MAT u/s 115JB). Further, MAT credit entitlement of ₹ 372 lacs has been written back as per last return filed.

b) Deferred Tax :

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The Company has opted for tax exemption under section 80-IA of the Income Tax Act in respect of its Power Division. Pursuant to the clarification on AS22 of The Institute of Chartered Accountants of India, no Deferred Tax is provided on timing differences arising and reversing during the Tax Holiday period in respect of Assets of Power Division.

(₹ in Lac)

Particulars	Opening balance as at 01-04-2013	Charge/ credit during the year	Closing as at 31-03-2014
Depreciation	16,625.79	10,482.60	27108.39
Adjustments u/s 43B	-13.59	-10.57	-24.16
Unabsorbed Depreciation	0	-7,795.35	-7,795.35
Net	16,612.20	2,676.68	19,288.88

MAT credit is recognized 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.

48. RELATED PARTY DISCLOSURES

In accordance with the Accounting Standard (AS-18) on related party disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship on identified, are given below:-

A. Relationships

Key Managerial Personnel	: Shri Sandeep Jajodia (Chairman & Managing Director) Shri C. P. Baid (Dy. Managing Director) Shri Nirmal Chand Jha (Whole-time Director)
Enterprise where KMP / Relative has significant influence	: A.P. Coal Washeries Pvt Ltd. Tirumala Balaji Alloys Pvt. Ltd.
Subsidiaries	: Monnet Global Ltd. Monnet Overseas Ltd. Monnet Daniel Coal Washeries Ltd. Monnet Power Company Ltd. Monnet Cement Ltd. Monnet Enterprises PTE LTD. Chattel Constructions Private Limited Chomal Exports Private Limited Monnet Sports Foundation
Subsidiary of Subsidiaries	: Pt Monnet Global Monnet Enterprises DMCC Pt. Sarwa Sembada Karya Bumi Monnet Global Liberia Ltd. Monnet Global Guinea S.A. Monnet Global Mali S.A. Monnet Global Colombia S.A.S
Joint Ventures	: MP Monnet Mining Company Ltd. Mandakini Coal Company Ltd. Urtan North Mining Company Ltd. Monnet Ecomaister Enviro Pvt Ltd.
Associates	: Orissa Sponge Iron & Steel Ltd. Rameshwaram Steel & Power Pvt Ltd. (w.e.f.1.4.2013)

B. The following transactions were carried out with related parties in the ordinary course of business :-

(₹ in Lac)

Related Party Transactions	Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Paid for reimbursement of Expenses					
Monnet Daniel Coal Washeries Ltd.	-	3,122.35	-	-	-
	(0)	(0)	(0)	(0)	(0)
Monnet Power Company Ltd.	-	-	-	-	-
	-	(2.30)	-	-	(0)
Monnet Cement Ltd.	-	-	-	-	-
	-	(0.24)	-	-	24.00
Sale of goods/services/fixed assets					
Monnet Power Company Ltd.	-	870.63	-	-	-
	-	(273.84)	-	-	-
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	-	1,341.48
	-	(4,174.66)	-	-	-
Monnet Ecomaister Enviro Pvt. Ltd.	-	-	1,619.11	-	-
	-	-	(0)	-	-
Rent Received					
Monnet Ecomaister Enviro Pvt. Ltd.	-	-	17.87	-	-
	-	-	(16.92)	-	-
Loan Given					
Monnet Global Ltd.	-	1,249.96	-	-	-
	-	(4,103.67)	-	-	-
Monnet Daniel Coal Washeries Ltd.	-	1,894.01	-	-	-
	-	(0)	-	-	-
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	-	-
	-	(3,289.80)	-	-	-
Monnet Enterprises PTE LTD.	-	0.54	-	-	-
	-	(0)	-	-	-
MP Monnet Mining Company Ltd.	-	-	-	-	-
	-	-	(16.00)	-	-
Mandakini Coal Company Ltd.	-	-	120.00	-	-
	-	-	(500.00)	-	-
Orissa Sponge Iron & Steel Ltd.	-	-	-	-	1,451.00
	-	-	-	-	(350.00)
A.P Coal Washeries Pvt. Ltd.	-	-	-	0.00	-
	-	-	-	(5.00)	-
Loan repaid					
Monnet Global Ltd.	-	-	-	-	-
	-	(1,615.36)	-	-	-
Monnet Daniel Coal Washeries Ltd.	-	6,250.00	-	-	-
	-	(0)	-	-	-
Monnet Power Company Ltd.	-	-	-	-	-
	-	(2,500.00)	-	-	-
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	-	2,522.92
	-	-	-	-	-
MP Monnet Mining Company Ltd.	-	-	-	-	-
	-	-	(16.63)	-	-
Mandakini Coal Company Ltd.	-	-	-	-	-
	-	-	(500.00)	-	-

Related Party Transactions	Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Interest Received	-				
Monnet Global Ltd.	-	897.89	-	-	
	-	(740.00)	-	-	
Monnet Daniel Coal Washeries Ltd.	-	1,032.24	-	-	
	-	(1,213.15)	-	-	
Monnet Power Company Ltd.	-	-	-	-	
	-	(55.07)	-	-	
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	-	1,055.08
	-	(1,003.73)	-	-	
Mandakini Coal Company Ltd.	-	-	0.16	-	
	-	-	(15.62)	-	
Orissa Sponge Iron & Steel Ltd.	-	-	-	-	158.96
	-	-	-	-	(8.38)
Payment made on behalf of party					
Monnet Cement Ltd.	-	0.57	-	-	
	-	(0.24)	-	-	
Monnet Ecomaister Enviro Pvt. Ltd.	-	-	50.35	-	
	-	-	(0)	-	
Remuneration Paid					
Mr. Sandeep Jajodia (Managing Director)	471.50	-	-	-	
	(404.15)	-	-	-	
Mr. C P Baid (Dy. Managing Director)	171.02	-	-	-	
	(176.05)	-	-	-	
Mr. Nirmal Chand Jha (Whole-time Director)	29.31	-	-	-	
	(72.71)	-	-	-	
Subscription / Purchase of shares					
Monnet Overseas Ltd.	-	131.32	-	-	
	-	(129.72)	-	-	
Monnet Power Company Ltd.	-	10,150.00	-	-	
	-	(16,166.67)	-	-	
Mandakini Coal Company Ltd.	-	-	-	-	
	-	-	(500.00)	-	
Urtan North Mining Company Limited	-	-	277.80	-	
	-	-	(264.00)	-	
Monnet Ecomaister Enviro Pvt. Ltd.	-	-	125.11	-	
	-	-	(700.33)	-	
Orissa Sponge Iron & Steel Ltd.	-	-	-	-	1,698.00
	-	-	-	-	(17,708.87)
Share Application Money Pending Allotment					
Urtan North Mining Company Limited	-	-	-	-	
	-	-	(73.98)	-	
Orissa Sponge Iron & Steel Ltd.	-	-	-	-	1,951.00
	-	-	-	-	(0)
Purchase of raw material / stores/ fixed assets					
Monnet Daniel Coal Washeries Ltd.	-	4,194.45	-	-	
	-	(762.94)	-	-	
Monnet Power Company Ltd.	-	165.24	-	-	
	-	(34.00)	-	-	

Related Party Transactions	Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Rameshwaram Steel & Power Pvt. Ltd.	-	-	-	-	201.21
	-	(52.47)	-	-	
Tirumala Balaji Alloys Pvt. Ltd.	-	-	-	67.33	
	-	-	-	(0)	
Rameshwaram Steel & Power Pvt. Ltd.	-	-	-	-	1,950.36
	-	(288.17)	-	-	

C. Outstanding Balance :-

(₹ in Lac)

Description	Outstanding Balances	
	Debit / (Credit) 31-03-2014	Debit / (Credit) 31-03-2013
Subsidiaries		
Monnet Global Ltd.	15692.91	12607.05
Monnet Daniel Coal Washeries Pvt. Ltd.	8057.01	12654.70
Monnet Power Company Ltd.	792.09	758.37
Rameshwaram Steel & Power Pvt Ltd.	0.00	12023.35
Monnet Enterprises PTE Ltd.	5.73	5.19
Key Management Personnel		
Mr. C P Baid (Dy. Managing Director)	-0.47	-0.04
Mr. Nirmal Chand Jha (Whole-time Director)	0.00	-0.13
Associates		
Orissa Sponge Iron & Steel Ltd.	1951.61	357.54
Rameshwaram Steel & Power Pvt Ltd.	8864.93	0.00
Joint Ventures		
MP Monnet Mining Company Ltd.	16.00	16.00
Mandakini Coal Company Ltd.	120.14	0.00
Urtan North Mining Company Ltd.	0.00	74.03
Monnet Ecomaister Enviro Pvt. Ltd.	1,638.87	0.00
Enterprises where KMP hold significant influence		
A.P Coal Washeries Pvt. Ltd.	0.00	268.12
Tirumala Balaji Alloys Pvt. Ltd.	-17.29	0.00

49. SEGMENT REPORTING

As per Accounting Standards (AS) 17 on "Segment Reporting", segment information has been provided in the Notes to Consolidated Financial Statements.

50. The Company has entered into transactions for hedging, cost reduction and risk diversification strategies to manage its loan portfolio. The Company is accounting for profit / loss on such transactions on actual receipt / payment basis. Recognition of effect on these transactions in the accounts as per AS 30 issued by ICAI shall be adhered to when the said accounting standard becomes mandatory on notification by NACAS.

