

Plan. Execute. Grow.



The growth of an organization is not a push-button phenomenon! It takes time and careful nurturing, it calls for unwavering focus and the will to win.

The growth process at Monnet has been sustained and stable because it has always been preceded by systematic planning and execution. From kick-starting operations as a sponge iron & steel making entity, Monnet is emerging as a significant presence in infrastructure. We have consolidated existing operations, expanded our base, and diversified into new fields like power and cement. All the while, we haven't rested... raising the bar with every new activity.

The mantra of success, as we see it, is simple.

Plan. Execute. Grow.



Our Vision

- ▶ To achieve holistic leadership in terms of cost, quality and customer satisfaction in a systematic & planned manner.
- ▶ A symbol of corporate excellence with strong focus for benefitting stakeholders and society at large.

Our Mission

- ▶ To achieve total integration in operations with global cost & 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.





Executive Vice-Chairman &
Managing Director's Message

*“The Monnet Group’s
rise up the value chain
is propelled by the
three ‘I’s ... Intuition,
Imagination and
Innovation.”*

Dear Shareholders,

The unprecedented economic downturn across the world during the previous financial year has left its ripples on corporate and business performance, essentially in Commodity Industry across the globe. It is, however, heartening to witness the sound performance of your company in these turbulent times - registering impressive growth in both topline and bottomline. Our progression from last year's turnover of Rs. 1000 crores to over Rs. 1500 crores in the current year presents a growth trajectory that is expected to spell even greater rewards in the years to come.

Our concentrated efforts in Raipur and Raigarh have established us as a frontranking Integrated Sponge Iron Manufacturer. Looking beyond, we are consolidating our presence in the industry as a meaningful integrated Steel Player by implementing a completely integrated steel facility at Raigarh. Besides, our Power venture under the umbrella of Monnet Power Co. Ltd. (MPCL) has taken off with its first Mega Power project of your Company.

Surely, it is the spirit of dynamism that propels your company forward - the same spirit that has helped develop a team that is raring to put our futuristic blueprint into a realistic canvas. I invite you to ride the exciting journey ahead...tomorrow is calling!

Sandeep Jajodia



Corporate Update

MONNET TODAY

Monnet is an industrial conglomerate born out of a conviction. It is this strength of conviction that makes us the second largest coal-based Sponge Iron manufacturer with thriving facilities in Raipur and Raigarh in the State of Chhattisgarh.

Today, Monnet has a combined capacity of 0.86 million TPA of Sponge Iron, 0.3 million TPA of Steel, 0.06 million TPA of Ferro Alloys and power generation facility of 150MW besides running the largest underground coalmine in the Country. Pursuing balanced integration, we have acquired additional coal mining rights at Raigarh. Our profitability is a result of judicious use of indigenous technology, backward & forward integration and economies of scale.





TEAM MONNET

Our growth plans have been fuelled by our workforce. As we expanded vertically and horizontally, we added strength to our organizational structure by inducting seasoned professionals in each field of activity - be it steel, mining or power. Such diverse specialists make Monnet a picture of multi-faceted excellence.

FUTURE, EMPOWERED

Monnet's growth story is marked by natural progression. Our 1.2 million TPA steel manufacturing facility coming up at Raigarh is at an advanced stage of implementation. Brisk progress is being made in the setting up of an additional 80 MW Power Plant at Raigarh. Yet another mega venture will be completed on schedule - a 1050 MW Independent Power Plant under the banner of Monnet Power Company Ltd.

Quite simply, we are empowering the future. With our mettle, and our metal!





Financial Highlights

(Rs. In Crores)

	2005-2006	2006-2007	2007-2008	2008-2009
Equity Capital	32.49	34.34	47.99	47.96
Sales	532.27	637.80	1159.07	1548.73
EBITDA (Profit Before Dep., Int. & Tax)	147.85	198.86	300.30	406.63
EBITDA Margin (%)	27.77	31.18	25.91	26.26
Net Profit after Tax	105.85	134.79	166.16	216.00
Cash Profit	136.76	180.41	238.69	304.41
Dividend (%)	45	45	50	50
Earning per share (in Rs.)	33.28	39.36	42.98	44.22
Book value per share (in Rs.)	126.19	166.25	226.85	268.20
Shareholders' Funds	410.09	570.94	1088.76	1286.26

Board of Directors

Shri Mohinder Singh Gujral
Shri P.L. Nene
Shri G.C. Mrig
Shri J.P. Lath
Shri V.N. Kedia
Shri Sandeep Jajodia

Chairman
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Executive Vice-Chairman
& Managing Director

Board Committees

Audit Committee

Shri M.S. Gujral, Chairman
Shri P.L. Nene, Member
Shri G.C. Mrig, Member
Shri V.N. Kedia, Member
Shri M.P. Kharbanda, Secretary

Finance Committee

Shri Sandeep Jajodia
Shri J.P. Lath

Remuneration Committee

Shri M.S. Gujral
Shri G.C. Mrig
Shri J.P. Lath

Company Secretary

Shri M.P. Kharbanda

Registered Office

Monnet Marg, Mandir Hasaud,
Raipur - 492101 (Chhattisgarh)

Works

Unit-I

Monnet Marg, Mandir Hasaud,
Raipur - 492 101 (Chhattisgarh)

Unit-II

Village - Naharpali,
Tehsil Kharsia, Dist. Raigarh
Chhattisgarh

Coalmine

Village - Milupara, Block-Tamnara,
Distt. Raigarh, Chhattisgarh

Corporate Office

MONNET HOUSE,
11, Masjid Moth, Greater Kailash Part-II
New Delhi-110048
MIEL Corporate Website : www.monnetgroup.com

Investors' Grievance/ Shareholders Committee

Shri M.S. Gujral
Shri Sandeep Jajodia
Shri J.P. Lath

Executive Committee

Shri Sandeep Jajodia
Shri J.P. Lath

Share Transfer Committee

Shri J.P. Lath
Shri V. N. Kedia
Shri M.P. Kharbanda

Bankers

Bank of Baroda
Barclays Bank PLC
Citibank N.A.
DBS Bank Ltd.
HDFC Bank Ltd.
Hongkong and Shanghai Banking Corp. Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
ING Vysya Bank Ltd.
Jammu & Kashmir Bank Ltd.
JP Morgan Chase Bank N.A.
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
UCO Bank

Auditors

M/s. O.P. Bagla & Co.
Chartered Accountants, New Delhi

Investor Services Centre (ISC)

MONNET HOUSE
11, Masjid Moth
Greater Kailash Part-II
New Delhi-110048.
Ph-011-29218542-46, Fax-011-29218541
e-mail : isc_miel@monnetgroup.com

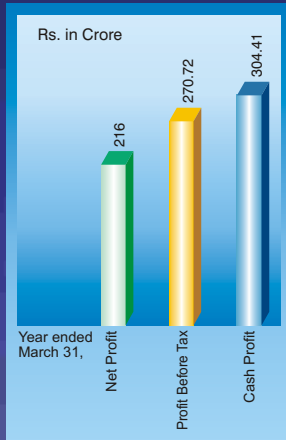
Directors' Report

For the financial year ended 31st March, 2009

Your Directors submit their report for the financial year ended 31st March, 2009.

Sales, Profits, Dividends & Retention

[Rs. in Crores]



	2009	2008
Sales (Net of Excise) & Other Income	1596.39	1207.44
Profit before depreciation	336.02	265.26
Depreciation	65.30	44.49
Profit for the year	270.72	220.77
Provision for taxation	30.61	25.18
Provision for deferred taxation	23.10	28.04
Provision for FBT	1.27	0.58
Income Tax Adjustment	6.26	-0.80
Profit after taxation	216.00	166.17
Cash Profit	304.40	238.70
Profit brought forward from previous year	443.43	322.40
Profit available for appropriation	659.43	488.57
Dividend 50% (2007-08: 50%)	23.98	24.31
Tax on Dividend	4.08	4.13
Transfer to General Reserve	22.00	16.70
Transfer to Debenture Redemption Reserve	5.72	-
Surplus carried to Balance Sheet	603.65	443.43





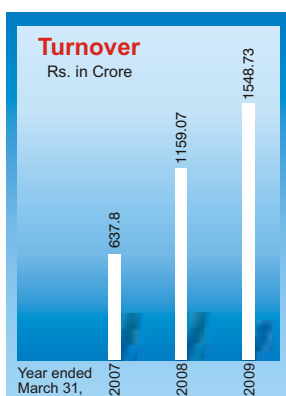
Company Performance

Your Company has recorded impressive growth in the top line and bottom line in spite of the deteriorated economic environment, sudden fall in demand in 2nd half of the financial year followed by steep decline in selling prices. Additional capacity of Sponge Iron and Power became operational in the 2nd half of the year, contributing to the growth of the Company.

Expansion Plans

After completing the expansion in Sponge Iron and Power Divisions, your Company is moving ahead with the implementation of 1.2 Million TPA Integrated Steel Plant at Raigarh. The integrated facility will comprise of structural and a plate mill. The expansion will be completed in financial year 2011.

Your company has also commenced implementation of 1050 MW Power Plant in its 100% subsidiary company Monnet Power Company Limited (MPCL). The project is financially closed, the orders for BTG Package have been placed with BHEL and the arrangements for evacuation and sale of power have also been concluded. This marks a major milestone for your Company. Over the next 3 years, your company would see substantial growth on a consolidated basis after factoring the expansions being undertaken in steel and power.

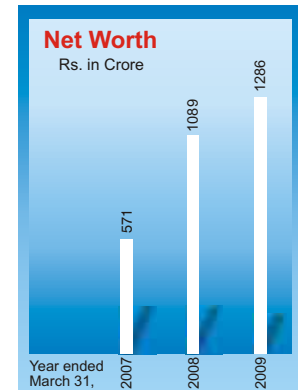




M
MONNET

Corporate Social Responsibility/Socio Economic Development

Your Company had doubled the annual allocation to MONNET FOUNDATION from 0.5% to 1.00% of its profits with the objective of enlarging the scope of socio-economic development in the areas adjoining the plant and has accelerated the pace of social economic development activities in villages in the periphery of the plant at Raipur and Raigarh such as mobile dispensaries, health centers, pathological laboratories, provision of hygienic water, clean toilets besides setting up schools and institutes for imparting job oriented courses like computer education, tailoring, adoption of industrial training institute. The signs of development and improvement in quality of life are visible. To give a push to the pace of development activities, the foundation has started collaborative approach of engaging family members of employees to participate in social work. Nonetheless, it is just the beginning for Monnet Foundation and there is lot more to be done and achieved.



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 Company also has a sound internal audit system in place. The audit consists of an independently constituted team in the company and outside auditors appointed for the purpose. The risk policy and internal Audit Reports are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

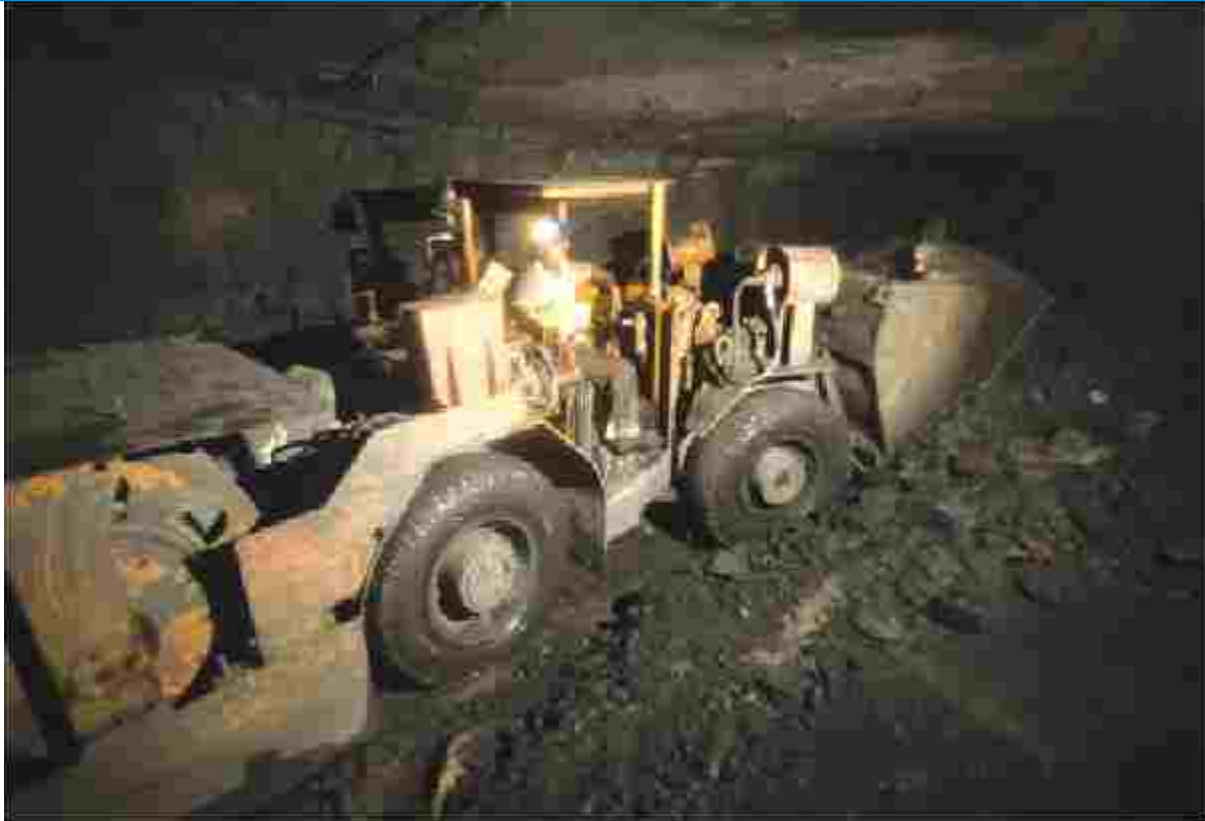
Note on Subsidiaries

Your company is having two wholly owned subsidiaries incorporated in Jabel Ali Free Trade Zone Dubai, in UAE , one wholly owned subsidiary of Monnet Global Limited incorporated in Indonesia and four subsidiaries in India 2 of which are wholly owned. The following may be read in conjunction with the Consolidated Financial Statements enclosed with the Accounts, prepared in accordance with Accounting Standard 21 .









Your company has applied to the Central Government under section 212(8) of the Companies Act, 1956, seeking an exemption from attaching a copy of the balance sheet, Profit & Loss Accounts, Director's Report and Auditors Report of the subsidiary companies and other documents required to be attached under section 212(1) of the Act to the Balance sheet of the Company and the said approval is expected shortly. Accordingly, the said documents are not being attached with the Balance sheet of the Company. A gist of the financial performance of the subsidiaries is contained in the report. The Annual Accounts of the subsidiary Companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member of the Company or it's subsidiaries interested in obtaining the same.

Expansions

During the year under report additional capacity of 0.50 Million TPA per annum in Sponge Iron Division and 90 MW in power divisions have been successfully put into commercial operation. Orders for additional 80 MW Unit have been placed with BHEL. The expansion is expected to be completed within financial year 2010-11.

Buyback

During the year under review, your company had launched buyback scheme of its own equity shares pursuant to Section 77A of the Companies Act, 1956 and the SEBI (Buyback of Securities) Regulations, 1998. The buyback scheme remained open between 8-12-2008 to 22-5-2009. During this period, the Company bought back a total of 1286259 equity shares through stock market operations. The buyback was made for a total sum of Rs. 18.20 crores and the average rate was Rs 141.52 per equity shares. All the equity shares bought back were extinguished periodically as prescribed under the said regulations.