51. INTEREST IN JOINT VENTURE

The Company has a 33.33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited & Urtan North Mining Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited and 50% interest in the assets, liabilities, income and expenses of M/s. Monnet Ecomaister Enviro Pvt Ltd. All these Companies are incorporated in India, and involved in setting up and operation of coal mines except for M/s. Monnet Ecomaister Enviro Pvt Ltd. which is setting up a plant for manufacturing of PS Balls from slag generated from steel plant.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities as at 31.3.2014 are as follows:

(₹ in Lac)

Particulars	MP Monnet Mining Co. Limited		Mandakini Coal Co. Limited		Urtan North Mining Co. Limited		Monnet Ecomaister Enviro Private Limited	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
I Assets								
Fixed Assets/ Capital work in progress	87.06	87.03	1,799.25	1,022.58	409.15	310.04	2,986.91	1,613.58
Non-Current Investments	0	0	81.67	71.67	0	0	0	0
Inventories	0	0	0	0	0	0	0	0
Sundry Debtors	0	0	0	0	0	0	0	0
Cash and bank balances	1.21	1.92	88.93	261.32	167.66	60.29	1,164.75	248.25
Loans and advances	0.07	0	6,321.72	4,846.86	3.02	2.64	201.06	119.93
II Liabilities								
Secured Loans	0	0	0	0	0	0	1,775.95	543.89
Long Term Provisions	0	0	4.82	1,537.41	0	0	0	0
Unsecured Loans	0	0	0	0	0	0	0	0
Current liabilities and provisions	8.03	8.19	4,312.22	794.81	4.51	4.71	1,145.64	133.31
III Income								
Operating Revenue	0.07	0	0	0	0	0	0	0
Other Income	0	0	0	0.45	0	0	8.64	20.09
IV Expenses								
Expenses	0.53	0.61	8.99	7.48	0	0.02	3.12	8.42

52. Terms and conditions of issue and redemption of Debentures are as under:

No of Debenture	Rate	Amount (₹ in Lac)	Date of Commencement of Redemption
Non Convertible Debentures			
1200	12.50%	12000.00	Issued on 4th November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8th, 9th and 10th Year.
800	10.50%	8000.00	Issued on 30th January, 2010. Redeemable at par on 30th January 2020.
1000	10.50%	10000.00	Issued on 24th December, 2009. Redeemable at par on 24th December, 2019.
1000	11.00%	10000.00	Issued on 18th January, 2013. Redeemable at par at the end of 7th, 8th, 9th and 10th Year.
1500	11.25%	15000.00	Issued on 20th February, 2013. Redeemable at par on 20th February, 2018.
300	11.25%	3000.00	Issued on 28th March, 2013. Redeemable at par on 28th March, 2018.
250	11.50%	2500.00	Issued on 28th March, 2013. Redeemable at par on 28th March, 2020.
500	11.25%	5000.00	Issued on 30th May, 2013. Redeemable at par on 30th May, 2018.
150	11.25%	1500.00	Issued on 28th June, 2013. Redeemable at par on 28th June, 2018.
2500	14.50%	25000.00	Issued on 31st March, 2014. Redeemable at par in 8 installments payable every 6 months starting from 30th September, 2015.

53. Aggregate capital expenditure as on 31-3-2014 for projects under construction to be capitalized to fixed assets is ₹ 2871.64 Crores and includes capital work in progress ₹ 2158.07 Crores under the head non-current assets and the capital advances ₹ 713.56 Crores under the head long term loans and advances.

54. During the year, Ministry of Coal vide its letter dated 17.02.2014, informed that the recommendation of the IMG with regard to Rajgamar Coal Block allotted to the Company for de-allocation has been considered and accepted by the competent authority on 11.02.2014. However further action is put on hold in view of the interim order of Hon'ble High Court of Delhi filed by MIEL as pronounced on 12.02.2014.

An amount of ₹1376.65 lacs has been incurred by the Company on development of the coal block upto 31.3.2014. The company is of the view that the decision of the court shall be in favour of the company. Accordingly, no impact for impairment has been taken in the financial statements of the company.

55. Earning Per Share (EPS)–The numerators and denominators used to calculate Basic and Diluted Earning per share:

Basic Earning Per Share

	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Profit for the Year	6663.15	25,031.93
Less : Preference Dividend including Tax	1330.82	7.29
Profit attributable to the Equity Shareholders – (₹ in Lacs) (A)	5332.33	25024.64
Basic Weighed average number of Equity Shares outstanding during the year (B)	64,609,440	64,068,659
Nominal value of Equity Shares (₹)	10.00	10.00
Basic Earning per share (₹)- (A)/(B)	8.25	39.06

Diluted Earning Per Share

	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Profit attributable to the Equity Shareholders – as above (₹ in Lacs)	5332.33	25024.64
Interest Paid on Potential Equity Shares net of tax impact (₹ In Lacs)	0	0
Profit considered for Diluted E.P.S. (C)	5332.33	25024.64
Basic Weighed average number of Equity Shares outstanding during the year as above	64,609,440	64,068,659
Weighted Average Potential Equity Shares for the Year	1,216,241	2,094,000
Total weighted average shares considered for Diluted E.P.S. (D)	65,825,681	66,162,659
Nominal value of Equity Shares (₹)	10.00	10.00
Diluted Earning per share (₹)- (C)/(D)	8.10	37.82

56. Previous year figures have been regrouped or recasted wherever necessary.

For and on behalf of the Board

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Place : New Delhi
Dated : 11-6-2014

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

M.P. Kharbanda
Company Secretary
M. No. F-2365

Independent Auditor's Report on Consolidated Financial Statements of Monnet Ispat & Energy Limited

To

The Board of Directors of

MONNET ISPAT & ENERGY LIMITED

We have audited the accompanying consolidated financial statements of MONNET ISPAT & ENERGY LIMITED, its subsidiaries and jointly controlled entities (collectively referred as 'the Company'), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the "Act"), read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Other Matters

1. We did not audit the financial statements / consolidated financial statements of certain subsidiaries and joint venture companies, whose financial statements / consolidated financial statements reflect total assets of ₹ 545296.31 lacs as at 31st March, 2014, total revenue of ₹ 1282.29 lacs and cash flows amounting to (₹ 1591.28 lacs) for the year then ended and financial statements of an associate in which share of profit of the company is (₹ 1452.06 Lacs). These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
2. We have relied on the unaudited financial statements / consolidated financial statements of certain subsidiaries and joint ventures whose financial statements / consolidated financial statements reflect total assets of ₹ 2002.55 lacs as at 31st March, 2014, total revenue of ₹ 1057.82 lacs and cash flows amounting to (₹1.50 lacs). These unaudited financial statements, as approved by the respective Board of Directors of these companies, have been furnished to us by the management and our report, in so far as it relates to the amounts included in respect these subsidiaries and joint ventures is based solely on such approved unaudited financial statements / consolidated financial statements.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standard) Rules, 2006 read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

Opinion

4. We report that, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on the financial statements / consolidated financial statements of the subsidiaries and joint ventures as noted above, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2014;
 - (ii) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **O. P. BAGLA & CO.**
Chartered Accountants
Firm Regn. No. 000018N

(RAKESH KUMAR)
Partner M.No. 087537

Place : New Delhi
Dated : 11.06.2014

Consolidated Balance Sheet As at 31st March, 2014

Particulars	Note	(₹)	
		As at 31-03-2014	As at 31-03-2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,508,429,224	2,487,489,224
Reserves and Surplus	3	27,108,832,981	25,707,293,596
		29,617,262,205	28,194,782,820
Share Application Money Pending Allotment		22,218	84,949,364
Minority Interest		1,311,768,999	1,306,712,352
Non-current liabilities			
Long-term Borrowings	4	92,111,637,884	64,440,422,312
Deferred Tax Liabilities (Net)	5	1,946,006,831	1,649,642,468
Long-term Provisions	6	87,184,704	81,286,786
		94,144,829,419	66,171,351,566
Current liabilities			
Short-term Borrowings	7	9,965,983,162	16,134,207,171
Trade Payables	8	2,414,649,205	916,765,460
Other Current Liabilities	9	16,811,929,930	14,805,871,349
Short-term Provisions	10	210,826,688	112,575,279
		29,403,388,985	31,969,419,258
		154,477,271,826	127,727,215,360
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	11	45,101,927,751	15,754,246,706
Intangible Assets	12	4,078,747,324	1,287,961,915
Capital work-in-Progress		67,832,840,027	71,892,775,043
Intangible Assets under Development		102,663,504	-
Non Current Investments	13	1,013,865,451	2,714,819,225
Long-term Loans and Advances	14	11,004,272,224	9,533,391,225
Other Non-current Assets	15	1,109,616,527	1,111,717,174
TOTAL		130,243,932,808	102,294,911,288
Current assets			
Current Investments	16	-	994,550
Inventories	17	10,740,504,033	8,210,567,644
Trade Receivables	18	4,187,690,545	4,110,029,787
Cash and Bank Balances	19	1,268,291,393	7,871,604,089
Short-term Loans and Advances	20	7,879,778,607	5,118,229,395
Other Current Assets	21	157,074,440	120,878,608
		24,233,339,018	25,432,304,073
TOTAL		154,477,271,826	127,727,215,360
Significant Accounting Policies	1		

The accompanying notes form an integral part of these financial statements.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365