Dividend

The Board of Directors recommends a dividend of Rs. 5/- per share on 47958013 equity shares of Rs. 10/- each for the financial year ended 31st March, 2009 subject to approval of the shareholders in the ensuing Annual General Meeting. The total outgo on account of dividend including dividend tax works out to Rs. 28.06 crores as against 28.44 crores 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, 2009, about 98.96% of the shares of your Company are held in dematerialized form. There is a decline in the shares held in dematerialized form in comparison to previous year figure which is on account of buyback scheme since no holder of physical shares participated in the said scheme.

It is once again reiterated that the Securities and Exchange Board of India (SEBI) has made trading in the Company's shares mandatory in dematerialized form only. Therefore, such members holding shares in physical form are advised to dematerialize their shares held in the Company.

Directors

During the period beginning after the date of last Directors' Report, Shri Ajay Relan resigned from the Board of Directors of the Company w.e.f. 19th August, 2008 consequent to divestment of the holding by and in compliance of terms of shareholders' agreement with Citicorp International Finance Corporation. Your directors would like to record their appreciation of the invaluable contribution by Shri Ajay Relan during his tenure.

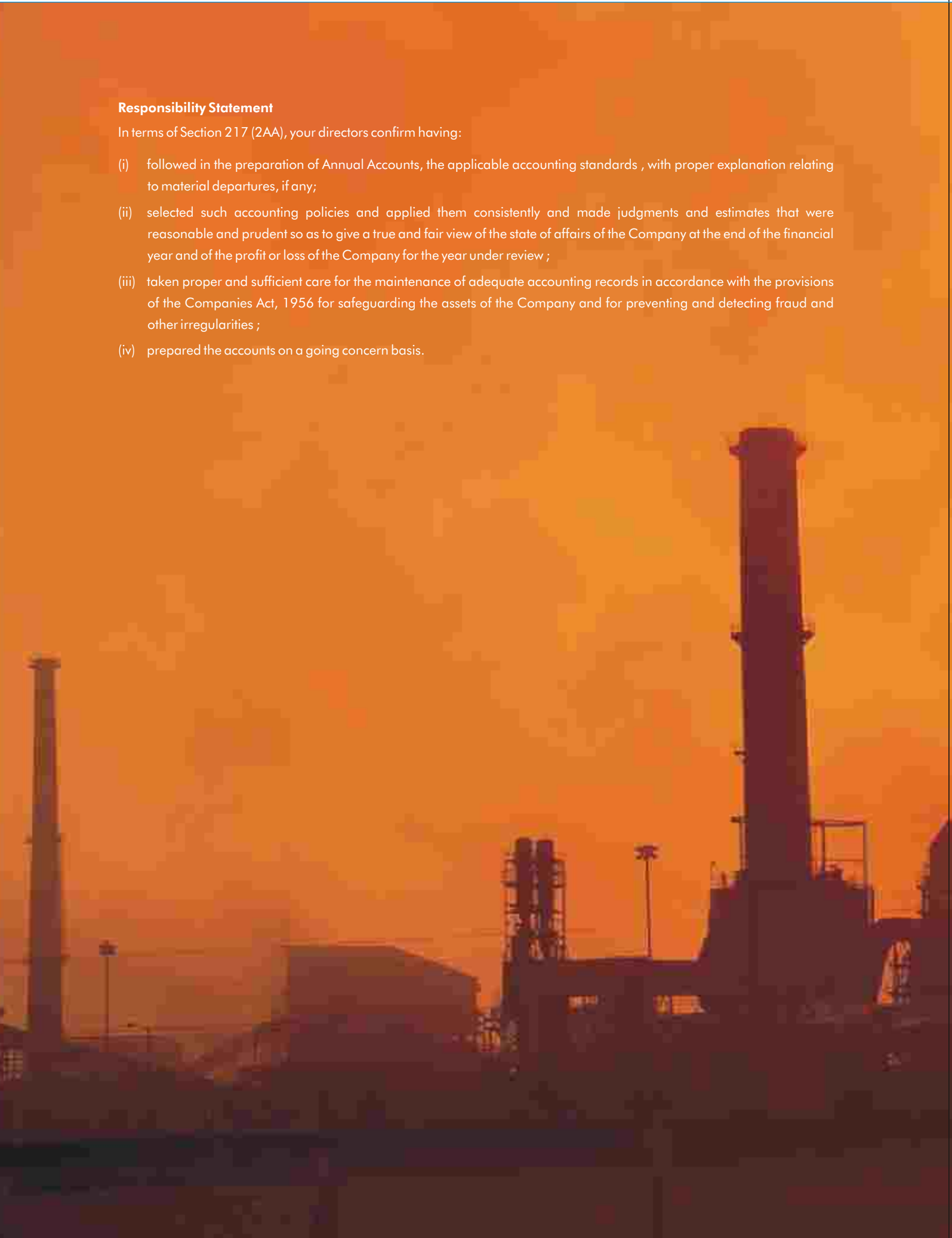
Pursuant to Section 255 of the Companies Act, 1956, Shri M.S. Gujral, Chairman and Shri P.L. Nene, Director, retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election. The Board has recommended their re-election. The details of directors to be re-elected as per Clause 49 (IV) (G) of the Listing Agreement are being given in Annexure-V.



Responsibility Statement

In terms of Section 217 (2AA), 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 Executive Vice Chairman & Managing Director as required under Clause 49 (I) (D) of the Listing Agreement is enclosed as Annexure-IV.
- ii) The Executive Vice 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, 2009.

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 292A of the Companies Act, 1956 consists of Shri M.S. Gujral as Chairman, Shri P.L. Nene, Shri G.C. Mrig and Shri V.N. Kedia, 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 19th 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 224(1B) of the Companies Act, 1956.

Fixed Deposits

The Company has not invited or accepted any deposits during the year from the Public under Section 58A of the Companies Act, 1956.

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 Act, 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 Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. 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.

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

(M.S. Gujral)

Date: 30th July, 2009

Chairman



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, 2009.

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 :
 - Optimization of Steam Generation & condensate recover system
 - Optimization of Heat Recovery from flue gases
 - Optimization of capacity utilization, thus reducing specific consumption of energy
 - Optimization of pump & motor operations through standard operating practices
 - Strict control of Quality inputs, resulting in less slag generation, thus saving electricity consumption
 - Utilization of all size fractions of coal
 - Minimization of handling losses
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy :
 - NIL
- 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 ton 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 is 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	61.32 Crores
- Earned	58.01 Crores

FORM - A
DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY

	Current Year (2008-2009)	Previous Year (2007-2008)
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY		
a] Purchased		
- Units	7438782	44549160
- Total Amount (Rs. in lacs)	1403	2458
- Rate/Unit (Rs.)	18.86	5.52
b] Own Generation		
(i) Through Diesel Generator		
- Units (in KWH)	10035042	12486337
- Unit per ltr. of Diesel Oil	2.94	2.91
- Cost/Unit [Rs.]	15.65	14.41
(ii) Through Steam Turbine		
- Units (in KWH)	689533313	399176246
- Unit per MT of Gas	234	226
- Cost/Unit	2.14	1.59
2. COAL		
Quantity (tons)		
Sponge Iron	869369	650516
Power Plant	633140	275717
Ferro Alloys Plant	6476	13823
Total Cost (Rs. in lacs)	22103	11018
Average rate (Rs. per ton)	1464.75	1172.03
3. FURNACE OIL/LDO		
Quantity (k. Ltrs)	4200432	3864890
Total Cost (Rs. in lacs)	1197	836.27
Average rate ((Rs.)	28.49	21.64
4. OTHERS/INTERNAL GENERATION		
	NIL	NIL
B. CONSUMPTION PER MT OF SPONGE IRON		
Electricity (in KWH)		81
Furnace Oil (Litres)	NIL	NIL
Steem Coal (Tons)	1.45	1.32
Others	NIL	NIL
C. CONSUMPTION PER MT OF MILD STEEL INGOTS		
1. Electricity (KWH)	806	836
D. CONSUMPTION PER MT OF MILD STEEL BILLET		
1. Electricity (KWH)	861	822
E. CONSUMPTION PER MT OF FERRO ALLOYS		
1. Electricity (KWH)	4993	4283
F. CONSUMPTION PER MT OF STRUCTURAL STEEL		
1. Electricity (KWH)	75	79

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	NIL	NIL
2) Benefits derived as a result of : the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.		Not applicable in view of reply B[1] above.
3) Information relating to imported : technology	N.A.	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Structure & Developments / Risks & Concerns

The Steel consumption in India continued to be robust in the first half of last financial year 2008-09 despite turmoil in the financial market visible from the beginning of calendar 2008 globally and resulting in the acute credit squeeze and flow of funds to the economy. The Indian Economy did not experience the fallout of the adverse developments until the second half of calendar 2008. With the serious slow down in the economic activity, the commodities were the prime victim of such downturn and the industry experienced a sharp fall both in demand and prices in the quarter Oct.-Dec. 2008. However, by December end, the prices had bottomed out and the demand slowly started to pick up resulting in the movement of the inventories. The country did not experience unwanted imports during this period which helped to balance the domestic demand and supply.

The margins in absolute terms were lower but stabilized at pre crisis levels in percentage terms particularly in the long product segment. The industry across the board had to write off huge losses on account of the inventories which impacted the balance sheets in the second half.

The pricing structure and demand supply in the domestic market remained in good health relative to the global market. The domestic market reflected a steady equilibrium in demand and supply. The margins in the industry were however linked to the product profile and captive accessibility to the raw materials. More importantly, the integrated theme of operations implying raw material to end product capabilities helped the integrated players to weather the storm resulted by the economic turmoil. Given these experiences, the integration in the operations has demonstrated the ability to manage operations profitably even in unfavorable business environment.

Opportunities & Threats / Outlook

The GDP growth in the country continues to be dependant on the domestic investments. The domestic investment is mainly led by massive deployment of funds for infra and infra related sectors. With the General Elections behind us, the political certainty for the next five years is going to be an impetus for the development of the economy. More so, the Government has yet again demonstrated its intentions to continue to work on the infrastructure and rural development. This should spur a huge demand for the core industry. We expect the steel demand mainly in long products to remain robust. The pace of growth in the country is expected to gain momentum over the next two years, with the Stabilization of global economy which will further increase the demand for the commodities. The Economies of major developed nations particularly asian economies together with other global markets is showing visible signs of recovery hinting an end to recession, considered worst since great Depression. Should there be a continuation of recessionary conditions in the general global economy for a longer term, the demand may peter out and pricing structure in the industry may again get destabilized.

Segment wise or Product wise Performance

During the year, your Company registered a growth of 24% in sponge iron, 18% in Coal Division and 73% in Power. However, the production was lower in Ferro Alloys Division by 65% and in Steel Division by 25%. The power plant of 90 MW and Sponge Iron of 0.50 Million TPA per annum got stabilized towards the second half of the financial year. The Sponge Iron and Steel experienced a big drop in the prices on account of accelerated pace of recessionary conditions in the country. The additional power was mostly sold in the commercial market which fetched a good realization in the last 5 months. Power sales contributed a significant pie of the reported profits.

Internal Control Systems and their Adequacy

Your Company has adequate internal control systems commensurate with the size and nature of the business and are supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines, and procedures to provide 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.

Discussion on Financial Performance with respect to Operational Performance

The Company is continuing to make cost cutting efforts to keep itself at an advantageous position vis-à-vis its peers in the industry. Your Company expects that its expanded capacity in sponge iron division and in power division, that were put into commercial operation, will further strengthen the bottom line.

Material Developments in Human Resources/Industrial Relations front

Industrial relations in the Company are satisfactory. The relations with the labour are cordial .

The operations of the plant are under the charge of independent Chief Executive Officers, who have rich experience and qualifications in the field.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage at this point in time for the future performance and outlook of the Company.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Your Directors present the Company's Report on Corporate Governance for the financial year ended on 31st March, 2009.

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. It consists of six directors, i.e. an Independent & Non-executive Chairman, an Executive Vice Chairman & Managing Director and four other Non-executive Directors. Two of these four directors are independent.

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	Category	No. of Directorships in other Companies	No. of Committee Memberships in other Companies
Shri M.S. Gujral	Chairman	7	7
Shri Sandeep Jajodia	Exec. Vice Chairman & Managing Director	6	2
Shri P.L. Nene	Director	3	1
Shri G.C. Mrig	Director	13	1
Shri J. P. Lath	Director	4	4
Shri V. N. Kedia	Director	6	3

Details of Board Meetings during Financial Year

During the financial year ended 31st March, 2009, five meetings of the Board were held as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1	28th April 2008	7	5
2	28th July 2008	7	5
3	18th August 2008	7	4
4	23rd October 2008	6	5
5	29th January 2009	6	5

The last Annual General Meeting was held on 30th September, 2008. Following are the details of attendance of Directors at Board Meetings and at the Annual General Meeting held during the year:

Name	Category of Directorship	No. of Board Meetings attended	Last AGM attendance
Shri M.S. Gujral	NEC-I	5	P
Shri Sandeep Jajodia	P & MD	5	P
Shri P.L. Nene	NED-I	3	NP
Shri G.C. Mrig	NED-I	2	NP
Shri Ajay Relan*	NED-I	0	NP
Shri J. P. Lath	NED	4	P
Shri V. N. Kedia	NED	5	NP

* Resigned w.e.f. 19-8-2008

NEC-I Non Executive Chairman - Independent P & MD Promoter & Exec. Vice Chairman & Managing Director
 NED Non Executive Director NED-I Independent Non Executive

Information in cases of appointment or re-appointment of Directors as required under Listing Agreement is given as under
Requisite details in respect of Shri M.S. Gujral and Shri P.L. Nene are given in Annexure-V.

Committees of the Board

Currently, there are six Committees of the Board, i.e. Executive Committee, Finance Committee, Audit Committee, Remuneration Committee, Investors/Shareholders Grievance Committee and Share Transfer Committee. These Committees have defined terms of reference. However, occasionally, the Board assigns certain matters.

Audit Committee

The terms of reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

Composition

The Audit Committee comprises of three Independent Non Executive Directors and one Non-Executive Director and a Secretary in compliance of Clause 49 II (A) (i) of the Listing Agreement. Shri M.S. Gujral is the Chairman of the Committee, Shri G.C. Mrig, Shri P.L. Nene and Shri V.N. Kedia are the other Members of the Committee.

Attendance

Besides members of the Committee, the Managing Director and Finance Head along with the Statutory Auditors are invitees to the meetings.

The details of attendance in the Audit Committee Meetings held during the year is given below :

Name	No. of Audit Committee Meetings held during the tenure of the Members	No. of Audit Committee Meetings Attended
Shri M.S. Gujral	5	5
Shri P.L. Nene	5	3
Shri G.C. Mrig	5	2
Shri Ajay Relan *	3	0
Shri V. N. Kedia	0	0

*Resigned w.e.f. 19.08.2008

*Co-opted on 29.01.2009

During the year 5 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	28 th April, 2008	4	2
2	28 th July, 2008	4	2
3	18 th August, 2008	4	2
4	23 rd October, 2008	3	2
5	29 th January, 2009	3	2

Remuneration Committee

The Remuneration Committee comprises of Shri M.S. Gujral (Chairman), Shri G.C. Mrig and Shri J. P. Lath. The terms of reference of this Committee cover the matters specified for Remuneration Committees under clause 49 of the Listing Agreement. There was no matter that was required to be considered by Remuneration Committee during the year and therefore, no meeting was held during the year.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee oversees the redressal of Shareholders and Investor Grievances. 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 M.S. Gujral is the Chairman of the Committee, Shri Sandeep Jajodia and Shri J.P. Lath are the other Members of the Committee. Shri M.P. Kharbanda, Company Secretary is the Compliance Officer.