Consolidated Statement of Profit and Loss

For the year ending 31st March, 2014

Particulars	Note	(₹)	
		Year ended 31-03-2014	Year ended 31-03-2013
Revenue:			
Revenue from Operations	22	25,434,867,051	22,814,210,404
Less: Excise Duty		2,507,816,517	2,193,074,656
		22,927,050,534	20,621,135,748
Other Income	23	854,923,983	650,411,978
Total Revenue		23,781,974,517	21,271,547,726
Expenses:			
Cost of Materials Consumed	24	16,957,089,064	12,105,661,210
Changes in Inventories	25	(2,586,851,095)	(144,657,297)
Employee Benefits Expense	26	1,537,626,952	1,245,650,167
Finance Costs	27	2,494,755,891	1,318,465,664
Depreciation and Amortization Expense	11 & 12	1,437,722,055	1,001,986,966
Other Expenses	28	3,243,859,979	2,590,193,262
Total Expenses		23,084,202,846	18,117,299,972
Profit Before Tax		697,771,671	3,154,247,754
Tax Expense:			
Current Tax			
Current year		227,252,144	726,437,018
Earlier years		1,164,405	2,005,548
Deferred Tax			
Current year		267,854,907	150,825,644
Add : MAT Credit Entitlement Utilized / (claimed)		(171,659,432)	40,351,099
Profit for the year (before adjustment for Minority Interest)		373,159,647	2,234,628,445
Less : Share Of Profit Transferred To Minority		(2,800,701)	(13,172,909)
Profit after Tax (after adjustment for Minority Interest)		370,358,946	2,221,455,536
Earnings per equity share (Par value of ₹10/- each)			
Basic		3.67	34.67
Diluted		3.60	33.58
Significant Accounting Policies	1		

The accompanying notes form an integral part of these financial statements.
IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365

Consolidated Cash Flow Statement

For the year ending 31st March, 2014

Particulars	(₹)	
	Year ended 31-03-2014	Year ended 31-03-2013
A. Cash Flow from Operating Activities		
Net Profit before tax and Extra-ordinary items	697,771,671	3,154,247,754
Adjustment for :		
Depreciation	1,437,722,055	1,001,986,966
Unrealized loss in associates	145,206,346	-
(Profit)/ Loss on Sale of Fixed Assets	729,959	952,369.17
(Profit)/ Loss on Sale of Investments	20,637,309	-
Interest Received	(413,622,401)	(320,731,659)
Interest Paid	2,492,890,485	1,306,222,270
Dividend Received	(6,770,185)	(8,038,203)
	3,676,793,568	1,980,391,744
Operating Profit before Working Capital Facilities	4,374,565,239	5,134,639,498
Adjustment for :		
Trade & Other Receivable	(4,239,870,060)	(893,720,489)
Inventories	(2,529,936,389)	(2,295,928,623)
Trade Payable	3,509,840,244	7,068,034,054
	(3,259,966,205)	3,878,384,943
Cash generated from operations	1,114,599,034	9,013,024,440
Tax Paid	(409,283,602)	(739,705,076)
Dividend Paid	(112,575,279)	(186,467,010)
	(521,858,881)	(926,172,086)
Net Cash Flow from operating activities	592,740,153	8,086,852,355
B. Cash Flow from Investing activities		
Purchase of fixed assets (including transfer from CWIP)	(32,048,804,511)	(1,072,519,768)
Sale of Fixed Assets	3,178,833	4,599,579
CWIP	4,087,986,535	(35,397,140,033)
Intangible assets under development	(102,663,504)	-
Purchase of Investments (Net)	149,084,448	(1,626,783,526)
Buyback of Shares	-	(196,506,440)
Interest Received	413,622,401	320,731,659
Dividend Received	6,770,185	8,038,203
	(27,490,825,614)	(37,959,580,327)
Net Cash used in investing activities	(27,490,825,614)	(37,959,580,327)
C. Cash Flow from Financing Activities		
Proceed from Preference Share Capital	-	1,800,000,000
Proceed from Share Warrants / Application Money (Net)	(4,927,146)	34,548,234
Interest Paid	(2,492,890,485)	(1,306,222,270)
Proceed from Share Premium / Other Reserves	635,729,776	204,557,224
Proceeds from Minority Interest	2,255,946	223,444,879
Proceeds from borrowings	21,877,153,870	27,706,156,241
Net Cash used in financing activities	20,017,321,961	28,662,484,308
Net Increase/ (Decrease) in Cash and Cash Equivalents	(6,880,763,500)	(1,210,243,664)
Cash & Cash equivalent Opening	7,558,876,620	8,769,120,284
Cash & Cash equivalent Closing	678,113,120	7,558,876,620

NOTES:-

- 1 The above Cash Flow statement has been prepared pursuant to clause No 32 of the listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outflow.
- 3 Significant Accounting Policies and Notes on Accounts (Schedule 22) form an integral part of Cash Flow Statement.
- 4 Previous year figures have been regrouped/reclassified to confirm to current year's classification.

In terms of our report of even date annexed **For and on the behalf of the Board**

For **O.P. BAGLA & CO.**

Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN 00082869

C.P. Baid
Dy. Mg. Director
DIN 00466414

J.P. Lath
Director
DIN 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365

1. SIGNIFICANT ACCOUNTING POLICIES

I. Principles of Consolidation

The consolidated financial statements of Monnet Ispat & Energy Ltd. ("the Company") and its subsidiaries, associates and joint ventures have been prepared on the following basis:-

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together with the book value of like items of assets, liabilities, income and expenses and after fully eliminating the intra group balances and intra group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) – 27 – "Financial Reporting of Interest in Joint Ventures".
- c) In respect of foreign subsidiaries, being non- integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.
- d) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- g) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) – 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- h) The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates'. Profit or Loss through its reserves for the balance, based on available information.
- i) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- j) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

II. Investment other than in subsidiaries, joint ventures and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

III. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Monnet Ispat & Energy Limited.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 2 : SHARE CAPITAL		
AUTHORISED		
<u>Equity Share Capital</u>		
8,20,00,000 shares of par value of ₹ 10/- each (Previous year 8,20,00,000 shares of par value of ₹ 10/- each)	820,000,000	820,000,000
<u>Preference Share Capital</u>		
1,85,00,000 shares of par value of ₹ 100/- each (Previous year 1,85,00,000 shares of ₹ 100/- each)	1,850,000,000	1,850,000,000
	2,670,000,000	2,670,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
<u>Equity Share Capital</u>		
6,58,25,681 shares of par value of ₹ 10/- each (Previous year 6,37,31,681 shares of par value of ₹ 10/- each)	658,256,810	637,316,810
Add : Shares Forfeited (Amount Originally Paid up)	172,414	172,414
<u>Preference Share Capital</u>		
1,75,00,000 6.5% Cumulative Non Convertible Redeemable Preference Shares of par value of ₹ 100/- each	1,750,000,000	1,750,000,000
10,00,000 (Previous Year 10,00,000) 0.001% Compulsorily Convertible Preference Shares (CCPS) of par value of ₹ 100/- each	100,000,000	100,000,000
Total	2,508,429,224	2,487,489,224

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period is given below:

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
Equity Shares		
Number of shares outstanding as at the beginning of the year	63,731,681	64,337,807
Shares issued during the year*	2,094,000	0
Shares bought back during the year	0	606,126
Number of shares outstanding as at the closing of the year	65,825,681	63,731,681
Preference Shares		
Number of shares outstanding as at the beginning of the year	18,500,000	500,000
Shares allotted during the year	0	18,000,000
Number of shares outstanding as at the closing of the year	18,500,000	18,500,000

* Issued on conversion of 13,08,750 fully convertible debentures in accordance with the conversion ratio of 1.6 equity shares for each debenture

b) (i) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

(ii) Convertible Preference shares- Terms and conditions of issue: The CCPS are carrying dividend @ 0.001%. Each holder of CCPS is entitled to vote in meetings of the company only on resolutions which directly affect the rights attached to CCPS. Each CCPS can be converted in to fully paid up equity shares of the company after 15 years of date of issue subject to maximum tenure of 20 years from the date of issue. Alternatively CCPS can be converted in the events of (i) Occurrence of IPO of the company (ii) exit of investor from the company. Each CCPS is convertible into 3.37 equity shares of the company.