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	28 th April, 2008	3	3
2	28 th July, 2008	3	3
3	23 rd October, 2008	3	3
4	29 th January, 2009	3	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, 2009 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	21	21
Shri V. N. Kedia	Director	21	21
Shri M.P. Kharbanda	Company Secretary	21	21

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/rematerialiation 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 is as follows:

Name	Shri Sandeep Jajodia
Position	Exec. Vice Chairman & Managing Director
Salary (Rs.)	96.00 lakhs
Commission/Allowance (Rs.)	NIL
Perquisites (Rs.)	11.57 lakhs
Total (Rs.)	107.57 lakhs
Stock Option Granted (Nos.)	NIL
Service Contract	5 years from 1-4-2005 to 31-3-2010

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

Name of the Director	Sitting Fees (Rs.)	ESOP granted (No. of Shares)
Shri M.S. Gujral	35,000	NIL
Shri G.C. Mrig	NIL	NIL
Shri P.L. Nene	14,000	NIL
Shri J. P. Lath	20,000	NIL
Shri V.N. Kedia	25,000	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, 2008 to 31st March, 2009.

Particulars	No. of Complaints
Number of complaints received from the investors (including the opening Balance as on 01.04.2008) comprising of Non-receipt of Dividend Warrants where reconciliation is in progress/completed after end of the quarter, securities sent for transfer and transmission annual report & complaints received from Regulatory/Statutory Bodies and those related to court/consumer forums.	316
Number of complaints resolved	284
Complaints Pending as at 31st March, 2009	32
Number of shares pending for transfer as at 31st March, 2009.	0

General Body Meetings**Details of Last 3 Annual General Meetings**

Financial Year	AGM	Date	Place of Meeting	Time	Whether any Special Resolution passed
2007-08	18th AGM	30th September, 2008	Monnet Ispat & Energy Ltd. Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh	3.30 p.m.	Through postal ballot u/s 293 (1) (a)
2006-07	17th AGM	28th September, 2007	same as above	4.00 p.m.	No
2005-06	16th AGM	29th September, 2006	same as above	4.00 p.m.	1. Amendment of Articles u/s 31 2. Postal ballot u/s 293(1) (a)

Voting Pattern

The voting pattern of Resolutions passed through postal ballot in the last AGM was as following:

A total of 160 ballots for 2,30,41,857 shares forming 46.7909% of the paid-up capital were received. Out of these, 150 ballots for 2,30,38,857 shares forming 46.7834% of the paid-up capital were valid and 10 ballots for 3,000 shares forming 0.0014% of the paid-up capital were invalid. Of these valid ballots, 146 Postal Ballots for 2,30,38,157 shares (99.9969%) conveyed their assent and remaining 4 Postal Ballots for 700 shares (0.0014%) conveyed their dissent. Postal Ballot exercise was conducted by Shri Sanjay Grover of Sanjay Grover Associates, Company Secretaries, was appointed scrutinizer who gave their report to the Chairman who declared the result of the postal ballot in the 18th AGM.

No special resolution is proposed to be conducted through postal ballot as on the date of adoption of this Corporate Governance Report.

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

The Board has received disclosures from key managerial personnel 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 point no. 26 of Schedule 20 (B) to the Notes on Accounts on Balance Sheet and Profit and Loss Account for the year ended 31st March, 2009.

(B) Matters related to capital market

There was no non-compliance by the company, nor any penalties or strictures 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

The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement. The Company has also complied with non-mandatory requirement pertaining to setting-up 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. Besides, the company also posts quarterly results, entire annual report, shareholding pattern on EDIFAR within prescribed time period.

Quarterly Results	Normally published in The Economic Times and Business Standard.
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

General Shareholder Information

1. Annual General Meeting

Date	: 30th September, 2009
Venue	: Monnet Ispat & Energy Limited, Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh
Time	: 3.30 p.m.
Book Closure Date	: Thursday, 24th Sept., 2009 to Wednesday, 30th Sept., 2009 (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 Register of Members as on 24-9-2009 after giving effect to all the transfers received on or prior to 23-9-2009.

2. Financial Calendar for : 2009-10 (Tentative)

Financial year ending	: 31st March
First Quarter Results	: on or before 31st July, 2009
Half Yearly Results	: on or before 31st October, 2009
Third Quarter Results	: on or before 31st January, 2010.
Fourth Quarter Results / OR Audited Annual Accounts	: on or before 30th April, 2010 / OR 30th June, 2010

3. Regd. Office & Works : 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 in pending.

Stock Exchange

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

Bombay Stock Exchange Ltd.

Phiroze Jeejeebhoy Towers,
 Dalal Street, Fort,
 Mumbai 400 001
 e-mail : is@bseindia.com
 website : www.bseindia.com

M.P. Stock Exchange

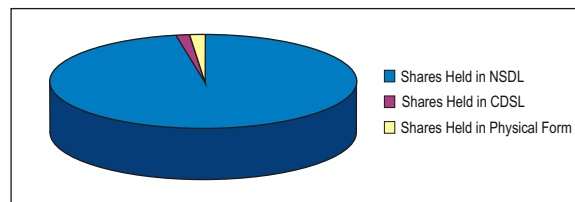
"Palika Plaza", Phase II, 201, 2nd Floor,
 MTH Compound,
 Indore 452 001 (M.P)

Stock Code

MONNETISPA

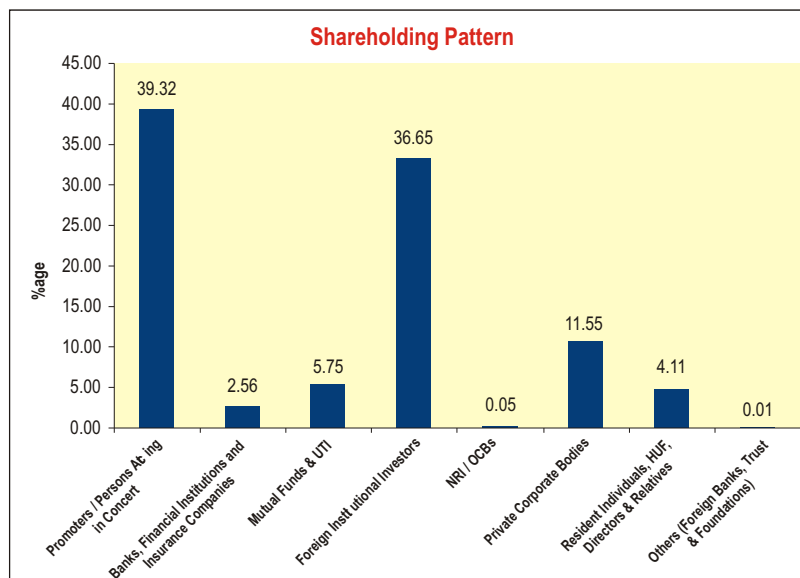
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5. Shares held in Dematerialized and Physical form as on 31st March, 2009



6. Shareholding pattern as on 31st March, 2009:

Category	No. of Shares held	% of Shareholding
Promoters / Persons Acting in Concert	18856170	39.32
Banks, Financial Institutions and Insurance Companies	1228842	2.56
Mutual Funds & UTI	2759978	5.75
Foreign Institutional Investors	17576647	36.65
NRI/OCBs	21986	0.05
Private Corporate Bodies	5537342	11.55
Resident Individuals, H.U.F., Directors & their Relatives	1976644	4.11
Others (Foreign Banks, Trusts & Foundations)	2000	0.01
Total	47959609	100.00



7. Distribution of Shareholding as on 31st March, 2009 :

Range of Holding of Shares	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1-500	3886	8779	12665	95.21	461451	835799	1297250	2.70
501-1000	25	264	289	2.17	20000	208650	228650	0.48
1001-2000	10	143	153	1.15	15600	225735	241335	0.50
2001-3000	0	43	43	0.32	0	112088	112088	0.23
3001-4000	0	24	24	0.18	0	87100	87100	0.18
4001-5000	0	15	15	0.11	0	69093	69093	0.14
5001-10000	0	26	26	0.20	0	196502	196502	0.41
Above 10000	0	87	87	0.66	0	45727591	45727591	95.35
TOTAL	3921	9381	13302	100.00	497051	47462558	47959609	100.00

8. Stock Price Data (for the period April, 2008 to March, 2009)

Year	Month	BSE High (Rs.)	BSE Low (Rs.)	NSE High (Rs.)	NSE Low (Rs.)
2008	April	550.00	374.50	549.80	374.50
2008	May	597.00	513.20	593.40	451.70
2008	June	594.00	435.00	592.00	500.00
2008	July	535.05	461.00	558.90	462.00
2008	August	540.00	441.00	535.00	480.00
2008	September	505.00	421.05	514.20	417.35
2008	October	459.50	130.00	455.00	137.10
2008	November	168.00	110.90	167.80	110.95
2008	December	165.35	114.05	165.25	113.05
2009	January	177.05	135.00	178.00	125.10
2009	February	164.70	130.45	164.90	130.05
2009	March	162.90	131.10	169.20	125.50

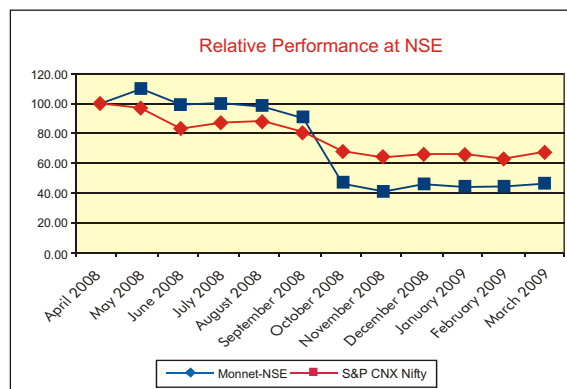
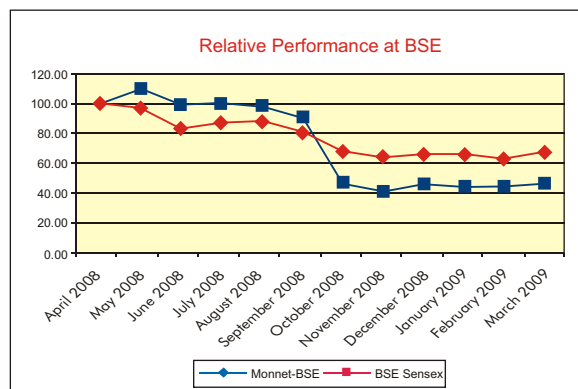
9. Dividend History:

Type	Financial Year	Date of Declaration	Dividend %	Dividend (Rs. Per share)*
Final Dividend	2008-09	30-9-2009	50	5.00
Final Dividend	2007-08	30-09-2008	25	2.50
Interim Dividend	2007-08	28-04-2008	25	2.50
1st Interim Dividend	2006-07	30-10-2006	20	2.00
2nd Interim Dividend	2006-07	15-03-2007	25	2.50
1st Interim Dividend	2005-06	27-10-2005	30	3.00
2nd Interim Dividend	2005-06	30-06-2006	15	1.50
1st Interim Dividend	2004-05	22-10-2004	25	2.50
2nd Interim Dividend	2004-05	30-04-2005	35	3.50
1st Interim Dividend	2003-04	20-10-2003	15	1.50
2nd Interim Dividend	2003-04	17-04-2004	10	1.00
Final/Annual Dividend	2002-03	03/9/2003	15	1.50

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

10. 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:



11. Registrar & Share Transfer Agents:

MCS Ltd.

Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II,
New Delhi 110020

Tel. : 011- 41406149, Fax : 011- 41709881

12. Share Transfer System:

Share Transfer Committee is normally held every 15 days and approves the physical transfers received periodically. Physical Shares sent for transfer are duly transferred within 15-20 days of receipt of documents, if found in order. Shares under objection are in general 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.

13. Dematerialization of Shares & Liquidity:

As at 31st March 2009, 98.94% 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.

14. Outstanding Warrants:

As on 31st March, 2009, there were no warrants pending conversion on the said date. However, there were 5000000 warrants outstanding at the beginning of the financial year that were allotted to the promoters of the Company on 24th January, 2008 and were to be converted into equal number of equity shares within 18 months from the date of allotment. However, the allottees of these warrants withdrew their right to exercise conversion option in respect of all the warrants. Consequently, on 31st March, 2009, these warrants were cancelled, the application money paid thereon was forfeited and the stock exchanges were duly informed about this fact immediately.

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 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

16. BANK DETAILS/ECS MANDATE:

Shareholders holding shares in physical form are requested to notify/send the following to the Company to facilitate better services.

- (i) any change in their address/bank details, and;
- (ii) Particulars of their bank account, in case the same have not been sent earlier.

Payment of dividend through ECS minimizes the risk of loss/late delivery of dividend warrant. Therefore, it is in your interest to provide ECS mandate to the Company. Those holding Shares in physical form can also avail this facility. An ECS Mandate form is enclosed.

Interested shareholders may send the filled-in ECS Mandate Form being sent with the Annual Report. Ensure to enclose a cancelled blank cheque of your bank account. Please check before hand that the concerned branch of your bank provides the ECS facility.

16. Address for Communication:

Monnet House,
11, Masjid Moth, Greater Kailash-II,
New Delhi 110 048
Phone : +91 11 29218542 56
Fax : +91 11 29218541
e-mail : isc_miel@monnetgroup.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 reviewed the implementation of Corporate Governance procedures by MONNET ISPAT & ENERGY LIMITED, for the year ended on 31st March, 2008, 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 state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

Place: New Delhi
Date : 30th July, 2009

(O.P. Bagla)
Partner

Annexure - IV

DECLARATION BY EXECUTIVE VICE 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.

Place : New Delhi
Date : 30th July, 2009

Sd/-
(Sandeep Jajodia)
Executive Vice Chairman & Managing Director

Annexure - V

Details of Directors seeking appointment / reappointment in 18th Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri M.S. Gujral	Shri P.L. Nene
Date of Birth	5th June, 1923	6th November, 1934
Qualifications	M.A.	B.Sc. (Mechanical Engineering)
Date of Appointment	1st February, 1990	29th July, 2004
Expertise in specific	Shri M.S. Gujral is the former Chairman of Railway Board and the former Chairman of Coal India Limited. He has 62 years of experience in managing capital and labour intensive enterprises, including one of the largest railway networks in the world. He holds a degree from Punjab University.	Shri P.L. Nene, 74, Director, worked for Madhya Pradesh State Electricity Board for 38 years and retired as Chairman of the Board. He gained expertise in the management of high capacity power plants involved in power generation and distribution. He holds a degree in B.Sc. (Mechanical Engineering) from Benaras Hindu University. He is fellow and member of several professional bodies. He is also a chartered engineer of Institution of Engineers and has received training in England and France in power sector management. He is working as independent Consultant in Power Sector.
List of Other Companies in which Directorship held (excluding foreign Companies)	<ol style="list-style-type: none"> 1. Besco Limited 2. Motherson Sumi Systems Limited 3. Motherson Sumi Infotech and Designs Ltd. 4. Monnet Sugar Limited 5. Monnet Industries Limited 6. Monnet Power Limited 7. Monnet Cement Limited 	<ol style="list-style-type: none"> 1) Entegra Limited 2) Shakti Pumps India Limited 3) Monnet Power Company Limited
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding foreign Companies)	<ol style="list-style-type: none"> a) Motherson Sumi Systems Limited Chairman/Member b) Motherson Sumi Infotech and Designs Ltd. Chairman/Member c) Monnet Sugar Limited Chairman/Member d) Monnet Industries Limited Chairman/Member 	Member of Audit Committee of Shakti Pumps India Limited
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL	NIL

AUDITORS' REPORT

To
The Members of
MONNET ISPAT & ENERGY LIMITED

We have audited the attached Balance Sheet of MONNET ISPAT & ENERGY LIMITED as at 31st March, 2009 and also the Profit & Loss Account and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order as far as applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - a) 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.
 - b) 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 such books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the directors and taken on records by the Board of Directors, we report that, none of the director is disqualified as on 31st March, 2009 from being appointed as Director u/s 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other Notes thereon in Schedule-20, give the information as required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India :-
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii. In the case of the Profit & Loss Account, of the PROFIT for the year ended on that date.
 - iii. In case of cash flow statement, of the cash flow of the Company for the year ended on that date.