(iii) Non Convertible Preference Shares : 'The holders of preference shares are entitled to preferential dividends from the date of allotment. Such shares shall rank for capital and dividend and for repayment of capital in a winding up, in priority to the ordinary shares of the Company. The holders of such shares shall have the right to receive notice of general meetings of the Company but shall not confer on the holders thereof, the right to vote at any meetings of the Company, save to the extent and in the manner provided in the Companies Act, 1956.

c) Following share holders held more than 5% shares in the company as at the end of the year:

Name of Shareholder	% of Shareholding 31-03-2014	% of Shareholding 31-3-2013
EQUITY		
Udhyan Merchandise Pvt Ltd.	38.17	38.69
Vistabrook Limited	7.73	5.95
Blackstone GPV Capital Partners Mauritius	6.94	7.17
Deutsche Securities Mauritius Ltd.	7.62	7.87
CONVERTIBLE PREFERENCE SHARES		
Blackstone FP Capital Partners (MAURITIUS) V Ltd.	100.00	100.00
NON CONVERTIBLE PREFERENCE SHARES		
Monnet Industries Ltd.	100.00	100.00

d) The company has issued the following shares for a consideration other than cash or bonus shares during the immediately preceding 5 years:

47,22,539 equity shares of ₹ 10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of M/s. Mounteverest Trading & Investment Limited with the Company as per order dated 9.11.2010 passed by Honourable High Court of Chattisgarh.

e) The Company has bought back 1892385 equity shares during the last five years.

f) Non Convertible Preference shares were issued on 30th March, 2013 for the period of 9 years with periodical put and call options.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 3 : RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	777,655,899	777,655,899
Securities Premium Account		
As per last Balance Sheet	8,822,482,974	8,703,048,399
Add: Transferred During The Year	353,222,306	309,879,755
Less : Utilized for buy back of equity shares	0	(190,445,180)
	9,175,705,280	8,822,482,974
Debenture Redemption Reserve		
As per last Balance Sheet	860,164,156	860,164,156
Capital Redemption Reserve		
As per last Balance Sheet	18,923,850	12,862,590
Transferred from General Reserve	-	6,061,260
	18,923,850	18,923,850
Capital Reconstruction Reserve	196,801,760	196,801,760
Exchange Fluctuation Reserve		
As per last Balance Sheet	(227,694,305)	(122,371,774)
Add : For the year	225,006,722	(105,322,531)
	(2,687,583)	(227,694,305)
Amalgamation Reserve		
As per last Balance Sheet	33,050,090	33,050,090
Revaluation Reserve		
Add : Proportionate share in Associate (Refer Note 29(c)(i))	410,723,054	-
General Reserve		
As per last Balance Sheet	1,835,012,286	1,590,073,546
Add : Transfer from Surplus	66,600,000	251,000,000
Less : Transfer to Capital Redemption Reserve on buy back of equity shares	-	(6,061,260)
	1,901,612,286	1,835,012,286
Surplus		
As per last balance sheet	13,390,896,886	11,533,016,048
Add: Profit for the year from Statement of Profit & Loss	370,358,946	2,221,455,536
Add: Adjustment on cessation of control in subsidiary (Refer Note 29(c)(ii))	252,324,087	-
Less: Transfer to general reserve	(66,600,000)	(251,000,000)
Proposed dividend on equity shares	(65,825,681)	(95,597,522)
Proposed dividend on preference shares	(113,751,000)	(624,288)
Tax on proposed dividend	(30,519,049)	(16,352,889)
	13,736,884,189	13,390,896,886
Total	27,108,832,981	25,707,293,596

The Company has proposed final dividend for the year 2013-14 @ ₹ 1 per equity share par value of 10/- each (previous year ₹ 1.50 per equity share)

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 4 : LONG-TERM BORROWINGS		
Bonds/Debentures		
Secured		
Non-Convertible Redeemable Debentures redeemable at par. (For Coupon rate, Terms of Redemption / Conversion, refer Note 47)	9,203,611,498	6,050,005,067
Term Loans		
From Banks, Financial Institutions and Non Banking Finance Companies		
Secured		
Foreign Currency Loans	23,645,293,155	15,762,346,809
Rupee Loans (Including Equity Mezzanine Loan)	59,262,733,231	41,364,770,435
Unsecured		
Rupee Loans	-	1,263,300,000
Total	92,111,637,884	64,440,422,312

1 Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from financial institutions/ Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities where charge is yet to be created are further guaranteed by the Managing Director of the company.

2 The repayment terms and rate of interest of term loans are as under:

RUPEE LOANS

- a) Rupee Term Loan for Steel Division & Other Projects :- The Company has an outstanding balance of ₹ 2763.71 crores of Rupee Term Loan with interest band of 1.50% to 2.50% plus base rate. These loans are repayable in quarterly installments commencing from FY 13-14.
- b) Rupee Term Loan for Power Division :- The Company has an outstanding balance of ₹ 61.65 crores of Rupee Term Loan with interest band of 11.75% to 12.95% repayable by FY 2016.
- c) Rupee Term Loan for Washery Division :- The Company has an outstanding balance of ₹ 195.52 crores of Rupee Term Loan with interest band of 12.50% repayable by FY 2022-23.
- d) Other Term Loan of ₹ 227.37 crores is repayable from Sept 2013 to March 2018 with interest band of 2.50% plus Base rate. The same carry residual charge on the fixed assets of the company.
- e) Rupee Term loans from Banks and Financial institutions in Monnet Power Company Ltd. (MPCL) are: a) secured by first charge in favour of Security Trustees M/s IDFC Ltd. on behalf of all the lenders. The loans are secured with the English Mortgage & assignment of Project Rights and also secured inter-alia on first charge basis by mortgage of deposit of original title deed of land of the company.
- f) Rupee Terms loans from Banks and Financial institutions in MPCL are: a) secured by second charge in favour of Security Trustee M/s IL & FS Trust Company Ltd. on behalf of all the mezzanine lenders. The loans are further secured with the English Mortgage & assignment of Project Rights and also secured inter-alia on second charge basis by mortgage of deposit of original title deed of land of the company and; b) subordinate debts and are classified by the lenders in the nature of quasi-equity towards part financing of equity capital for the 1050 MW power project of the company. The loan though classified as non current liability in the financial statements, it is considered as part of equity capital by the management. The loans are obtained at a rate of interest 2% over and above the rate of senior debt. c) The loans were originally repayable in equal quarterly installments as per the terms of the respective agreements over a period of 11 years after a moratorium period of one year from the scheduled commencement of the project. d) There has been no continuing default on the balance sheet date in repayment of loan and interest

FOREIGN CURRENCY LOAN

- g) Foreign Currency Term Loan Monnet Ispat & Energy Ltd. : the loan is repayable in installments from FY 14-15 to FY 19-20 and carries interest rate of libor plus 4.25 to 4.6%.
- h) The external commercial borrowings - Monnet Power Co. Ltd. : carried rate of interest of 6 month LIBOR plus spread of 450 to 500 bsp on 360 days basis. The loans are repayable in 10 semi-annual unequal installments after a moratorium period of three/four years from the scheduled COD.

- i) Foreign Currency Term Loan - Monnet Global : the loan is repayable in FY 14-15 and FY 15-16 and carries interest rate of libor plus 3.5%.
- j) Foreign Currency Term Loan - Monnet Ecomaister : a) Term Loan is secured by Guarantee of Shareholders.b) The Loan is at rate of interest of 6 month LIBOR plus 2.62% on 360 days basis. The loan is repayable in five half yearly equal installments after a moratorium period of 36 months from the first disbursement. First instalment is due in December 2015.
- k) Foreign Currency Term Loan - Monnet Ecomaister : a) Term Loan is secured by Guarantee of Shareholders.b) The Loan is at rate of interest of 6 month LIBOR plus 550 basis points. Interest amount is payable quarterly. The loan is repayable in five yearly equal installments after moratorium period.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 5 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Difference of Book Depreciation and Tax Depreciation	2,756,352,893	1,693,337,033
Less: Deferred Tax Assets		
Unabsorbed Losses and Disallowances u/s 43B of the Income Tax, 1961	810,346,062	43,694,565
Total	1,946,006,831	1,649,642,468

The net increase during the year in the deferred Tax liability has been debited to Statement of Profit & Loss

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 6 : LONG-TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	23,949,185	21,463,202
Provision for Leave Benefits	63,235,519	59,823,584
Total	87,184,704	81,286,786

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 7 : SHORT-TERM BORROWINGS		
Working Capital Facilities (Secured)		
From Banks	6,476,870,716	6,115,706,074
Commercial Paper (Unsecured)		
From Banks	0	500,000,000
Bonds/Debentures (Unsecured)		
0 % Fully Convertible Debenture of ₹ 1000/- each. (Converted into equity shares during the year as per terms of issue)	0	392,625,000
Short Term Loans (Unsecured)		
From Banks		
Foreign Currency Loans (Buyers' Credit)	1,802,708,515	2,925,382,713
Other Rupee Loans	1,571,317,216	5,104,554,620
Loans from other Bodies Corporate (Unsecured)	115,086,715	1,095,938,764
Total	9,965,983,162	16,134,207,171

Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. Some of the loans are guaranteed by Managing Director of the company.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 8 : TRADE PAYABLES		
Trade Payables - Micro & Small Enterprises	27,836,691	13,797,345
- Others	2,386,812,514	902,968,115
Total	2,414,649,205	916,765,460

Disclosure w.r.t. Micro and Small Enterprises as required by MSMED Act is made in Note No.39.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 9 : OTHER CURRENT LIABILITIES		
Current maturities of long term debts	5,290,588,515	5,490,019,010
Payable for Capital Expenditure	3,781,862,508	6,571,571,458
Book Overdraft	6,701,003	-
Interest accrued but not due on borrowings	352,512,354	232,002,888
Interest accrued and due on borrowings	26,076,671	53,738,495
Unpaid Dividends	7,120,338	7,297,078
Advances from customers and others	1,408,809,824	172,669,147
Provision for Expenses	2,545,309,521	936,714,490
Statutory dues	570,335,127	384,211,960
Security Deduction & Deposits	2,431,064,769	551,101,391
Other Liabilities	391,549,300	406,545,433
Total	16,811,929,930	14,805,871,349

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 10 : SHORT-TERM PROVISIONS		
Provision for proposed dividend on equity and preference shares	180,201,874	96,222,552
Provision for Corporate Dividend Tax	30,624,814	16,352,727
Total	210,826,688	112,575,279

NOTE NO. 11 : TANGIBLE FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at	Additions #	Adjustments	As at	For the year	Adjustments	Up to	As at	As at	
	01-04-2013	129,130,168	8,611,249	31-03-2014	31-03-2014	31-03-2014	31-03-2014	31-03-2014	31-03-2013	
Land & Site Development	384,287,213	129,130,168	8,611,249	504,806,132	709,388	0	1,418,776	503,387,356	383,577,825	
Lease Hold Land	388,062,668	206,433,833	0	594,496,501	16,055,605	0	49,292,823	545,203,678	354,825,450	
Building Leasehold	15,482,774	0	0	15,482,774	252,369	0	916,308	14,566,466	14,818,835	
Building Others	2,285,605,367	2,959,726,131	75,500,377	5,169,831,121	113,742,354	8,802,603	540,386,626	4,629,444,495	1,850,158,493	
Plant & Machinery	17,195,065,427	28,264,448,514	929,704,941	44,529,809,001	1,243,037,978	146,683,959	6,094,308,337	38,435,500,664	12,197,111,109	
Office Equipment	82,723,973	42,370,685	1,769,845	123,324,813	4,771,903	266,083	20,903,241	102,421,572	66,326,553	
Furniture & Fixtures	452,471,954	24,622,442	1,843,346	475,251,050	32,471,098	438,755	208,367,565	266,883,486	276,136,732	
Vehicle (Including Aircrafts)	781,330,193	52,939,070	13,750,441	820,518,823	54,728,477	8,768,173	215,998,788	604,520,034	611,291,709	
Current Year	21,585,029,570	31,679,670,844	1,031,180,199	52,233,520,215	1,465,769,172	164,959,572	7,131,592,464	45,101,927,751	15,754,246,706	
Previous Year	20,522,297,582	1,072,519,768	9,787,775	21,585,029,575	4,817,427,486	4,392,563	5,830,782,871	15,754,246,705	15,704,870,097	

Note No. 12 : Intangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at	Additions #	Adjustments	As at	For the year	Adjustments	Up to	As at	As at	
	01-04-2013	39,570	163,875	31-03-2014	31-03-2014	31-03-2014	31-03-2014	31-03-2014	31-03-2013	
Software	5,801,076	39,570	163,875	5,676,771	4,401	85,028	5,638,516	38,255	81,933	
Goodwill ##	192,012,926	2,612,873,032	191,138,041	2,613,747,917	0	0	0	2,613,747,917	192,012,926	
Mining Rights	1,095,867,056	369,094,097	0	1,464,961,153	0	0	0	1,464,961,153	1,095,867,056	
Current Year	1,293,681,058	2,982,006,699	191,301,916	4,084,385,840	4,401	85,028	5,638,516	4,078,747,324	1,287,961,915	
Previous Year	1,293,837,793	0	156,736	1,293,681,058	565,709	0	5,719,143	1,287,961,915	1,288,684,359	

“# Additions include ₹ 40.73 Crores on account of exchange difference during the year.”

“## Goodwill recognized during the year is towards accounting of investments in associates namely “Orissa Sponge Iron & Steel Limited” according to equity method prescribed in Accounting Standard (AS) – 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”.

NOTE NO. 13 : NON CURRENT INVESTMENTS

Name of Scrip	31-03-2014		31-03-2013		Amount
	No. of Shares/Units	Face value per Share/Unit	No. of Shares/Units	Face Value Per Share/Unit	
NON TRADE					
A. Investment in Subsidiaries (Equity Shares, fully paid up)					
<u>Unquoted</u>					
Chattel Constructions Pvt Ltd.	9,999	10.00	9,999	10.00	99,990 99,990
B. Investment in Associates (Equity shares, fully paid up)					
<u>Quoted</u>					
Orissa Sponge Iron & Steel Ltd.	9,494,633	10.00	8,894,633	10.00	391,033,999 2,568,590,322
<u>Unquoted</u>					
Rameshwaram Steel & Power Pvt Ltd. (Refer note 29 (c)(ii))	4,152,273	10.00	-	-	362,146,748 753,180,747
C. Other Investments - fully paid up					
<u>Unquoted</u>					
Equity Shares					
Monnet Engineering & Infrastructure P Ltd.	4,000	10.00	4,000	10.00	40,000 40,000
Falcon Internal Forces and Fire Services Pvt Ltd.	1,000	10.00	1,000	10.00	10,000 10,000
Business India Publications Ltd.	100,000	10.00	100,000	10.00	5,500,000 5,500,000
Nufek India Ltd.	480,000	5.00	480,000	5.00	30,000,000 30,000,000
Preference Shares					
Tirumala Balaji Ferro Alloys Ltd.	140,000	100.00	140,000	100.00	14,000,000 14,000,000
					49,550,000
Non Convertible Debentures & Bonds					
Indusind Bank Bonds	-	-	5	1,000,000.00	5,000,000
IFCI Tax Free Bonds	150	1,000,000.00	-	-	150,015,000
					150,015,000
Quoted					
Units of Mutual Fund					
BOI AXA SH. INCOME FUND	-	-	10,000	1,000.00	10,000,000
Equity Shares					
Reliance Media Works Ltd.	-	-	30,000	10.00	21,541,770
Reliance Broadcast Network Ltd.	-	-	30,000	5.00	150,000
IFSL	1,300,000	1.00	1,300,000	1.00	2,434,217 2,434,217

(₹)

Name of Scrip	31-03-2014			31-03-2013		
	No. of Shares/Units	Face value per Share/Unit	Amount	No. of Shares/Units	Face Value Per Share/Unit	Amount
IFCI Ltd.	-	-	-	500	10.00	17,534
Aditya Birla Nuvo Ltd.	1,000	10.00	994,550	-	-	-
XL Telecom Ltd.	166,808	10.00	18,250,450	166,808	10.00	18,250,450
Indiabulls Real Estate Ltd.	25,000	10.00	13,460,501	25,000	10.00	13,460,501
Indiabulls Infrastructure & Power Ltd.	73,750	10.00	1,636,492	73,750	10.00	1,636,492
Indiabulls Wholesale Services Ltd.	3,125	10.00	1,305,650	3,125	10.00	1,305,650
Bellary Steel Ltd.	803,243	1.00	5,103,277	803,243	1.00	5,103,277
Pioneer InvestCorp Ltd.	23,392	10.00	13,308,318	23,392	10.00	13,308,318
Sujana Towers Ltd.	625,000	10.00	833,468	625,000	10.00	833,468
			57,326,925			88,041,679
D. Capital Contribution in Partnership Firm						
Khasjamda Mining Company			3,692,790			3,537,235
TOTAL			1,013,865,451			2,714,819,225
Quoted Investments						
Book Value			448,360,924			2,656,632,001
Market Value			710,013,949			671,937,272
Unquoted Investments						
Book Value			565,504,528			58,187,225

Investment in Partnership Firm	Capital Contribution		% in Profits	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Monnet Ispat & Energy Ltd.	3,692,790	3,537,235	99%	99%
Sanjay P Date	3,420,734	3,420,734	1%	1%

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 14 : LONG-TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
Capital Advances		
- Secured	1,146,564,568	797,066,711
- Unsecured	9,481,563,459	8,356,193,864
Security Deposits	376,144,197	380,130,650
Total	11,004,272,224	9,533,391,225

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 15 : OTHER NON-CURRENT ASSETS		
Non-Current bank deposits	1,109,616,527	1,111,717,174
Total	1,109,616,527	1,111,717,174
Non-Current bank balances include:		
Deposits provided as collateral against credit facilities	517,673,573	791,866,331

Name of Scrip	31-03-2014			31-03-2013		
	No. of Share/Units	Face Value Per Share/ Unit	Amount	No. of Share/Units	Face Value Per Share/ Unit	Amount
	NOTE NO. 16 : CURRENT INVESTMENTS					
Equity Shares Through Portfolio Management Schemes			-			994,550
TOTAL			-			994,550

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 17 : INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials	5,661,091,210	5,682,023,094
Work-in-Process	32,423,067	32,131,088
Finished Goods	4,282,719,886	1,879,459,919
Stores and Spares	764,269,870	616,953,543
Total	10,740,504,033	8,210,567,644

- a) Inventories include material in transit.
- b) Inventory items have been valued considering the Significant Accounting Policy No. VI disclosed in Note No. 1 to the Standalone Financial Statements.