For O.P BAGLA & CO.
CHARTERED ACCOUNTANTS

(O.P. BAGLA)
PARTNER
M.No. 8858

PLACE : NEW DELHI
DATED : 30.06.2009

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

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 loans aggregating to Rs. 14934 lacs to two Companies covered in the register maintained under Section 301 of the Companies Act, 1956. 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) As per information and explanations given to us, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
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 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 certain manufacturing activities of the Company. We have been informed that such accounts and records have been maintained.
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	Amount (Gross) (Rs. In Lacs)	Forum where appeal is pending
1.	Sales Tax	1073.19	Deputy Commissioner of Sales Tax (Appeals)
2.	Sales Tax	30.29	Sales Tax Tribunal
3.	Entry Tax	415.46	Deputy Commissioner of Sales Tax (Appeals)
4.	Central Excise	31.07	Commissioner Appeals, Raipur
5.	Central Excise	653.23	CESTAT

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. 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.
15. 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.
16. According to the information and explanations given to us, the funds raised on short term basis have not been utilized for long term investments.
17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

18. The Company has created security / charge in respect of debentures issued.
19. Since the Company has not raised money by way of Public Issue during the year, paragraph 4 (xx) of the order is not applicable.
20. 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, 2009.
21. Other clauses of the order are not applicable to the Company for the year under report.

For O.P. BAGLA & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 30.06.2009

(O.P. BAGLA)
PARTNER
M.No. 8858

Balance Sheet as at 31st March, 2009

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
A) SHARE CAPITAL	1	479,631,090	479,971,610
B) SUBSCRIPTIONS AGAINST SHARE WARRANTS		0	209,250,000
C) RESERVES & SURPLUS	2	12,383,015,725	10,198,361,802
		<u>12,862,646,815</u>	<u>10,887,583,412</u>
LOAN FUNDS			
A) SECURED LOANS	3	10,168,541,874	9,456,667,613
B) UNSECURED LOANS	4	3,083,256,196	1,524,069,571
		<u>13,251,798,070</u>	<u>10,980,737,184</u>
TOTAL		<u>26,114,444,885</u>	<u>21,868,320,596</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
A) GROSS BLOCK	5	13,664,534,313	12,120,982,653
B) LESS : DEPRECIATION		2,395,679,916	1,747,970,773
C) NET BLOCK		11,268,854,397	10,373,011,880
CAPITAL WORK IN PROGRESS		3,096,625,969	2,661,185,454
		<u>14,365,480,366</u>	<u>13,034,197,334</u>
INVESTMENTS	6	2,156,279,011	1,384,070,141
CURRENT ASSETS, LOANS & ADVANCES			
A) INVENTORIES	7	1,844,558,792	2,217,079,569
B) SUNDRY DEBTORS	8	1,097,324,317	1,050,925,063
C) CASH & BANK BALANCES	9	2,455,848,089	3,708,335,418
D) LOANS & ADVANCES	10	6,827,116,109	3,376,719,561
		<u>12,224,847,307</u>	<u>10,353,059,611</u>
LESS : CURRENT LIABILITIES & PROVISIONS	11	2,318,480,675	1,994,524,341
NET CURRENT ASSETS		<u>9,906,366,632</u>	<u>8,358,535,270</u>
DEFERRED TAX ASSETS/(LIABILITIES)	12	<u>(1,139,522,149)</u>	<u>(908,482,149)</u>
MISCELLANEOUS EXPENDITURE			
Foreign Currency Monetary Item Translation Difference A/c (Refer Note 28 of Notes on Accounts)		825,841,025	0
TOTAL		<u>26,114,444,885</u>	<u>21,868,320,596</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	20		

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

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

PARTICULARS	SCHEDULE No.	YEAR ENDED 31.03.2009 Rs.	YEAR ENDED 31.03.2008 Rs.
INCOME			
SALES/OPERATIONAL INCOME		22,248,921,204	18,040,630,902
LESS : INTER DIVISION TRANSFERS		<u>5,141,593,414</u>	<u>4,846,218,454</u>
		17,107,327,790	13,194,412,448
LESS : EXCISE DUTY ON SALES		<u>1,620,068,383</u>	<u>1,603,721,811</u>
		15,487,259,407	11,590,690,637
OTHER INCOME	13	476,664,769	483,699,117
INCREASE/DECREASE IN STOCKS	14	<u>(444,877,860)</u>	<u>455,390,088</u>
		<u>15,519,046,316</u>	<u>12,529,779,842</u>
EXPENDITURE			
MATERIAL, MANUFACTURING AND OTHERS	15	15,108,507,005	13,396,486,220
LESS : INTER DIVISION TRANSFERS		<u>5,141,593,414</u>	<u>4,846,218,454</u>
		9,966,913,591	8,550,267,766
SALARIES, WAGES & AMENITIES	16	608,163,154	408,975,589
REPAIR & MAINTENANCE	17	56,273,755	48,356,116
ADMINISTRATIVE, SELLING & OTHER EXP.	18	664,330,068	519,133,383
LOSS ON SALE OF INVESTMENTS		157,039,277	0
FINANCIAL CHARGES	19	706,044,572	350,520,649
DEPRECIATION		<u>653,038,433</u>	<u>444,851,017</u>
		<u>12,811,802,850</u>	<u>10,322,104,520</u>
PROFIT BEFORE TAX		<u>2,707,243,466</u>	<u>2,207,675,322</u>
LESS : PROVISION FOR TAXATION		306,100,000	251,800,000
LESS : PROVISION FOR DEFERRED TAXATION		231,040,000	280,440,000
LESS : PROVISION FOR FBT		12,700,000	5,800,000
ADD : INCOME TAX ADJUSTMENT		<u>2,637,340</u>	<u>(8,001,380)</u>
PROFIT AFTER TAX		<u>2,160,040,806</u>	<u>1,661,633,942</u>
BALANCE AS PER LAST YEAR		4,434,254,974	3,224,025,445
PROFIT AVAILABLE FOR APPROPRIATION		<u>6,594,295,780</u>	<u>4,885,659,387</u>
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		220,000,000	167,000,000
TRANSFER TO DEBENTURE REDEMPTION RESERVE		57,200,000	0
DIVIDEND			
- PROPOSED DIVIDEND ON EQUITY SHARES		239,790,065	123,110,680
- INTERIM DIVIDEND ON EQUITY SHARES		0	119,980,403
- CORPORATE DIVIDEND TAX		40,752,322	41,313,330
BALANCE CARRIED TO BALANCE SHEET		<u>6,036,553,393</u>	<u>4,434,254,974</u>
		<u>6,594,295,780</u>	<u>4,885,659,387</u>
Basic Earnings Per Share (Rs.)		44.22	42.98
Diluted Earnings Per Share (Rs.)		43.63	39.02
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20		

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

CHARTERED ACCOUNTANTS

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

 PLACE : NEW DELHI
DATED :30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Schedules

PARTICULARS	AS AT 31.03.09 Rs.	AS AT 31.03.08 Rs.
1. SHARE CAPITAL		
AUTHORISED		
112000000 (Previous Year 112000000) Equity Shares of Rs. 10/- each	1,120,000,000	1,120,000,000
ISSUED & SUBSCRIBED		
47969609 (Previous Year 48002161) Equity Shares of Rs. 10/- each	479,746,090	480,021,610
PAID UP		
49244272 (Previous Year 47992161) Equity Shares of Rs. 10/- each fully paid up in cash	492,442,720	479,921,610
Add : Shares Forfeited	50,000	50,000
Less : 1284663 equity shares of Rs.10/- each bought back and extinguished during the year in accordance with Section 77A of the Companies Act, 1956 (Refer Note 27 of Notes on Accounts)	(12,846,630)	0
47959609 Equity shares of Rs.10/- each fully paid up in cash	479,646,090	479,971,610
Less: Share Purchase Suspense Account (1500 equity shares of Rs.10/- each fully paid up) (Refer Note 27 of Notes on Accounts)	15,000	0
	<u>479,631,090</u>	<u>479,971,610</u>
2. RESERVES & SURPLUS		
Share Premium Account		
Balance b/f	4,542,464,574	1,087,285,306
Add : Addition on conversion of FCCB	384,648,500	3,455,179,268
Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956 (Refer Note 27 of Notes on Accounts)	(169,603,496)	0
Capital Redemption Reserve		
Transferred from General Reserve	12,861,630	0
Capital Reserve		
Balance b/f	560,566,618	560,566,618
Add : Transferred on Forfeiture of Warrants (Refer Note 23 of Notes on Accounts)	209,250,000	0
General Reserve		
Balance b/f	661,075,636	494,075,636
Add : Transferred from Profit & Loss Account	220,000,000	167,000,000
Less : Transferred to Foreign Currency Monetary Item Translation Difference Account (Refer Note 28 of Notes on Accounts)	(119,139,500)	0
Less : Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act,1956 on buy back of equity shares during the year. (Refer Note 27 of Notes on Accounts)	(12,861,630)	0
Debenture Redemption Reserve		
Transferred from Profit & Loss Account	57,200,000	0
Profit & Loss Account	6,036,553,393	4,434,254,974
	<u>12,383,015,725</u>	<u>10,198,361,802</u>

Schedules

PARTICULARS	AS AT 31.03.09 Rs.	AS AT 31.03.08 Rs.
3. SECURED LOANS		
A. TERM LOANS		
From Financial Institutions	0	10,779,100
From Banks	3,448,367,384	4,133,462,236
B. WORKING CAPITAL FACILITIES		
From Banks	922,882,763	1,712,922,180
C. AGAINST HIRE PURCHASE		
From Banks	88,799	2,204,097
From Limited Companies	11,702,928	0
D. EXTERNAL COMMERCIAL BORROWING (ECB)	4,585,500,000	3,597,300,000
E. NON CONVERTIBLE DEBENTURE	1,200,000,000	0
	<u>10,168,541,874</u>	<u>9,456,667,613</u>

Notes :

- 1(a) 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 are further guaranteed by the Managing Director of the company.
- (b) Loans shown above include new Loans taken during the year for which security documents have been executed. However, in some cases, formalities for creation of charge are underway.
2. Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. However formalities for creation of second charge on working capital limits enhanced during the year is underway. These working capital loans are further guaranteed by Managing Director of the company.
3. Loans from Limited Companies/Banks against hire purchase are secured by hypothecation of the respective assets purchased on hire purchase basis.

4. UNSECURED LOANS

Foreign Currency Convertible Bonds	973,145,000	1,123,157,000
Loan From Banks	2,110,111,196	400,912,571
	<u>3,083,256,196</u>	<u>1,524,069,571</u>

5. FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2008	Additions	Adjustments	As at 31.03.2009	Up to 31.03.2008	For the Y.E. 31.03.2009	Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
LAND & SITE DEVELOPMENT	93,290,078	157,879,005	0	251,169,083	0	0	0	0	251,169,083	93,290,078
LEASE HOLD LAND	93,986,108	2,409,488	0	96,395,596	4,090,530	1,563,321	0	5,653,851	90,741,745	89,895,578
RAILWAY SIDING	19,185,548	89,819,563	0	109,005,111	3,351,087	34,900,610	0	38,251,697	70,753,414	15,834,461
BUILDING	1,308,092,366	98,370,800	0	1,406,463,166	125,339,151	46,203,414	0	171,542,565	1,234,920,601	1,182,753,215
PLANT & MACHINERY	10,449,446,778	1,179,262,843	(9,557,544)	11,638,267,165	1,570,444,917	557,926,761	(1,466,419)	2,129,838,097	9,508,429,068	8,879,001,861
FURNITURE & FIXTURES	35,177,317	5,122,604	84,638	40,215,283	7,514,050	2,226,584	1,721	9,738,913	30,476,370	27,663,267
VEHICLE	121,804,458	25,356,244	24,141,793	123,018,909	37,231,038	10,322,495	6,898,740	40,654,793	82,364,116	84,573,420
CURRENT YEAR	12,120,982,653	1,558,220,547	14,668,887	13,664,534,313	1,747,970,773	653,143,185	5,434,042	2,395,679,916	11,268,854,397	10,373,011,880
PREVIOUS YEAR	8,302,567,775	3,818,970,058	555,180	12,120,982,653	1,303,272,213	444,944,929	246,369	1,747,970,773	10,373,011,880	6,999,295,562

Schedules

6. INVESTMENTS

NAME OF SCRIPT	NO. OF SHARES/ UNITS	31.03.2009		NO. OF SHARES/ UNITS	31.03.2008	
		FACE VALUE PER SHARE/ UNIT	AMOUNT IN RS.		FACE VALUE PER SHARE/ UNIT	AMOUNT IN RS.
LONG TERM						
A. QUOTED INVESTMENTS						
Units of Mutual Fund						
Reliance Growth fund	547,745	10	30,000,000	547,745	10	30,000,000
DSPML Tiger Fund	1,608,236	10	35,000,000	1,608,236	10	35,000,000
SBI MF Magnum Multicap Fund	494,597	10	27,136,417	494,597	10	27,136,417
Prudential ICICI-Fusion	1,500,000	10	15,000,000	1,500,000	10	15,000,000
ICICI Prud Eq&Deri Fund	1,032,632	10	10,586,797	1,032,632	10	10,586,797
DSP Merrill Lynch Equity Fund	551,038	10	26,266,015	551,038	10	26,266,015
Templeton Fixed Horizon Fund	0		0	5,000,000	10	50,000,000
DSMPL Balanced Fund	236,200	10	10,000,000	236,200	10	10,000,000
SBI Infrastructure Fund	2,000,000	10	20,000,000	2,000,000	10	20,000,000
SBI Cap Protect Orient	302,000	10	3,020,000	302,000	10	3,020,000
Sundaram BNP Paribas	994,782	10	21,297,000	994,782	10	21,297,000
SBI Mutual Fund Mmps-93	29,182	10	2,500,000	29,182	10	2,500,000
UTI Nifty Index Fund	526,870	10	20,000,000	526,870	10	20,000,000
Reliance Natural Resour	244,499	10	2,500,000	244,499	10	2,500,000
HSBC Equity Fund	237,712	10	10,000,000	237,712	10	10,000,000
Mirae Asset India Fund	391,007	10	4,000,000	0	0	0
B. OTHERS						
Equity Shares - Unquoted, Fully paid up						
Monnet Scanduzzi Pvt Ltd	4,000	10	40,000	4,000	10	40,000
Tirumala Balaji Ferro Alloys Ltd	140,000	100	14,000,000	140,000	100	14,000,000
Mandakini Coal Co. Ltd	2,999,800	10	29,998,000	1,999,800	10	19,998,000
Equity Shares in Subsidiary Companies - Unquoted, fully paid up						
Monnet Global Ltd	183,786	1,118	205,382,257	148,350	1,104	163,791,357
Monnet Overseas Ltd	675	1,222	825,037	289	1,302	376,137
Monnet Power Co Ltd	41,112,020	10	411,120,200	10,242,920	10	102,429,200
Monnet Cement Ltd	1,249,400	10	12,494,000	49,400	10	494,000
Rameshwaram steel & Power Pvt Ltd	4,152,273	87	362,150,871	-	-	-
Monnet Daniel Coal Washeries Pvt Ltd	10,721,500	10	107,215,000	10,721,500	10	107,215,000
(of the above, 8,400,000 shares are pledged with State Bank of Patiala)						
Bonds - Unquoted						
Indusind Bank Bond	5	1,000,000	5,000,000	5	1,000,000	5,000,000
Invest Ubs Singapore (Bonds)	12,331	49,582	611,400,000	9,500	39,576	375,968,749
C. Capital Contribution in Partnership Firm						
			5,605,905			11,405,367
SHORT TERM						
Equity Shares Through Portfolio Management Schemes			153,741,512			300,046,103
TOTAL			2,156,279,011			1,384,070,141

(Aggregate Market Value of quoted investments, including PMS, Rs. 2795.06 Lacs, previous year Rs.5411.77 lacs)

NOTE : Due to voluminous nature of transactions, scrip wise details have not been provided in case of Investments in PMS Schemes.