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 18 : TRADE RECEIVABLES		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	2,421,457,859	1,670,578,952
Considered Doubtful	23,803,639	19,621,111
Less: Provision for Bad & Doubtful Debts	23,803,638	19,621,110
	2,421,457,860	1,670,578,953
Other Debts-Considered Good	1,766,232,685	2,439,450,834
Total	4,187,690,545	4,110,029,787
a) Trade receivables include amount due from Private Companies in which Directors of the Company are Directors	0	26,811,886

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 19 : CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balances with banks		
- in current accounts	336,931,989	3,361,294,893
Cheques & drafts on hand	0	29,956,601
Cash on hand	13,345,530	12,049,451
Others (stamps in hand)	5,705,800	5,705,800
Bank deposits with less than three months maturity	322,129,799	4,149,869,874
	678,113,118	7,558,876,619
Other Bank Balances		
Bank deposits with more than three months maturity	583,057,937	305,430,392
Balance in unpaid dividend accounts	7,120,338	7,297,078
Total	1,268,291,393	7,871,604,089
Deposits with banks include the following:		
Deposits provided as collateral against credit facilities	445,221,647	445,221,647

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 20 : SHORT TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
Loans		
To Associates	958,092,965	0
To others	450,157,602	401,275,285
Advances Recoverable In Cash or Kind		
To Associates	196,231,570	0
To Others	5,191,467,735	3,705,503,975
Advances		
To Employees	65,862,508	57,259,421
Prepaid Expenses	68,073,830	112,442,368
Balances with Excise Authorities	334,828,163	579,210,597
Advance Income Tax (Net of provision for tax)	381,942,545	201,075,493
MAT Credit Entitlement	233,121,689	61,462,257
Total	7,879,778,607	5,118,229,395

Particulars	(₹)	
	As at 31-03-2014	As at 31-03-2013
NOTE NO. 21 : OTHER CURRENT ASSETS		
Interest Accrued :		
Investments	108,658	258,041
Term Deposits	156,470,571	120,078,905
Others	495,211	541,662
Total	157,074,440	120,878,608

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 22 : REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	34,990,995,006	28,160,147,727
Sale of Services		
- Job Work Income	83,470,368	73,254,600
	35,074,465,374	28,233,402,327
Others		
Coal Beneficiation Charges	194,044,528	436,105,045
	35,268,509,902	28,669,507,372
Less : Inter Division Transfers	9,833,642,851	5,855,296,968
Total	25,434,867,051	22,814,210,404
Detail of Sales of Finished Goods		
Sponge Iron	14,771,115,745	17,690,696,531
M.S/S.S Products	11,111,274,334	2,813,152,518
Structure	3,534,825,062	2,908,694,410
Ferro Alloys	1,155,362,741	646,540,688
Coal	1,390,043,938	1,361,197,619
Power	2,843,976,073	2,621,409,057
Others	184,397,113	118,456,904
	34,990,995,006	28,160,147,727

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 23 : OTHER INCOME		
A. Other Operating Income		
Interest Income		
From Bank Deposits	251,401,886	282,049,599
Other Miscellaneous Income	274,727,617	81,555,310
Total (A)	526,129,504	363,604,909
B. Other Income		
Interest Income		
From Long Term Investments	39,699	517,500
Others	162,180,815	38,164,560
Dividend		
Current Investments	4,762,204	5,210,367
Non Current Investments	2,007,981	2,827,836
Net gain on sale of Investments	-	6,455,876
Rent Received	20,213,430	7,036,369
Insurance Claim Received	326,196	7,285,252
Exchange Fluctuation	139,264,154	219,220,892
Profit on Disposal of Fixed Assets	-	88,417
Total (B)	328,794,480	286,807,069
Total (A+B)	854,923,983	650,411,978

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 24 : COST OF MATERIALS CONSUMED		
Inventories At Beginning The Year	5,682,023,094	3,543,143,306
Add: Purchases (Net)*	24,768,405,139	19,282,516,035
* Including adjustment of opening stock of erstwhile subsidiary		
Less : Inventory At the end of Year	5,661,091,210	5,682,023,094
	24,789,337,023	17,143,636,247
Less : Inter Division Transfers	7,832,247,959	5,037,975,037
Total	16,957,089,064	12,105,661,210
Detail of Materials Consumed		
Iron Ore	9,891,860,384	8,614,099,728
Coke & Coal	6,127,437,701	3,452,049,050
Magnese Ore & Hi Mn Slag	465,440,789	240,010,273
Billets	2,603,190,946	2,029,156,333
Pig Iron & Hot Metal	1,495,676,147	445,673,180
M.S. Scrap	108,564,015	75,060,050
Ferro Alloys	141,446,750	105,911,827
Sponge Iron	2,369,053,436	1,574,546,125
Others	1,586,666,856	607,129,680
	24,789,337,023	17,143,636,247

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 25 : CHANGES IN INVENTORIES		
Opening Stock as on 01-04-2013		
Work-in-Process	32,131,088	36,388,466
Finished Goods	1,879,459,919	1,730,545,244
(A)	1,911,591,008	1,766,933,710
Stock Trfd from Trial Run	2,279,148,518	-
Finished Goods used for Fixed Assets	2,462,447,668	-
Closing Stock as on 31-03-2014		
Work-in-Process	32,423,067	32,131,088
Finished Goods	4,282,719,886	1,879,459,919
(B)	4,315,142,953	1,911,591,007
Total	(2,586,851,095)	(144,657,297)
Detail of Finished Goods Inventory		
Sponge Iron / Pig Iron	959,734,892	1,238,341,956
M.S/S.S Products	1,698,741,567	119,217,139
Structure	450,290,857	168,095,724
Si Manganese	56,820,876	22,034,634
Coal	135,898,567	100,990,626
Sinter	269,303,088	-
Other		
Char	116,919,313	227,919,189
End Cutting/ Miss Rolls / Slag	594,104,159	1,858,712
Bricks	906,567	1,001,940
	4,282,719,886	1,879,459,919

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 26 : EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	1,398,805,694	1,130,318,123
Contribution to Provident and other Funds	94,058,823	75,200,884
Staff Welfare Expenses	44,762,435	40,131,159
Total	1,537,626,952	1,245,650,167

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 27 : FINANCE COSTS		
Interest on borrowings	2,492,890,485	1,306,222,270
Other Service Charges	1,865,406	12,243,394
Total	2,494,755,891	1,318,465,664

Particulars	(₹)	
	Year Ended 31-03-2014	Year Ended 31-03-2013
NOTE NO. 28 : OTHER EXPENSES		
MATERIAL, MANUFACTURING AND OTHERS		
Stores and Spares Consumed	746,789,097	354,166,521
Power and Fuel	2,596,947,103	1,324,040,940
Coal Handling & Washing Charges	357,827,775	437,964,668
Excise Duty on Stocks	4,257,010	(13,983,306)
Less : Inter Division Transfers	(2,001,394,881)	(817,321,931)
	1,704,426,105	1,284,866,892
ADMINISTRATION & OTHER EXPENSES		
Printing and Stationery	7,313,496	6,946,405
Rent	7,435,334	7,172,689
Rates & Taxes	4,923,987	5,445,278
Vehicle Expenses	73,652,659	57,260,151
Communication Expenses	10,537,937	10,482,780
Travelling & Conveyance	37,930,247	47,988,871
Insurance Charges	48,391,371	49,781,783
Legal & Professional Charges	132,207,568	85,722,229
Directors Sitting Fees	489,821	727,716
Auditors' Remuneration		
- As Audit Fees	4,023,034	3,574,907
- For Limited Review	300,000	400,000
- For Tax Matters	1,683,000	1,972,500
- For Certification & Other Matters	1,953,040	1,847,540
- Reimbursement of Expenses	275,786	284,460
Miscellaneous Expenses	125,188,283	145,530,047
Lease Rent & Hire Charges	8,420,992	8,215,956
Share Transfer Expenses	202,264	261,667
Internal Audit Fees & Expenses	4,482,619	4,580,860
Loss from Partnership Firm	976,426	324,623
Bank Charges	40,051,732	33,635,332
Provision For Doubtful Debts	4,182,539	(716,194)
Loss on Sale of Fixed Assets	729,959	1,040,786
Distribution & Marketing Expenses	709,122,698	691,917,250
Loss on Sale of Investment	20,637,309	-
Share in loss of Associate (Refer Note 29(c)(i))	145,206,346	-
Amount transferred from Preoperative Expenses	-	321,844
Miscellaneous Expenditure W.off	-	37,709
	1,390,318,445	1,164,757,188
REPAIR & MAINTENANCE		
Machinery	118,023,306	103,530,951
Building	19,643,229	22,869,496
Others	11,448,893	14,168,735
	149,115,429	140,569,182
Total	3,243,859,979	2,590,193,262

Other Notes on Accounts

29. a) Particulars of subsidiaries and step subsidiaries considered in the consolidated financial statements are :

Name of the Subsidiary	Main Activities	Country of Incorporation	Proportion of ownership interest
Subsidiaries			
Monnet Overseas Ltd.	Investments	U.A.E.	100%
Monnet Global Ltd.	Investments	U.A.E.	100%
Monnet Enterprises Pte. Ltd.	All kinds of business activities	SINGAPORE	100%
Monnet Power Company Ltd.	Power Generation	INDIA	87.39%
Monnet Daniel Coal Washeries Ltd.	Coal Washery	INDIA	51.65%
Monnet Cement Ltd.	Cement	INDIA	99.97%
Chomal Exports Pvt Ltd.	Mining	INDIA	51%
Monnet Sports Foundation	Promotion of sports	INDIA	100%
Step Subsidiaries			
PT Monnet Global	Imports/Exports and Mining	INDONESIA	99%
PT Sarwa Sembada Karya Bumi	Mining	INDONESIA	95%
Monnet Global (Liberia) Ltd.	Mining / Exploration	LIBERIA	100%
Monnet Global Guinea – SAU	Mining / Exploration	Republic of Guinea	100%
Monnet Global Mali – SA	Mining / Exploration	Mali	100%
Monnet Enterprises DMCC	Trading, Investments	U.A.E.	100%
Monnet Global Colombia S.A.S	Mining / Exploration	Columbia	100%

Apart from the above, the Company also holds 9999 equity shares of M/s. Chattel Constructions Pvt Ltd., which corresponds to 99.99% holding. However, the accounts of the subsidiary have not been consolidated as the control is intended to be temporary and the subsidiary is held exclusively with a view to subsequent disposal in near future.