Schedules

PARTICULARS	AS AT 31.03.09 Rs.	AS AT 31.03.08 Rs.
7. INVENTORIES		
<i>(As certified by the Management)</i>		
Raw Material	730,846,583	773,759,660
Stores and Spares	320,500,423	282,608,642
Finished Goods	646,367,567	600,764,254
Semi Finished Goods	4,964,135	7,832,508
Goods in Transit/Trading goods	45,964,097	440,888,500
Work-in-Progress	14,941,259	12,585,376
Material in Transit	80,974,728	98,640,629
	<u>1,844,558,792</u>	<u>2,217,079,569</u>
8. SUNDRY DEBTORS (UNSECURED)		
<i>Outstanding for a period exceeding six months</i>		
- Considered Good	280,316,435	141,339,038
- Considered Doubtful	19,837,049	39,091,763
<i>Other Debts</i>		
- Considered Good	817,007,882	870,494,262
	<u>1,117,161,366</u>	<u>1,050,925,063</u>
Less: Provision for Doubtful Debts	19,837,049	0
	<u>1,097,324,317</u>	<u>1,050,925,063</u>
9. CASH AND BANK BALANCES		
Cash in hand and imprest	6,777,255	15,809,359
Balance with Scheduled Banks		
- in current accounts	1,187,607,428	391,408,757
- in fixed deposit accounts		
In India	1,028,930,367	32,545,146
Overseas	188,521,813	2,409,213,396
Balance with Foreign Banks		
- in current accounts	44,011,226	859,358,760
	<u>2,455,848,089</u>	<u>3,708,335,418</u>

Schedules

PARTICULARS	AS AT 31.03.09 Rs.	AS AT 31.03.08 Rs.
10. LOANS & ADVANCES		
(Unsecured Considered Good unless stated otherwise)		
<u>Loans</u>		
- To Subsidiary Companies	1,482,645,000	819,385,000
- To Others	3,032,753,125	50,000,000
	<u>4,515,398,125</u>	<u>869,385,000</u>
<u>Advances recoverable in cash or kind or for value to be received</u>		
- From Subsidiary Companies	511,658,659	152,421,075
- From Others	1,089,782,370	1,577,077,735
Balance with Excise Department	81,100,230	276,570,521
<u>Security Deposits</u>		
- With Govt. Deptts.	123,350,334	95,483,295
- With Others	132,252,072	132,861,322
Prepaid Expenses	65,762,361	22,090,062
Advance Income Tax	307,811,958	250,830,551
	<u>2,311,717,984</u>	<u>2,507,334,561</u>
	<u>6,827,116,109</u>	<u>3,376,719,561</u>
11. CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors - Others	1,238,202,211	800,096,517
Sundry Creditors - Capital Projects	198,624,119	408,150,082
Other Liabilities	98,553,634	103,672,016
Security Deposits	100,102,662	93,080,493
Advances against sales	67,843,011	29,639,973
Interest. accrued but not due	15,812,651	17,880,847
B. Provisions		
Provision for Taxation	306,100,000	251,800,000
Proposed Dividend	239,790,065	243,091,083
Provision for FBT	12,700,000	5,800,000
Corporate Dividend Tax	40,752,322	41,313,330
	<u>2,318,480,675</u>	<u>1,994,524,341</u>
12. DEFERRED TAX ASSETS/(LIABILITIES)		
<u>Deferred Tax Liability</u>		
As at 1st April 2008	(908,482,149)	(628,042,149)
Additional adjustment for current year	(231,040,000)	(280,440,000)
	<u>(1,139,522,149)</u>	<u>(908,482,149)</u>

Schedules

PARTICULARS	Year Ended 31.03.09 Rs.	Year Ended 31.03.08 Rs.
13. OTHER INCOME		
Miscellaneous Income	27,981,502	7,562,831
Dividend Received	5,450,420	38,369,459
Profit on sale of Investments	0	54,190,671
Income From Derivative/Exchange fluctuation	187,259,477	186,992,392
Interest Received	235,625,292	195,128,112
Profit from Partnership Firm	1,315,633	0
Insurance Claim Received	19,032,445	1,455,652
	<u>476,664,769</u>	<u>483,699,117</u>
14. INCREASE/DECREASE IN STOCKS		
Opening Stock As on 01.04.2008		
Work-in-Process	12,585,376	8,448,201
Semi Finished Goods	7,832,508	58,423,826
Goods in Transit/Trading goods	457,889,348	35,035,228
Finished Goods	583,763,407	504,773,295
	<u>1,062,070,639</u>	<u>606,680,550</u>
(A)		
Stock Transferred from Raw Material	(B) 95,044,279	0
<u>Closing Stock As on 31.03.09</u>		
Work-in-Process	14,941,259	12,585,376
Semi Finished Goods	4,964,135	7,832,508
Goods in Transit/Trading goods	45,964,097	457,889,348
Finished Goods	646,367,567	583,763,406
	<u>712,237,058</u>	<u>1,062,070,638</u>
(C)		
GRAND TOTAL (A+B-C)	<u>444,877,860</u>	<u>(455,390,088)</u>
15. MATERIAL, MANUFACTURING AND OTHERS		
Raw Material Consumed	13,533,044,352	10,420,771,283
Goods Purchased for Resale	280,739,375	1,664,903,961
Stores and Spares Consumed	383,580,457	292,554,533
Power and Fuel	921,894,383	1,010,948,594
Excise Duty on Stocks	(10,751,562)	7,307,849
	<u>15,108,507,005</u>	<u>13,396,486,220</u>
16. SALARIES, WAGES & AMENITIES		
Salaries, Wages and Allowances	549,469,708	362,918,387
Staff Welfare	24,387,650	22,324,509
Employer's Contribution to P.F. etc.	34,305,796	23,732,693
	<u>608,163,154</u>	<u>408,975,589</u>

Schedules

PARTICULARS	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
17. REPAIRS & MAINTENANCE		
Machinery	39,714,489	35,161,001
Building	10,297,498	5,972,201
Others	6,261,768	7,222,914
	<u>56,273,755</u>	<u>48,356,116</u>
18. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing and Stationery	5,994,462	5,000,173
Rent	7,114,216	2,423,889
Rates & Taxes	5,490,094	1,316,060
Vehicle Expenses	106,620,512	28,685,733
Communication Expenses	10,019,277	8,744,674
Travelling & Conveyance	15,132,189	14,050,736
Insurance Charges	48,510,285	43,988,656
Legal & Professional Charges	41,895,378	20,039,524
Directors Sitting Fees	94,000	132,000
<u>Auditors' Remuneration</u>		
- As Audit Fees	1,500,000	1,250,000
- For Certification & Other Co. Law Matters	1,285,000	796,500
- For Tax Matters	279,500	321,000
- Reimbursement of Expenses	587,446	425,544
Miscellaneous Expenses	41,762,738	44,550,250
Lease Rent & Hire Charges	19,923,494	9,510,422
Share Transfer Expenses	198,520	189,686
Internal Audit Fees & Expenses	1,444,402	1,283,473
Provision for Doubtful Debts	19,837,049	0
Loss from Partnership Firm	0	1,192,255
Loss on Sale of Fixed Assets	4,161,551	93,811
Distribution & Marketing Expenses	332,479,955	335,138,997
	<u>664,330,068</u>	<u>519,133,383</u>
19. FINANCIAL CHARGES		
Interest Paid		
- On Term Loans	446,645,776	217,557,917
- Others	238,855,632	121,092,321
Bank Charges	20,543,164	11,870,411
	<u>706,044,572</u>	<u>350,520,649</u>

20. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Company has prepared its financial statements in accordance with generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 1956.

2. 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.

3. Sales

- a) Sales are shown inclusive of excise duty and net of sales tax, rebates and discounts etc.
- b) The Company has reduced interdivision sales 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.

4. Claims

Revenue in respect of claims is recognised only when the same is reasonably ascertained.

5. 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 commitment 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.

6. Inventories

Inventories are valued on the following basis using FIFO method:

- a) Finished Goods - at lower of cost or estimated realisable value.
- b) Semi Finished Goods - at lower of cost or estimated realisable value.
- c) Work-in-Process - at lower of cost or estimated realisable 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 realisable value (including excise duty & freight)

7. Excise Duty

- Cenvat credit, to the extent availed, is adjusted towards cost of materials.
- Custom duty is accounted for at the time of clearance of goods.

8. Retirement Benefits

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

9. Contingent Liabilities

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

10. Sundry Debtors

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

Schedules

11. 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.

12. 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 Profit & Loss Account except for long term foreign currency items which are dealt with as per revised para 46 of AS 11 issued by ICAI.
- 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.

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

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

B. NOTES ON ACCOUNTS

	CURRENT YEAR (Rupees in lacs)	PREVIOUS YEAR (Rupees in lacs)	
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	11804.48	16470.32	
2. Letters of Credit opened in favour of Inland/Overseas Suppliers	2564.25	1397.19	
3. Guarantees			
Counter guarantees issued to Bankers in respect of guarantees issued by them	433.79	732.49	
Guarantees issued on behalf of a Limited Company	2026.00	NIL	
4. Contingent Liabilities not provided for *			
In respect of disputed Excise Demands	684.30	0.63	
in respect of disputed Sales Tax Demand	1103.48	80.64	
in respect of disputed Entry Tax Demand	415.46	7.75	
in respect of disputed Demands by State Electricity Boards	0.00	324.92	
in respect of disputed Demands for water charges by Water Resources Division.	215.20	143.30	
Other claims against the Company not acknowledged as debt.	124.93	50.59	
In respect of electricity Duty on generation of power	440.20	0.00	
* Does not include matters dealt with elsewhere in the Notes on Accounts.			
5. Salary includes following remuneration paid to the Managing Director	(In Rupees)	(In Rupees)	
Salary	96,00,000	84,00,000	
Perquisites	11,56,805	10,17,664	
6. Details of Licenced and Installed Capacities & Production			
A. * Installed Capacity at Raipur			
- Sponge Iron	MT	300000	300000
MS / SS Products			
a) - Ingots & Billets	MT	300000	300000
b) - Structural Steel	MT	200000	200000
- Ferro Alloys **	MT	58400	58400
- Power	MW	60	60
* Installed Capacity at Raigarh			
- Sponge Iron	MT	500000	500000
- Power	MW	90	90
B. Production			
- Sponge Iron	MT	600,431	486017
- MS / SS Products	MT	136,495	183479
- Structural Steel	MT	80,584	83017
- Ferro Alloys	MT	15,911	45134
- Coal	MT	989,111	835400
- Power	'000	689,533	399414
	Units		

* As certified by the Management & relied upon by the Auditors being a technical matter.

** Includes 1 2000 MT on Lease

7. Details of Raw Material Consumed :

	UNIT	2008-2009		2007-2008	
		QTY	VALUE (RS.)	QTY	VALUE (RS.)
SPONGE IRON					
Iron Ore	MT	1061156	5685155181	836065	3761212908
Coal	MT	183026	842938157	17164	65821303
Coal Captive	MT	686343	0	633352	0
Coal Captive (Freight)		-	0	-	255697743
Dolomite	MT	13275	6765531	11592	6798985
Others			201535096	-	34421702
MS / SS PRODUCTS					
Iron Scrap & Others	MT	14084	312807121	33446	577941033
Sponge Iron	MT	865	12392180	244	5971443
Sponge Iron Captive	MT	142977	0	178227	0
MS / SS Runner/ Riser Captive	MT	562	0	1233	0
Others			79624082	-	91702783
Structural Steel					
MS Billets Captive	MT	79469	0	84493	0
MS Billets	MT	3856	113926119	0	0
FERRO ALLOYS					
Manganese Ore	MT	33137	623134148	90025	638988042
High MnO Slag	MT	9871	102539091	24994	132449836
Coal & Coke	MT	9349	80259022	24812	151530037
Coal & Coke Captive	MT	6476	0	13823	0
Others			36532693	-	58956280
POWER					
Flue Gas Captive	100 Nm3	25401373	0	15956153	0
Coal	MT	335699	441982240	18564	28566743
Coal Captive	MT	297441	0	257484	0
Coal Captive (Freight)		-	0	-	91223125
Char/Others		-	32734230	-	11898881
Coal Division (Direct Cost)		-	306037001	-	211239798

8. Particulars of Sales/Stocks :

	UNIT	2008-2009		2007-2008	
		QTY	VALUE (RS.)	QTY	VALUE (RS.)
A. Opening Stock					
Sponge Iron	MT	20704	265543504	23284	199156405
Char	MT	57328	2866411	33618	1680878
MS / SS Products	MT	5059	95197800	5047	80347402
Coal - At Mine	MT	43182	23663720	26476	14058931
Coal - At Sites	MT	82406	76988566	168086	165806966
Ferro Alloys	MT	872	31887762	777	18157118
Structural Steel	MT	3908	87615644	1345	25565595
Iron Ore	MT	166127	457889348	67438	35035228
B. Purchase					
Iron Ore	MT	36896	196726879	634509	1664903961
Sponge Iron	MT	1770	32634809	0	0
Others		-	51377686	-	0

Schedules

C. Stock transfer from Raw Material					
Iron Ore	MT	54150	95044279	0	0
D. Sales					
Sponge Iron	MT	456292	8894711471	310370	4954591733
Sponge Iron - Captive	MT	142977	0	178227	0
Char	MT	24947	695228	0	0
Char Captive	MT	28461	0	34874	0
Ingots & Billets	MT	57118	1546750235	95864	2327983826
Ingots & Billets - Captive	MT	82333	0	87604	0
Structural Steel	MT	73739	2609196544	76076	2291882640
Structural Steel - Captive	MT	4547	0	4377	0
Coal Captive	MT	992870	0	904074	0
Ferro Alloys	MT	14636	930622001	41825	2084140795
Ferro Alloys - Captive	MT	2137	0	3214	0
Power	'000 Units	453614	2474102252	54287	147431215
Power - Captive	'000 Units	235919	0	345126	0
Iron Ore	MT	199556	559543563	454644	1331497186
Others		-	91706496	-	56885053
E. Closing Stock					
Sponge Iron	MT	23636	339999409	20704	265543504
Char	MT	69590	0	57328	2866410
Ingots & Billets	MT	2103	48916444	5059	95197800
Structural Steel	MT	6206	168407695	3908	87615644
Coal At Mine	MT	15570	9793414	43182	23663720
Coal At Sites	MT	106259	78812196	82406	76988566
Iron Ore	MT	37272	45964097	166127	457889348
Ferro Alloys	MT	10	438409	872	31887762

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

10. Particulars	%	2008-2009 (Rs. In Lacs)	%	2007-2008 (Rs. In Lacs)
Value of Imported & Indigenous Raw Material Consumed and the percentage of each to total consumption :-				
- Imported	2.65	2349.20	0.08	45.64
- Indigenous	97.35	86434.42	99.92	61198.57

11. 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 Rs. 410 Lacs (Previous Year Rs. 517 lacs) has been included in the value of inventories as on 31st March, 2009 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.

12. **Value of Imports on CIF basis (Rs. In Lacs) :**

	CURRENT YEAR	PREVIOUS YEAR
- Capital Goods including Spares etc.	2,551.85	2643.63
- Raw Material etc.	1,367.12	175.91

13. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation 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.

14. Pre-operative Expenses capitalized in New Projects during the year are as under:-	(Rs. In Lacs)
Administrative & Other Expenses	206.62
Financial Charges	344.72
	Total
	551.34
Allocated to Fixed Assets	551.34

(Rs. In Lacs)		
15. <u>Expenditure in Foreign Currency</u>	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
- Traveling /Others	84.32	662.95
- Financial Charges	2,129.14	1032.90
16. <u>Earning in Foreign Currency</u>		
FOB Value of Exports (Rs. In Lacs)	5,117.14	16969.19
17. Balance confirmations have not been received from number of parties showing debit/credit balances.		
18. The Company is in the process of identifying vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 and gathering information to make the necessary disclosures as mentioned in the amendment to Schedule VI of the Companies Act, 1956 vide the notification dated November 16, 2007.		
19. No provision has been made for diminution in the value of quoted long term investments as the same is considered to be of temporary nature by the management.		
20. Rupee equivalent of export obligation to be completed by 18th March, 2017 under EPCG Scheme as on 31st March, 2009 is Rs. 16544.22 lacs.		
21. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to Rs. 1528.93 lacs upto 31st March, 2009 (Rs. 1174.60 lacs upto 31st March, 2008). 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.		
22. The Company had received risk purchase claims aggregating to Rs.3353.80 Lacs during the previous year. 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.		
23. The Company had, pursuant to resolution passed in the extra ordinary general meeting of the Company on 11th January, 2008, issued 50,00,000 warrants to promoters. An amount of Rs. 2092.50 lacs was received against these warrants during the previous year. Due to non exercise of option within the stipulated period, the aforesaid amount received against these warrants was forfeited and credited to Capital Reserve.		

24. Retirement Benefits : Gratuity

The following tables summarise the components of the net employee benefit expenses recognized in the profit & loss account and amount recognized in the balance sheet for gratuity :

Reconciliation of opening and closing balances of the present value of the defined benefit obligation :	Year Ended 31.03.2009	Year Ended 31.03.2008
Obligations at period beginning	28,508,872	15,549,055
Service Cost	8,228,371	12,703,152
Interest on Defined benefit obligation	2,280,710	1,216,855
Benefits settled	(1,152,390)	(676,736)
Actuarial (gain)/loss	33,881	(283454)
Obligations at period end	37,899,444	28,508,872
Change in plan assets		
Plans assets at period beginning, at fair value	0	0
Expected return on plan assets	0	0
Actuarial gain/(loss)	0	0
Assets distributed on settlements	0	0
Contributions	1152390	676,736
Benefits settled	-1152390	(676,736)
Plans assets at period end, at fair value	0	0
Reconciliation of present value of the obligation and the fair value of the plan assets:		

Closing PBO	37899444	28,508,872
Closing Fair value of plan assets	0	0
Closing Funded status	(37899444)	(28,508,872)
Unrecognised actuarial (gains).losses	0	0
Unfunded net asset/(Liability) recognized in the balance sheet	(37899444)	(28,508,872)
Expenses recognized		
Service cost	8,228,371	12,703,152
Interest cost	2,280,710	1,216,855
Expected return on plan assets	0	0
Actuarial (gain)/loss	33,881	(283,454)
Net gratuity cost	10,542,962	13,636,553
Assumptions		
Interest rate	7.00%	8.00%
Discount factor	7.00%	8.00%
Estimated rate of return on plan assets	7.00%	8.00%
Salary increase	4.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	58	58

25. 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 Rs. 3,061 lacs has been made on current year profits. Provision for fringe benefit tax has been made for Rs. 127 lacs as per Section 115W of the Income Tax Act.

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 Power Division for a period of 10 years commencing from the financial year 2004-2005. 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.

Particulars	Opening Balance as at 01.04.2008 (Rs. in Lacs)	Charge/ credit during the year (Rs. in Lacs)	Closing as at 31.3.2009 (Rs. in Lacs)
Depreciation	9148.45	2308.57	11457.02
Adjustments u/s 43B	-63.63	1.83	-61.80
Net	9084.82	2310.40	11395.22

26. 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 Executive Vice Chairman & Managing Director
Associates	:	Monnet Scanduzzi Engg. & Infrastructure Pvt. Ltd. A.P. Coal Washeries Pvt Ltd Tirumala Balaji Alloys Pvt Ltd
Subsidiaries	:	Monnet Global Ltd Monnet Overseas Ltd Monnet Daniel Coal Washeries Pvt. Ltd. Monnet Power Company Ltd. Monnet Cement Ltd Rameshwaram Steel & Power Pvt Ltd.
Subsidiary of Subsidiaries	:	Pt Monnet Global

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

	(Rs. in Lacs)		
	Associates	Key Managerial Personnel	Subsidiaries
Sale of goods / services	279.51	0.00	1864.96
Receipt for reimbursement of expenses	92.48	0.00	101.72
Remuneration Paid	0.00	107.57	0.00
Interest Received	7.79	0.00	0.00
Purchase of raw material / finished goods	0.00	0.00	839.15
Loan Given	106.03	0.00	6633.62

C. Outstanding balance and balance written off/written back :-

Description	Outstanding Balances	Written off/ Written back
	-Debit (Rs.in lacs)	(Rs.in lacs)
Subsidiaries	19943.30	0.00
Key Management Personnel	0.00	0.00
Associates	845.91	0.00

27. Buyback of shares

The Board of Directors at their Meeting held on 23-10-2008 had announced buy back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 at a price not exceeding Rs. 300/- per share. The Company opted to implement the buy back through the methodology of open market purchases through stock exchange and the maximum offer size aggregated to Rs. 75 crores representing 7.41% of the Company's paid up capital and free reserves as on 31st March, 2008. As of 31st March, 2009, the Company had bought back 1286163 equity shares of Rs. 10/- each at an average price of Rs. 140.75 per share. Out of this, 1284663 equity shares of Rs. 10/- each have been extinguished. Balance 1500 shares have been extinguished subsequent to balance sheet date i.e. by 4-4-2009 and have accordingly been shown under the Share Capital Suspense Account and disclosed as a reduction from Issued and paid up Share Capital amounting to Rs.15,000. The difference between the nominal value and amount spent for buy back, amounting to Rs. 1696.03 lakhs has been appropriated from the share premium account.

The Company has transferred Rs.128.62 Lakhs from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

28. Accounting for Long Term Foreign Currency Items :

The Company has exercised the option to account for long term foreign currency items as per the revised para 46 of the Accounting Standard 11. In terms of the option provided, the following amounts have been carried forward to the Foreign Currency Monetary Item Translation Difference Account to be amortized over the balance period of such long term asset / liability but not beyond 31st March,2011:

Exchange Fluctuation	For F.Y. ended 31.3.2008 (Rs. in Lacs)	For F.Y. ended 31.3.2009 (Rs. in Lacs)	Total Loss Carried Over (Rs. in Lacs)
On long term assets	-114.55	-2529.37	-2643.92
On long term liabilities	-1076.85	11979.18	10902.33
Total Loss c/o	-1191.40	9449.81	8258.41

29. SEGMENT REPORTING

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

30. The Company has entered into hedge derivative transactions for 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 w.e.f. 1st April 2011.

31. The Company has issued the following Foreign Currency Convertible Bonds:

Date of Issue	Amount Outstanding	Maturity Date	Conversion Price per share	Coupon	Y.T.M. in the event of redemption
February 2006	\$ 19,100,000	February 2011	317.20	0%	7.6%

32. Terms and conditions of issue and redemption of Non convertible Debentures are as under:

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
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.

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

Basic Earning Per Share		
	Year Ended on 31.3.2009	Year Ended on 31.03.2008
Profit attributable to the Equity Shareholders–(A) (Rs in Lacs)	21600.41	16616.34
Basic Weighed average number of Equity Shares outstanding during the year–(B)	48848334	38658508
Nominal value of Equity Shares (Rs)	10.00	10.00
Basic Earning per share (Rs)- (A)/(B)	44.22	42.98
Diluted Earning Per Share		
	Year Ended on 31.3.2009	Year Ended on 31.03.2008
Profit attributable to the Equity Shareholders as above (Rs in Lacs)	21600.41	16616.34
Interest Paid on Potential Equity Shares net of tax impact (Rs. In Lacs)	0	0
Profit considered for Diluted E.P.S. (C)	21600.41	16616.34
Basic Weighed average number of Equity Shares outstanding during the year as above	48848334	38658508
Weighted Average Potential Equity Shares for the Year	662495	3930017
Total weighted average shares considered for Diluted E.P.S. (D)	49510829	42588525
Nominal value of Equity Shares (Rs)	10.00	10.00
Diluted Earning per share (Rs)- (C)/(D)	43.63	39.02

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

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

For AND ON BEHALF OF THE BOARD

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED :30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Balance Sheet Abstract and Company's General Business Profile
 (As per Schedule VI, Part (IV) of the Companies Act, 1956)

I. REGISTRATION DETAILS	
Registration No.	9826
State Code	10
Balance Sheet Date	31st March, 2009
II. CAPITAL RAISED DURING THE YEAR	
Public Issue	NIL
Rights Issue	NIL
Private Placement (Net of Buyback)	(340,520)
Bonus Issue	NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	
Total Liabilities	28,432,925,560
Total Assets	28,432,925,560
SOURCES OF FUNDS	
Paid up Capital	479,631,090
Share Application money	NIL
Reserves & Surplus	12,383,015,725
Secured Loans	10,168,541,874
Unsecured Loans	3,083,256,196
APPLICATION OF FUNDS	
Net Fixed Assets	11,268,854,397
Capital Work in Progress	3,096,625,969
Investments	2,156,279,011
Net Current Assets	9,906,366,632
Misc. Expenditure	825,841,025
Deffered Tax Assets/(Liabilities)	(1,139,522,149)
Accumulated Losses	NIL
IV. PERFORMANCE OF THE COMPANY	
Turnover including other incomes	15,963,924,176
Total Expenditure	13,256,680,710
Profit before tax	2,707,243,466
Profit after tax	2,160,040,806
Basic Earning Per Share (Rs.)	44.22
Diluted Earning Per Share (Rs.)	43.63
Dividend Rate (%)	50%
V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY	
Item Code No. (ITC Code)	720610
Product Description	Iron & Non Alloy Steel in Ingots
Item Code No. (ITC Code)	720130.09
Product Description	Sponge Iron

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

CHARTERED ACCOUNTANTS

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Cash Flow Statement for the Year Ended 31.3.2009

	31.3.2009	31.03.2008
A. Cash Flow from Operating Activities		
Net Profit before tax and extra ordinary items	2,707,243,466	2,207,675,322
Adjustment for :		
Depreciation	653,143,185	444,851,017
Preliminary Expenses		
Profit/Loss on Sale of Fixed Assets	4,161,551	93,811
Interest Received	(235,625,292)	(195,128,112)
Interest Paid	685,501,408	416,044,713
Dividend Received	(5,450,420)	(38,369,459)
	<u>1,101,730,432</u>	<u>627,491,970</u>
Operating Profit before Working Capital Facilities	3,808,973,898	2,835,167,292
Adjustment for :		
Trade & Other Receivable	(3,439,814,395)	(2,029,392,442)
Inventories	372,520,777	(997,334,158)
Trade Payable	266,618,360	569,361,621
	<u>(2,800,675,258)</u>	<u>(2,457,364,979)</u>
Cash generated from operation	1,008,298,640	377,802,313
Tax Paid	(311,944,067)	(303,210,199)
Dividend Paid	(284,404,413)	0
	<u>(596,348,480)</u>	<u>(303,210,199)</u>
Net Cash Flow from operating activities	411,950,160	74,592,115
B. Cash Flow From Investing activities		
Purchase of fixed assets	(1,558,220,547)	(3,818,970,058)
Sale of Fixed Assets	5,073,294	215,000
CWIP	(435,440,515)	928,355,271
Purchase of Investments (Net)	(772,208,870)	(935,638,908)
Buyback of Shares	(182,465,126)	0
Interest Received	235,625,292	195,128,112
Dividend Received	5,450,420	38,369,459
	<u>(2,702,186,052)</u>	<u>(3,592,541,124)</u>
Net Cash used in investing activities	<u>(2,702,186,052)</u>	<u>(3,592,541,124)</u>
C. Cash Flow from Financing Activities		
Proceed from Share Application Money	12,521,110	136,553,890
Proceed from Share Warrants	0	209,250,000
Interest Paid	(685,501,408)	(416,044,713)
Proceed from Share Premium on App. Money	384,648,500	3,455,179,268
Proceeds from long term borrowings	1,326,080,361	944,410,442
Net Cash used in financing activities	<u>1,037,748,563</u>	<u>4,329,348,887</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	<u>(1,252,487,329)</u>	<u>811,399,878</u>
Cash & Cash equivalent Opening	<u>3,708,335,418</u>	<u>2,896,935,540</u>
Cash & Cash equivalent Closing	<u>2,455,848,089</u>	<u>3,708,335,418</u>

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 20) form an integral part of Cash Flow Statement.
4. Previous year figures have been regrouped/reclassified to confirm to current year's classification.
This is the cash flow statement referred to in our report of even date.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED :30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY



**Consolidated
Balance Sheet
as at 31st March, 2009
&
Consolidated
Profit & Loss Account
for the year ended
31st March, 2009**

Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

1 Name of the Subsidiary	Monnet Overseas Ltd.	Monnet Global Ltd.	Monnet Daniels Coal Washeries Pvt. Ltd.	Monnet Power Company Ltd.	Rameshwaram Steel & Power Pvt. Ltd.	Monnet Cement Limited	PT Monnet Global
2 Financial year of the Subsidiary ended on	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009
3 Holding Company's interest : Equity Share Capital	100%	100%	51.64%	99.99%	96.99%	98.80%	100% held by Monnet Global Ltd.
4 Profit or Loss for the current financial year so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the holding company	0	-7630574	Nil	Nil	-25405393	-2728426	20991.4
5 Net aggregate Profits or Losses for the previous financial years since becoming subsidiary so far as concern the Members of the Holding Company, not dealt with or provided for in the Accounts of the holding company	N/A	N/A	N/A	N/A	Nil	N/A	N/A
6 Net aggregate amounts received as dividends for previous financial years since becoming subsidiary dealt with in the accounts of the Holding Company in relevant years	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Summary of the Key Financials of Subsidiary Companies

	Particulars	Monnet Overseas Ltd.		Monnet Global Ltd.		Pt Monnet Global		Monnet Daniels Coal Washeries Pvt. Ltd.	R. Steel & Power Pvt. Ltd.	Monnet Power Company Limited	Monnet Cement Limited
		(In Rs.)	(In USD)	(In Rs.)	(In USD)	(In Rs.)	(In USD)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)
1	Capital	825,037.00	18,402.00	205,382,257.00	5,007,797.00	5,095,000.00	100,000.00	207,600,000.00	42,809,000.00	411,126,200.00	12,500,000.00
2	Reserves	(371,916.00)	(8,353.00)	(8,160,794.00)	(181,304.00)	20,991.40	412.20	(2,728,425.68)	108,095,985.50	-	-
3	Total Assets	1,079,987.00	21,197.00	1,731,948,088.00	33,993,093.00	6,999,103.40	137,372.40	599,582,957.00	934,256,718.00	425,739,761.00	12,928,280.00
4	Total Liabilities	567,990.00	11,148.00	1,486,038,270.00	29,166,600.00	1,883,122.00	36,960.20	394,711,383.00	783,351,732.00	14,613,561.00	428,280.00
5	Investments	-	-	5,095,000.00	100,000.00	-	-	-	-	1,000.00	-
6	Turnover/Total Income	-	-	8,932,660.15	192,307.00	22,112.30	434.00	28,745.00	258,394,938.00	-	-
7	Profit before taxation	-	-	(7,630,573.75)	(164,275.00)	20,991.40	412.00	(2,465,369.68)	(59,839,668.22)	-	-
8	Provision for taxation	-	-	-	-	-	-	263,056.00	(34,434,275.37)	-	-
9	Profit after taxation	-	-	(7,630,573.75)	(164,275.00)	20,991.40	412.00	(2,728,425.68)	(25,405,392.85)	-	-
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-

Notes :

1. Exchange rates taken for assets and liabilities is Rs.50.95 = 1 USD
2. Exchange rates taken for revenue items is Rs. 46.45 = 1 USD
3. Any exchange difference arising on conversion is recognized in the exchange fluctuation reserve account.