b) Interest in joint ventures

The Company has a 33.33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited & Urtan North Mining Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited and 50% interest in the assets, liabilities, income and expenses of M/s. Monnet Ecomaister Enviro Pvt Ltd. All these Companies are incorporated in India, and involved in setting up and operation of coal mines except for M/s. Monnet Ecomaister Enviro Pvt Ltd. which is setting up a plant for manufacturing of PS Balls from slag generated from steel plant.

c) Accounting of Investments in associates:

i. The company has 35.17% interest in an associate namely Orissa Sponge Iron and Steel Limited and has accounted the investment in accordance with the Equity method as defined in Accounting Standard (AS) – 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”.

ii. Pursuant to decision of an associate namely Rameshwaram Steel & Power Private Limited (erstwhile subsidiary of the company) with respect to increase of capital in near future and thereby resulting in cessation of significant influence of the company over such associate due to dilution of company’s investment; accounting of investment in such associate is done on normative basis.

d) Other Notes related to subsidiaries, joint venture and associates

i. The goodwill recorded in these Consolidated Financial Statements has not been amortized, but instead evaluated for impairment. The group evaluates the carrying amounts of its goodwill whenever events or changes in circumstances indicate that its carrying amount may be impaired, for diminution other than temporary. Amount paid over and above the face value of investments in one of the foreign subsidiaries is towards mining rights owned by subsidiary of such subsidiary and has been accounted for as intangible assets.

ii. During the year Urtan North coal block allotted to one of the joint venture company has been de-allocated by the Ministry of Coal. The joint venture company has filed a writ petition in Hon’able high court of Jabalpur pursuant to resolution passed by the board of directors of the company. The joint

venture company is of the view that the decision of the court shall be in favour of the company. Accordingly financial statements of the joint venture company are being prepared on going concern basis.

- iii. During the year one of the subsidiary Monnet Power Company Limited has continued construction work of 1050 MW Power Plant being set up by the subsidiary in Odisha. Pursuant to various economic and technical constraints arising during construction stage, the subsidiary has rescheduled its date of commencement of generation of power to 31st March 2015 and 30th September 2015 for unit I and II respectively. Accordingly the subsidiary has submitted a proposal with the lead lender for deferment of repayments of the loans. In view of the aforesaid proposal no repayment is considered as current maturity of long term debts. Further, considering the management perception, the accounts of the subsidiary have been prepared on going concern basis.
- iv. In case of subsidiary, Monnet Daniels Coal Washeries Ltd., income of beneficiation charges receivable from Punjab State Power Corporation Ltd. (PSPCL)

(formerly Punjab State Electricity Board) pursuant to the agreement dated 14th August 2002 has been provided in accordance with the agreement and provisional bills have been accordingly raised along with service tax thereon. Such provisional bills are raised at rates inclusive of the company's entitlement of certain escalations in the base rate as referred in the aforesaid agreement. Further reimbursement of transportation charges has been accounted for on the basis on which the same are actually realized. Also PSPCL has raised demands towards commitment charges, shortages & Penalty. The subsidiary has not accepted the demands and is contesting the same. Necessary adjustment towards difference in beneficiation charges/reimbursement of expenses and other demands raised by PSPCL shall be recognized on final settlement with the party and/or actual realization thereof.

In respect of the above, PSPCL has deducted charges for overloading & under loading for coal transportation through railways. The subsidiary has protested against these deductions but provisionally provided these deductions in the accounts for the year under audit. Final adjustments shall be made on settlement of dispute.

	As at 31-03-2014	(₹ in Lac) As at 31-03-2013
30. Contingent Liabilities		
<i>(Excluding Matters Separately Dealt with in Other Notes):</i>		
Claims against the Company not Acknowledged as Debt		
- In respect of Disputed Excise Demands	3044.70	2,598.60
- in respect of Disputed Sales Tax Demands	684.23	579.40
- in respect of Disputed Entry Tax Demands	3,663.31	3,138.69
- in respect of Disputed Income Tax Demands	18,215.53	18,380.18
- in respect of Disputed Demands for Water Charges by Water Resources Division	1,477.02	1,430.17
- In respect of Electricity Duty on Generation of Power	9,277.18	4,407.56
- Other claims against the Company not Acknowledged as debt	10,394.25	5,188.97
- Royalty on soil Excavated	200.01	200.01
(The above are basic amounts excluding interest, if any)		

	As at 31-03-2014	(₹ in Lac) As at 31-03-2013
31. Commitments		
a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances)	166,074.69	179,637.26
b. Letters of Credit opened in favour of Inland/Overseas Suppliers (Net)	16,880.69	11,490.01

	As at 31-03-2014	As at 31-03-2013
(₹)		
32. Salary includes following Remuneration paid to Directors		
Mr. Sandeep Jajodia (Managing Director)		
- Salary	42,000,000	36,000,000
- Perquisites	5,150,312	4,414,792
Mr. K.K. Khanna (Director)		
- Salary	NIL	1,527,734
- Perquisites	NIL	14,400
Mr. C.P. Baid (Dy. Managing Director)		
- Salary	16,447,796	16,950,196
- Perquisites	6,54,600	6,54,600
Mr. Gopal Tiwari (Director)		
- Consultancy	NIL	660,000
Mr. Nirmal Chand Jha (Whole-time Director)		
- Salary	2,837,832	7,116,829
- Perquisites	92,683	153,945

	As at 31-03-2014	As at 31-03-2013
(₹ in Lac)		
33. Guarantees		
a. Counter Guarantees issued in respect of guarantees issued by Company's Bankers	11,880.59	10,916.30
b. Guarantees issued on behalf of limited companies	1784.96	1,595.41

- 34.** The inventories are taken as per records duly certified by the Company. The same have been valued in accordance with Accounting Policies.
- 35.** To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by The Institute of Chartered Accountants of India, excise duty amounting to ₹ 3478.00 Lacs (Previous Year ₹ 1615.36 lacs) has been included in the value of inventories as on 31.3.2014 and the corresponding amount of excise duty payable has been included in other liabilities. However, this has no impact on the Profit for the year.
- 36.** In the opinion of the Management, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet except where stated otherwise
- 37.** No provision has been made for diminution in value of long term quoted investments as, in the opinion of the management, the diminution is temporary in nature.
- 38.** Balance confirmations have not been received from number of parties showing debit/credit balances.

	2013-14	2012-13
(₹ in Lac)		
39. Dues to Small & Micro Enterprises #:		
1. Principal amount outstanding	278.37	137.97
2. Interest due on (1) above and the unpaid interest	0.00	0.00
3. Interest paid on all delayed payments under MSMED Act	0.00	0.00
4. Payment made beyond the appointed date during the year	0.00	0.00
5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

40. Rupee equivalent of export obligation to be completed by 20th March, 2022 under EPCG Scheme as on 31st March, 2014 is ₹55,535.79 Lacs (Previous year ₹77,110.60 lacs).

41. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of ₹ 2,272.52 lacs has been made on current year profits as per provisions of the Income Tax Act. Further, MAT credit entitlement of ₹1716.59 lacs has been transferred.

b) Deferred Tax :

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The Company has opted for tax exemption under section 80-IA of the Income Tax Act in respect of its Power Division. Pursuant to the clarification on AS22 of The Institute of Chartered Accountants of India, no Deferred Tax is provided on timing differences arising and reversing during the Tax Holiday period in respect of Assets of Power Division.

(₹ in Lac)

Particulars	Opening balance as at 01-04-2013	Charge/ credit during the year	Closing as at 31-03-2014
Deprecation	16795.08	10630.15	27425.23
Brought forward losses and Adjustments u/s 43B	(13.57)	(7951.60)	(7965.17)
Amount related to erstwhile subsidiary	285.09	0.00	0.00
Net	16496.42	2678.55	19460.06

MAT credit is recognized 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.

42. Related Party Disclosures

In accordance with the Accounting Standard (AS-18) on related party disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship on identified, are given below:-

A. Relationships

Key Managerial Personnel	:	Shri Sandeep Jajodia (Chairman & Managing Director) Shri C.P. Baid (Dy. Managing Director) Shri N.C. Jha (Whole Time Director)
Enterprise where KMP has significant influence	:	A.P. Coal Washeries Pvt Ltd. Tirumala Balaji Alloys Pvt. Ltd.
Joint Ventures	:	MP Monnet Mining Company Ltd. Mandakini Coal Company Ltd. Monnet Ecomaister Enviro Pvt Ltd. Urtan North Mining Company Ltd.
Associates	:	Orissa Sponge Iron & Steel Ltd. Rameshwaram Steel & Power Private Limited

B. The following transactions were carried out with related parties in the ordinary course of business :-

(₹ in Lac)