**AUDITORS' REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
OF MONNET ISPAT & ENERGY LIMITED**

We have audited the attached Consolidated Balance Sheet of MONNET ISPAT & ENERGY LIMITED as at 31st March, 2009 and the Consolidated Profit & Loss Account for the Year Ended 31st March, 2009, annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. 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, viz, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
3. We further report that on the basis of the information and explanations given to us and on the basis of the separate audited financial statements of its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2009.
 - b) In the case of Consolidated Profit & Loss Account, of the consolidated results of operations of the company for the year on that date and;
 - c) In case of Consolidated Cash Flow Statement, of the consolidated cash flows of the company for the year ended on that date.

For O.P. BAGLA & CO.
CHARTERED ACCOUNTANTS

(O.P. BAGLA)
PARTNER
M.No. 8858

PLACE : NEW DELHI
DATED : 30.06.2009

Balance Sheet as at 31st March, 2009 (Consolidated)

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
A) SHARE CAPITAL	1	479,631,090	479,971,610
B) SUBSCRIPTION AGT SHARE WARRANT		0	209,250,000
C) RESERVES & SURPLUS	2	12,397,200,098	10,197,459,665
		<u>12,876,831,188</u>	<u>10,886,681,275</u>
MINORITY INTEREST			
		103,611,869	100,397,000
LOAN FUNDS			
A) SECURED LOANS	3	10,736,646,861	9,735,339,601
B) UNSECURED LOANS	4	3,083,256,196	1,524,069,571
		<u>13,819,903,057</u>	<u>11,259,409,172</u>
TOTAL		<u>26,800,346,115</u>	<u>22,246,487,447</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
A) GROSS BLOCK	5	15,032,658,185	12,355,226,929
B) LESS : DEPRECIATION		2,454,134,169	1,748,392,004
C) NET BLOCK		<u>12,578,524,017</u>	<u>10,606,834,925</u>
CAPITAL WORK IN PROGRESS		3,984,184,889	3,393,302,367
		<u>16,562,708,906</u>	<u>14,000,137,292</u>
INVESTMENTS	6	1,057,092,646	1,009,764,447
CURRENT ASSETS, LOANS & ADVANCES			
A) INVENTORIES	7	2,002,957,986	2,217,079,569
B) SUNDRY DEBTORS	8	1,119,967,772	1,050,925,063
C) CASH & BANK BALANCES	9	2,497,787,755	3,740,519,934
D) LOANS & ADVANCES	10	6,263,234,690	3,151,481,758
		<u>11,883,948,203</u>	<u>10,160,006,324</u>
LESS : CURRENT LIABILITIES & PROVISIONS	11	2,435,321,660	2,017,539,970
NET CURRENT ASSETS		<u>9,448,626,543</u>	<u>8,142,466,354</u>
DEFERRED TAX ASSETS/(LIABILITIES)	12	(1,096,435,319)	(908,482,149)
MISCELLANEOUS EXPENDITURE	13	828,353,339	2,601,503
TOTAL		<u>26,800,346,115</u>	<u>22,246,487,447</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	21		

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

O.P. BAGLA
 PARTNER

M.S. GUJRAL
 CHAIRMAN

SANDEEP JAJODIA
 EX. VICE CHAIRMAN
 & MANAGING DIRECTOR

 PLACE : NEW DELHI
 DATED : 30.06.2009

V.N. KEDIA
 DIRECTOR

J.P. LATH
 DIRECTOR

M.P. KHARBANDA
 COMPANY SECRETARY

Profit & Loss Account for the year ended 31st March 2009

PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
INCOME			
SALES/OPERATIONAL INCOME		22,539,169,568	18,040,630,902
LESS : INTER DIVISION TRANSFERS		<u>5,201,517,026</u>	<u>4,846,218,454</u>
		17,337,652,542	13,194,412,448
LESS : EXCISE DUTY ON SALES		<u>1,652,000,489</u>	<u>1,603,721,811</u>
		15,685,652,053	11,590,690,637
OTHER INCOME	14	485,726,966	483,920,539
INCREASE/DECREASE IN STOCKS	15	<u>(420,732,776)</u>	<u>455,390,088</u>
		<u>15,750,646,244</u>	<u>12,530,001,264</u>
EXPENDITURE			
MATERIAL, MANUFACTURING AND OTHERS	16	15,384,766,804	13,396,486,220
LESS : INTER DIVISION TRANSFERS		<u>5,201,517,026</u>	<u>4,846,218,454</u>
		10,183,249,779	8,550,267,766
SALARIES, WAGES & AMENITIES	17	621,743,954	408,975,589
REPAIR & MAINTENANCE	18	57,726,897	48,356,116
ADMINISTRATIVE, SELLING & OTHER EXP.	19	673,346,384	519,133,384
LOSS ON SALE OF INVESTMENTS		157,039,277	0
FINANCIAL CHARGES	20	733,013,583	350,520,649
DEPRECIATION		686,600,909	444,851,017
MISC EXPENDITURE W/OFF		<u>596,615</u>	<u>0</u>
		<u>13,113,317,398</u>	<u>10,322,104,521</u>
PROFIT BEFORE TAX			
		2,637,328,846	2,207,896,743
LESS : PROVISION FOR TAXATION		306,100,000	251,800,000
LESS : PROVISION FOR DEFERRED TAXATION		196,466,725	280,440,000
LESS : PROVISION FOR FBT		13,070,000	5,800,000
ADD : INCOME TAX ADJUSTMENT		<u>2,605,284</u>	<u>(8,001,380)</u>
PROFIT AFTER TAX (Before adjustment for Minority Interest)		<u>2,124,297,405</u>	<u>1,661,855,363</u>
ADD : SHARE OF LOSS TRANSFERRED TO MINORITY		<u>2,082,679</u>	<u>0</u>
PROFIT AFTER TAX (after adjustment for Minority Interest)		<u>2,126,380,084</u>	<u>1,661,855,363</u>
BALANCE AS PER LAST YEAR		4,414,318,217	3,222,901,887
PROFIT AVAILABLE FOR APPROPRIATION		<u>6,540,698,301</u>	<u>4,884,757,250</u>
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		220,000,000	167,000,000
TRANSFER TO DEBENTURE REDEMPTION RESERVE		57,200,000	0
DIVIDEND			
- PROPOSED DIVIDEND ON EQUITY SHARES		239,790,065	123,110,680
- INTERIM DIVIDEND ON EQUITY SHARES		0	119,980,403
- CORPORATE DIVIDEND TAX		40,752,322	41,313,330
BALANCE CARRIED TO BALANCE SHEET		<u>5,982,955,915</u>	<u>4,433,352,837</u>
		<u>6,540,698,301</u>	<u>4,884,757,250</u>
Basic Earnings Per Share (Rs.)		43.53	42.99
Diluted Earnings Per Share (Rs.)		42.95	39.02
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	21		

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Schedules

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
1. SHARE CAPITAL		
AUTHORISED		
11,20,00,000 (Previous Year 112000000) Equity Shares of Rs. 10/- each	1,120,000,000	1,120,000,000
ISSUED & SUBSCRIBED		
4,79,69,609 (Previous Year 48002161) Equity Shares of Rs. 10/- each	742,655,090	480,021,610
PAID UP		
4,92,44,272 (Previous Year 47992161) Equity Shares of Rs. 10/- each fully paid up in cash	492,442,720	479,921,610
Add : Shares Forfeited	50,000	50,000
Less : 12,84,663 equity shares of Rs.10/- each bought back and extinguished during the year in accordance with Section 77A of the Companies Act, 1956 (Refer Note 27 of Notes on Accounts)	(12,846,630)	0
47959609 Equity shares of Rs.10/- each fully paid up in cash	479,646,090	479,971,610
Less: Share Purchase Suspense Account (1500 equity shares of Rs.10/- each fully paid up) (Refer Note 18 of Notes on Accounts)	15,000	0
	<u>479,631,090</u>	<u>479,971,610</u>
2. RESERVES & SURPLUS		
Share Premium Account		
Balance b/f	4,561,499,196	1,087,285,306
Add : Addition on conversion of FCCB	384,648,500	3,455,179,268
Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956 (Refer Note 19 of Notes on Accounts)	(169,603,496)	0
Capital Redemption Reserve		
Transferred from General Reserve	12,861,630	0
Capital Reserve		
Balance b/f	560,566,618	560,566,618
Add : Transferred on Forfeiture of Warrants (Refer Note 16 of Notes on Accounts)	209,250,000	0
General Reserve		
Balance b/f	661,075,636	494,075,636
Add : Transferred from Profit & Loss Account	220,000,000	167,000,000
Less : Transferred to Foreign Currency Monetary Item Translation Difference Account (Refer Note 20 of Notes on Accounts)	(119,139,500)	0
Less : Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act,1956 on buy back of equity shares during the year. (Refer Note 19 of Notes on Accounts)	(12,861,630)	0
Debenture Redemption Reserve		
Transferred from Profit & Loss Account	57,200,000	0
Exchange Fluctuation Reserve	48,747,230	0
Profit & Loss Account	5,982,955,915	4,433,352,837
	<u>12,397,200,098</u>	<u>10,197,459,665</u>

Schedules

PARTICULARS	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
3. SECURED LOANS		
A. TERM LOANS		
From Financial Institutions	0	10,779,100
From Banks	3,946,706,355	4,412,134,224
B. WORKING CAPITAL FACILITIES		
From Banks	991,721,102	1,712,922,180
C. AGAINST HIRE PURCHASE		
From Banks	993,865	2,204,097
From Limited Companies	11,725,539	0
D. EXTERNAL COMMERCIAL BORROWING (ECB)	4,585,500,000	3,597,300,000
E. NON CONVERTIBLE DEBENTURE	1,200,000,000	0
	<u>10,736,646,861</u>	<u>9,735,339,601</u>

Notes :

- (a) 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 are further guaranteed by the Managing Director of the company.
- (b) Loans shown above include new Loans taken during the year for which security documents have been executed. However, in some cases, formalities for creation of charge are underway.
- Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. However formalities for creation of second charge on working capital limits enhanced during the year is underway. These working capital loans are further guaranteed by Managing Director of the company.
- Loans from Limited Companies/Banks against hire purchase are secured by hypothecation of the respective assets purchased on hire purchase basis.
- Short term loan from PNB is secured by 1st charge on current assets of the Company alongwith working capital banks.

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
4. UNSECURED LOANS		
Foreign Currency Convertible Bonds	973,145,000	1,123,157,000
Loan From Banks	2,110,111,196	400,912,571
	3,083,256,196	1,524,069,571

5. FIXED ASSETS (Consolidated)

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2008	c/f block for new subsidiary	Additions	Adjustments	As at 31.03.2009	Up to 31.03.2008	c/f block for new subsidiary	For Y.E. 31.03.2009	Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
LAND & SITE DEVELOPMENT	95,412,507	7,060,842	246,523,007	0	348,996,356	0	0	0	0	0	348,996,356	95,412,507
LEASE HOLD LAND	93,986,108	0	2,409,488	0	96,395,596	4,090,530	0	1,563,321	0	5,653,851	90,741,745	89,895,578
RAILWAY SIDING	19,185,548	0	89,819,563	0	109,005,111	3,351,087	0	34,900,610	0	38,251,697	70,753,414	15,834,461
BUILDING	1,308,151,961	34,077,249	121,301,243	0	1,463,530,453	125,339,151	1,639,576	47,352,414	0	174,331,141	1,289,199,312	1,182,812,810
PLANT & MACHINERY	10,450,170,738	293,809,733	1,668,224,591	(9,557,544)	12,421,762,606	1,570,597,852	19,798,983	575,233,401	(1,466,419)	2,167,096,655	10,254,665,951	8,879,572,886
FURNITURE & FIXTURES	35,739,509	110,428	6,883,612	84,638	42,648,911	7,588,584	22,620	2,408,496	1,721	10,017,979	32,630,932	28,150,925
VEHICLE	352,580,558	2,322,364	28,419,982	24,141,793	359,181,111	37,424,800	1,065,406	27,191,380	6,898,740	58,782,846	300,398,265	315,155,758
SUB - TOTAL	12,355,226,929	337,380,616	2,163,581,486	14,668,887	14,841,520,144	1,748,392,004	22,526,585	688,649,622	5,434,042	2,454,134,169	12,387,385,975	10,606,834,925
INTANGIBLE ASSETS GOODWILL	0	0	191,138,041	0	191,138,041	0	0	0	0	0	191,138,041	0
TOTAL CURRENT YEAR	12,355,226,929	337,380,616	2,354,719,527	14,668,887	15,032,658,185	1,748,392,004	22,526,585	688,649,622	5,434,042	2,454,134,169	12,578,524,017	10,606,834,925
PREVIOUS YEAR	8,304,187,621	0	4,051,594,488	555,180	12,355,226,929	1,303,531,432	0	445,106,941	246,369	1,748,392,004	10,606,834,925	7,000,656,189

Schedules

6. INVESTMENTS

NAME OF SCRIPT	31.03.2009			31.03.2008		
	NO. OF SHARE/ UNITS	FACE VALUE PER SHARE/ UNIT	AMOUNT IN RS.	NO. OF SHARE/ UNITS	FACE VALUE PER SHARE/ UNIT	AMOUNT IN RS.
LONG TERM						
A. QUOTED INVESTMENTS						
Units of Mutual Fund						
Reliance Growth fund	547,745	10	30,000,000	547,745	10	30,000,000
DSPM L Tiger Fund	1,608,236	10	35,000,000	1,608,236	10	35,000,000
SBI MF Magnum Multicap Fund	494,597	10	27,136,417	494,597	10	27,136,417
Prudential Ilici-Fusion	1,500,000	10	15,000,000	1,500,000	10	15,000,000
ICICI Prud Eq&Deri Fund	1,032,632	10	10,586,797	1,032,632	10	10,586,797
DSP Merrill lynch Equity Fund	551,038	10	26,266,015	551,038	10	26,266,015
Templeton Fixed Horizon Fund	0		0	5,000,000	10	50,000,000
DSMPL Balanced Fund	236,200	10	10,000,000	236,200	10	10,000,000
SBI Infrastructure Fund	2,000,000	10	20,000,000	2,000,000	10	20,000,000
SBI Cap Protect Orient	302,000	10	3,020,000	302,000	10	3,020,000
Sundaram Bnp Paribas	994,782	10	21,297,000	994,782	10	21,297,000
SBI Mutual Fund Mmps-93	29,182	10	2,500,000	29,182	10	2,500,000
UTI Nifty Index Fund	526,870	10	20,000,000	526,870	10	20,000,000
Reliance Natural Resour	244,499	10	2,500,000	244,499	10	2,500,000
Hsbc Equity Fund	237,712	10	10,000,000	237,712	10	10,000,000
Mirae Asset India Fund	391,007	10	4,000,000			
B. OTHERS						
Equity Shares - Unquoted, Fully paid up						
Monnet Scanduzzi Pvt Ltd	4,000	10	40,000	4,000	10	40,000
Tirumala Balaji Ferro Alloys Ltd	140,000	100	14,000,000	140,000	100	14,000,000
Mandakini Coal Co. Ltd	2,999,900	10	29,999,000	1,999,800	10	19,998,000
Bonds - Unquoted						
Indusind Bank Bond	5	1,000,000	5,000,000	5	1,000,000	5,000,000
Invest Ubs Singapore (Bonds)	12,331	49,582	611,400,000	9,500	39,576	375,968,749
C Capital Contribution in Partnership Firm			5,605,905	11,405,367		
SHORT TERM						
Equity Shares Through Portfolio Management Schemes			153,741,512			300,046,103
TOTAL			1,057,092,646	1,009,764,447		

(Aggregate Market Value of quoted investments, including PMS, Rs. 2795.06 Lacs, previous year Rs.5411.77 lacs)

Note : Due to voluminous nature of transactions, scrip wise details have not been provided in case of Investments in PMS Schemes.