Related Party Transactions	Key Management Personnel	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Sale of goods / services / fixed assets				
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	1,341.48
	-	-	-	0.00
Monnet Ecomaister Enviro Pvt. Ltd.	-	809.56	-	-
	-	-	-	-
Rent Received				
Monnet Ecomaister Enviro Pvt. Ltd.	-	8.94	-	-
	-	(8.46)	-	-
Loan Given				
MP Monnet Mining Company Ltd.	-	-	-	-
	-	(7.84)	-	-
Mandakini Coal Company Ltd.	-	40.00	-	-
	-	(166.67)	-	-
Orissa Sponge Iron & Steel Ltd.	-	-	-	1,451.00
	-	-	-	(350.00)
A.P Coal Washeries Pvt. Ltd.	-	-	-	-
	-	-	(5.00)	-
Loan repaid				
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	2,522.92
	-	-	-	-
MP Monnet Mining Company Ltd.	-	-	-	-
	-	(8.15)	-	-
Mandakini Coal Company Ltd.	-	-	-	-
	-	(166.67)	-	-
Interest Received				
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	1,055.08
	-	-	-	-
Mandakini Coal Company Ltd.	-	0.05	-	-
	-	(5.21)	-	-
Orissa Sponge Iron & Steel Ltd.	-	-	-	158.96
	-	-	-	(8.38)
Payment made on behalf of party				
Monnet Ecomaister Enviro Pvt. Ltd.	-	25.18	-	-
	-	-	-	-
Remuneration Paid				
Mr. Sandeep Jajodia (Managing Director)	471.50	-	-	-
	(404.15)	-	-	-
Mr. C P Baid (Dy. Managing Director)	171.02	-	-	-
	(176.05)	-	-	-

Related Party Transactions	Key Management Personnel	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Mr. Nirmal Chand Jha (Whole-time Director)	29.31	-	-	-
	(72.71)	-	-	-
Subscription / Purchase of shares				
Mandakini Coal Company Ltd.	-	-	-	-
	-	(500.00)	-	-
Urtan North Mining Company Limited	-	277.80	-	-
	-	(264.00)	-	-
Monnet Ecomaister Enviro Pvt. Ltd.	-	125.11	-	-
	-	(700.33)	-	-
Orissa Sponge Iron & Steel Ltd.	-	-	-	1,698.00
	-	-	-	(17,708.87)
Share Application Money Pending Allotment				
Urtan North Mining Company Limited	-	-	-	-
	-	(24.66)	-	-
Orissa Sponge Iron & Steel Ltd.	-	-	-	1,951.00
	-	-	-	-
Purchase of raw material / stores/ fixed assets				
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	201.21
	-	-	-	-
Tirumala Balaji Alloys P. Ltd.	-	-	67.33	-
	-	-	-	-
Rameshwaram Steel & Power Pvt Ltd.	-	-	-	1,950.36
	-	-	-	-

C. Outstanding balance :-

(₹ in Lac)

Description	Outstanding Balances	
	Debit / (Credit) 31-03-2014	Debit / (Credit) 31-03-2013
Key Management Personnel		
Mr. C P Baid (Dy. Managing Director)	(0.47)	(0.04)
Mr. Nirmal Chand Jha (Whole-time Director)	-	(0.13)
Associates		
Orissa Sponge Iron & Steel Ltd.	1,951.61	357.54
Rameshwaram Steel & Power Pvt Ltd.	8,864.93	-
Joint Ventures		
MP Monnet Mining Company Ltd.	7.84	7.84
Mandakini Coal Company Ltd.	40.05	-
Urtan North Mining Company Ltd.	-	24.68
Monnet Ecomaister Enviro Pvt. Ltd.	819.44	-
Enterprises where KMP hold significant influence		
A.P Coal Washeries Pvt. Ltd.	-	268.12
Tirumala Balaji Alloys Pvt. Ltd.	(17.29)	-

43. Segmental Reporting :

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

As part of Secondary reporting, the company has no geographical segment by location.

Information about Business Segment - Primary

REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
(₹ in Lac)				
Revenue				
Sales And Other Income	2,18,370	8,424	2,476	2,29,271
Inter-Segment Sales		20,014		-
Total Revenue	2,18,370	28,438	2,476	2,29,271
Segment Result/Operating Profit	16,287	7,106	-17	23,376
Financial Charges				24,948
Other Income				8,549
Profit Before Tax				6,978
Less : Provision For Tax & Deferred Tax				3,246
Profit After Tax				3,732

REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
(₹ in Lac)				
Other Information				
Segment Assets	9,15,468	5,03,968	94,965	15,14,401
Unallocated Assets				30,372
Total Assets				15,44,773
Segment Liabilities	1,17,149	51,548	26,548	1,95,246
Unallocated Liabilities				10,53,354
Total Liabilities				12,48,600
Capital Expenditure	1,64,502	98,350	16,765	2,79,616
Depreciation	8,628	5,273	476	14,377
Amortization of Misc. Expenditure				0
Non-Cash Expenditure Other Than Depreciation & Amortization	0	0	0	0

Notes :

- Unallocated Assets include investments, Interest Bearing Loans and Deposits, Income Tax Advances and Miscellaneous expenditure.
- Unallocated Liabilities include interest bearing liabilities, dividend and Income tax provisions.

44. The Company has entered into transactions for hedging, cost reduction and risk diversification strategies to manage its loan portfolio. The Company is accounting for profit / loss on such transactions on actual receipt / payment basis. Recognition of effect on these transactions in the accounts as per AS 30 issued by ICAI shall be adhered to when the said accounting standard becomes mandatory on notification by NACAS.

45. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to ₹ 3,256.00 lacs upto 31st March, 2014 (₹ 2,962.00 lacs upto 31st March, 2013). The High Court of Chhattisgarh, in its order dated 15th December, 2006 has set aside the demand of the State of Chhattisgarh, terming the levy as 'unconstitutional'. However, the State Government has gone in appeal against the order of the High Court and the matter is pending before the Supreme Court.

46. As reported in earlier years, the Company had received risk purchase claims aggregating to ₹3505.90 Lacs during earlier years. The Company has disputed the claims and believes that the claims are untenable. The matter has been referred to arbitration. Necessary adjustment, if any, shall be made on finalization of the matter. No fresh claims have been received in this regard during the year.

47. Terms and conditions of Issue and Redemption of Non convertible Debentures are as under:

No of Debenture	Rate	Amount (₹ in Lac)	Date of Commencement of Redemption
Non Convertible Debentures			
1200	12.50%	12,000.00	Issued on 4th November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8th, 9th and 10th Year.
800	10.50%	8,000.00	Issued on 30th January, 2010. Redeemable at par on 30th January 2020.
1000	10.50%	10,000.00	Issued on 24th December, 2009. Redeemable at par on 24th December, 2019.
1000	11.00%	10,000.00	Issued on 18th January, 2013. Redeemable at par at the end of 7th, 8th, 9th and 10th Year.
1500	11.25%	15,000.00	Issued on 20th February, 2013. Redeemable at par on 20th February, 2018.
300	11.25%	3,000.00	Issued on 28th March, 2013. Redeemable at par on 28th March, 2018.
250	11.50%	2,500.00	Issued on 28th March, 2013. Redeemable at par on 28th March, 2020.
500	11.25%	5000.00	Issued on 30th May, 2013. Redeemable at par on 30th May, 2018.
150	11.25%	1500.00	Issued on 28th June, 2013. Redeemable at par on 28th June, 2018.
2500	14.50%	25000.00	Issued on 31st March, 2014. Redeemable at par in 8 installments payable every 6 months starting from 30th September, 2015.

- 48.** During the year, Ministry of Coal vide its letter dated 17.02.2014, informed that the recommendation of the IMG with regard to Rajgamar Coal Block allotted to the Monnet Ispat & Energy Limited for de-allocation has been considered and accepted by the competent authority on 11.02.2014. However further action is put on hold in view of the interim order of Hon'ble High Court of Delhi filed by MIEL as pronounced on 12.02.2014.

An amount of ₹1376.65 lacs has been incurred by the Company on development of the coal block upto 31.3.2014. The company is of the view that the decision of the court shall be in favour of the company. Accordingly, no impact for impairment has been taken in the financial statements of the company.

- 49.** Earning Per Share (EPS)–The numerators and denominators used to calculate Basic and Diluted Earning per share :

Basic Earning Per Share

	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Profit attributable to the Equity Shareholders –(A) (₹ in Lacs) (after adjusting minority interest)	2,372.76	22,207.25
Basic Weighed average number of Equity Shares outstanding during the year (B)	64,609,440	64,068,659
Nominal value of Equity Shares (₹)	10.00	10.00
Basic Earning per share (₹)-(A)/(B)	3.67	34.67

Diluted Earning Per Share

	Year Ended on 31-03-2014	Year Ended on 31-03-2013
Profit attributable to the Equity Shareholders as above (₹ in Lacs)	2,372.76	22,207.25
Interest Paid on Potential Equity Shares net of tax impact (₹ In Lacs)	0.00	0.00
Profit considered for Diluted E.P.S. (C)	2,372.76	22,207.25
Basic Weighed average number of Equity Shares outstanding during the year as above	64,609,440	64,068,659
Weighted Average Potential Equity Shares for the Year	1,216,241	2,094,000
Total weighted average shares considered for Diluted E.P.S. (D)	65,825,681	66,162,659
Nominal value of Equity Shares (₹)	10.00	10.00
Diluted Earning per share (₹)-(C)/(D)	3.60	33.58

50. Previous year figures have been regrouped or recasted wherever necessary.

For **O.P. BAGLA & CO.**
Chartered Accountants
(Rakesh Kumar)
Partner
M. No. 087537
Firm Regd. No. 000018N

Sandeep Jajodia
Chairman & Managing Director
DIN No. 00082869

C.P. Baid
Dy. Mg. Director
DIN No. 00466414

J.P. Lath
Director
DIN No. 00380076

Place : New Delhi
Dated : 11-6-2014

M.P. Kharbanda
Company Secretary
M. No. F-2365



Monnet Ispat & Energy Limited

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