Schedules

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
7. INVENTORIES		
(As certified by the Management)		
Raw Material	828,525,662	773,759,660
Stores and Spares	341,411,451	282,608,642
Finished Goods	685,376,485	600,764,254
Semi Finished Goods	4,964,135	7,832,508
Goods in Transit/Trading goods	45,964,097	440,888,500
Work-in-Progress	15,741,428	12,585,376
Material in Transit	80,974,728	98,640,629
	<u>2,002,957,986</u>	<u>2,217,079,569</u>
8. SUNDRY DEBTORS (UNSECURED)		
Outstanding for a period exceeding six months		
- Considered Good	281,053,501	141,339,038
- Considered Doubtful	21,342,058	39,091,763
Other Debts		
- Considered Good	837,409,262	870,494,262
	<u>1,139,804,821</u>	<u>1,050,925,063</u>
Less: Provision for Doubtful Debts	19,837,049	0
	<u>1,119,967,772</u>	<u>1,050,925,063</u>
9. CASH AND BANK BALANCES		
Cash in hand and imprest	15,604,722	18,620,982
Balance with Scheduled Banks		
- in current accounts	1,202,354,203	404,301,856
- in fixed deposit accounts		
In India	1,043,430,367	47,045,146
Overseas	192,387,237	2,409,213,396
Balance with Foreign Banks		
- in current accounts	44,011,226	861,338,554
	<u>2,497,787,755</u>	<u>3,740,519,934</u>
10. LOANS & ADVANCES		
(Unsecured Considered Good unless stated otherwise)		
Loans	3,032,753,125	50,000,000
Advances recoverable in cash or kind or for value to be received	1,505,279,823	2,306,446,288
Balance with Excise Department	86,640,092	276,570,521
Security Deposits		
- With Govt. Deptts.	129,078,774	95,483,295
- With Others	1,111,756,836	133,067,587
Prepaid Expenses	88,312,807	38,782,790
Advance Income Tax	309,413,233	251,131,277
	<u>3,230,481,565</u>	<u>3,101,481,758</u>
	<u>6,263,234,690</u>	<u>3,151,481,758</u>

Schedules

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
11. CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors - Others	1,287,781,774	806,415,099
Sundry Creditors - Capital Projects	218,722,429	410,996,075
Other Liabilities	139,462,919	115,508,070
Security Deposits	103,639,013	93,080,493
Advances against sales	67,860,488	29,639,973
Interest. accrued but not due	15,812,651	17,880,847
B. Provisions		
Provision for Taxation	307,850,000	252,200,000
Proposed Dividend	239,790,065	243,091,083
Provision for FBT	13,650,000	7,415,000
Corporate Dividend Tax	40,752,322	41,313,330
	<u>2,435,321,660</u>	<u>2,017,539,970</u>
12. DEFERRED TAX ASSETS/(LIABILITIES)		
Deferred Tax Liability		
As at 1st April 2008	(899,968,594)	(628,042,149)
Additional adjustment for current year	(196,466,725)	(280,440,000)
	<u>(1,096,435,319)</u>	<u>(908,482,149)</u>
13. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Balance b/f	1,968,704	1,848,700
Incurred During the year	0	30,328
Less : 1/5th W/off	(452,120)	0
Share Issue Expenses		
Balance b/f	722,475	0
Incurred during the year	417,750	722,475
Less : 1/5th W/off	(144,495)	0
Foreign Currency Monetary Item Translation Difference A/c (Refer Note 20 of Notes on Accounts)	825,841,025	0
	<u>828,353,339</u>	<u>2,601,503</u>
14. OTHER INCOME		
Miscellaneous Income	28,019,501	7,562,831
Dividend Received	5,450,420	38,369,459
Profit on sale of Investments	0	54,190,671
Hire Charges	8,932,660	0
Income From Derivative/Exchange fluctuation	187,259,477	187,213,814
Interest Received	235,716,830	195,128,112
Profit from Partnership Firm	1,315,633	0
Insurance Claim Received	19,032,445	1,455,652
	<u>485,726,966</u>	<u>483,920,539</u>

Schedules

PARTICULARS	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
15. INCREASE/DECREASE IN STOCKS		
<u>Opening Stock As on 1.04.2008</u>		
Work-in-Process	12,585,376	8,448,201
Semi Finished Goods	7,832,508	58,423,826
Goods in Transit/Trading goods	457,889,348	35,035,228
Finished Goods	599,427,410	504,773,295
(A)	<u>1,077,734,642</u>	<u>606,680,550</u>
Stock Transferred from Raw Material	(B) 95,044,279	0
<u>Closing Stock As on 31.3.2009</u>		
Work-in-Process	15,741,428	12,585,376
Semi Finished Goods	4,964,135	7,832,508
Goods in Transit/Trading goods	45,964,097	440,888,500
Finished Goods	685,376,485	600,764,254
(C)	<u>752,046,145</u>	<u>1,062,070,638</u>
GRAND TOTAL (C-B-A)	<u>(420,732,776)</u>	<u>455,390,088</u>
16. MATERIAL, MANUFACTURING AND OTHERS		
Raw Material Consumed	13,797,473,395	10,420,771,283
Goods Purchased for Resale	280,739,375	1,664,903,961
Stores and Spares Consumed	387,923,037	292,554,533
Power and Fuel	928,629,120	1,010,948,594
Excise Duty on Stocks	(9,998,123)	7,307,849
	<u>15,384,766,804</u>	<u>13,396,486,220</u>
17. SALARIES, WAGES & AMENITIES		
Salaries, Wages and Allowances	562,003,336	362,918,387
Staff Welfare	24,660,036	22,324,509
Employer's Contribution to P.F. etc.	35,080,582	23,732,693
	<u>621,743,954</u>	<u>408,975,589</u>
18. REPAIRS & MAINTENANCE		
Machinery	41,053,720	35,161,001
Building	10,297,498	5,972,201
Others	6,375,679	7,222,914
	<u>57,726,897</u>	<u>48,356,116</u>

Schedules

PARTICULARS	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
19. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing and Stationery	6,148,064	5,000,173
Rent	7,114,216	2,423,889
Rates & Taxes	5,518,234	1,316,060
Vehicle Expenses	109,569,941	28,685,733
Communication Expenses	10,225,861	8,744,674
Travelling & Conveyance	15,729,708	14,050,736
Insurance Charges	49,233,155	43,988,656
Legal & Professional Charges	42,241,210	20,039,524
Directors Sitting Fees	110,000	132,000
Auditors' Remuneration		
- As Audit Fees	1,588,240	1,250,000
- For Certification & Other Co. Law Matters	1,285,000	796,500
- For Tax Matters	279,500	321,000
- Reimbursement of Expenses	587,446	425,544
Miscellaneous Expenses	42,013,461	44,550,251
Lease Rent & Hire Charges	19,965,708	9,510,422
Share Transfer Expenses	198,520	189,686
Internal Audit Fees & Expenses	1,684,402	1,283,473
Provision for Doubtful Debts	19,837,049	0
Loss from Partnership Firm	0	1,192,255
Loss on Sale of Fixed Assets	4,161,551	93,811
Distribution & Marketing Expenses	335,855,119	335,138,997
	673,346,384	519,133,384
20. FINANCIAL CHARGES		
Interest Paid		
- On Term Loans	463,266,728	217,557,917
- Others	248,970,606	121,092,321
Bank Charges	20,776,249	11,870,411
	733,013,583	350,520,649

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21. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Consolidated)

A. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. Principles of Consolidation

The consolidated financial results of Monnet Ispat & Energy Ltd ("the Company") and its subsidiaries, Monnet Overseas Ltd, Monnet Global Ltd, Monnet Daniel Coal Washeries Pvt Ltd, Monnet Cement Ltd, Monnet Power Company Ltd. and Rameshwaram Steel & Power Pvt Ltd 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 and after eliminating the inter subsidiary balances in accordance with Accounting Standard (AS) 21-" Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) As far as possible the consolidated financial statement have been prepared using uniform accounting policies for like transactions and in similar circumstances and are presented to the extent possible in the same manner as the company's separate financial statements.
- 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 cost 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) Particulars of subsidiary considered in the consolidated financial statements are :

Name of the Subsidiary	Main Activities	Country of Incorporation	Proportion of ownership interest
Monnet Overseas Ltd	Investments	U.A.E.	100%
Monnet Global Ltd	Investments	U.A.E.	100%
Monnet Power Company Ltd	Power Generation	INDIA	99.99%
Monnet Daniel Coal Washeries Pvt. Ltd.	Coal Washery	INDIA	51.64%
Monnet Cement Ltd.	Cement	INDIA	99.95%
Rameshwaram Steel & Power Private Limited	Manufacturing of Sponge Iron	INDIA	97%

2. The goodwill recorded in these Consolidated Financial Statements has not been amortised, 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.
3. Investment other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".
4. **Other Significant Accounting Policies**

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

Schedules

B. NOTES ON ACCOUNTS

	CURRENT YEAR (Rs. in lacs)	PREVIOUS YEAR (Rs. in lacs)
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	18418.69	17250.17
2. Letters of Credit opened in favour of inland /overseas suppliers	2564.25	1397.19
3. Guarantees		
Counter guarantees issued to Bankers in respect of guarantees issued by them	1158.79	1512.49
Guarantees issued on behalf of a Limited Company	2026.00	NIL
4. Contingent Liabilities not provided for *		
in respect of disputed Excise Demands	684.30	0.63
in respect of disputed Sales Tax Demand	1103.48	80.64
in respect of disputed Entry Tax Demand	415.46	7.75
in respect of disputed Demands by State Electricity Boards	0.00	324.92
in respect of disputed Demands for water charges by Water Resources Division.	215.20	143.30
Other claims against the Company not acknowledged as debt.	124.93	50.59
In respect of Electricity Duty on generation of Power.	440.20	0.00

* Does not include matters dealt with elsewhere in the notes on accounts.

	CURRENT YEAR (Rupees)	PREVIOUS YEAR (Rupees)
5. Salary includes following remuneration paid to the Managing Director		
Salary	96,00,000	84,00,000
Perquisites	11,56,805	10,17,664
6. The inventories are taken as per records duly certified by the Company. The same have been valued in accordance with Accounting Policies.		
7. 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 Rs. 439.70 Lacs (Previous Year Rs. 517 lacs) has been included in the value of inventories as on 31.3.2009 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.		
8. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation 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.		
9. Pre-operative Expenses incurred & capitalized in New Projects during the year are as under:-		(Rupees in Lacs)
Administrative & Other Expenses		999.02
Financial Charges		996.94
Stores & Spares Consumed in trial run		6.93
Total		2002.89
Allocated to Fixed Assets		2002.89

Schedules

10. Balance confirmations have not been received from number of parties showing debit/credit balances.
11. The Company is in the process of identifying vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 and gathering information to make the necessary disclosures as mentioned in the amendment to Schedule VI of the Companies Act, 1956 vide the notification dated November 16, 2007.
12. No provision has been made for diminution in the value of quoted investments as the same is considered to be of temporary nature by the management.
13. Rupee equivalent of export obligation to be completed by 18.3.2017 under EPCG Scheme as on 31st March, 2009 is Rs. 16544.22 lacs.
14. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to Rs. 1528.93 lacs upto 31st March, 2009 (Rs. 1174.60 lacs upto 31st March, 2008). 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.
15. The Company had received risk purchase claims aggregating to Rs.3353.80 Lacs during the previous year. 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.
16. The Company had, pursuant to resolution passed in the extra ordinary general meeting of the Company on 11th January, 2008, issued 50,00,000 warrants to promoters. An amount of Rs.2092.50 lacs was received against these warrants during the previous year. Due to non exercise of option within the stipulated period, the aforesaid amount received against these warrants was forfeited and credited to Capital Reserve.
17. 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 Rs. 3061 lacs has been made on current year profits. Provision for fringe benefit tax has been made for Rs. 130.70 lacs as per Section 115W of the Income Tax Act.

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 Power Division for a period of 10 years commencing from the financial year 2004-2005. 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.

Particulars	Opening Balance as at 01.04.08 (Rs. in Lacs)	Charge/ credit during the year (Rs. in Lacs)	Closing as at 31.3.09 (Rs. in Lacs)
Depreciation	9261.25	2380.37	11641.62
Adjustments u/s 43B	-63.63	1.83	-61.80
Brought Forward Losses/ MAT Credit	-197.93	-417.54	-615.47
Net	8999.69	1964.66	10964.35

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18. 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 Executive Vice Chairman & Managing Director
Associates	:	Monnet Scanduzzi Engg. & Infrastructure Pvt. Ltd. A.P. Coal Washeries Pvt Ltd Tirumala Balaji Alloys Pvt Ltd

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

(Rs. In Lacs)

	Associates	Key Managerial Personnel
Sale of goods / services	279.51	0.00
Receipt for reimbursement of expenses	92.48	0.00
Remuneration Paid	0.00	107.57
Interest Received	7.79	0.00
Loan Given	106.03	0.00

C. Outstanding balance and balance written off/written back :-

Description	Outstanding Balances -Debit (Rs.in lacs)	Written off/Written back (Rs. In lacs)
Key Management Personnel	0.00	0.00
Associates	845.91	0.00

19. Buyback of shares

The Board of Directors at their Meeting held on 23-10-2008 had announced buy back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 at a price not exceeding Rs. 300/- per share. The Company opted to implement the buy back through the methodology of open market purchases through stock exchange and the maximum offer size aggregated to Rs. 75 crores representing 7.41% of the Company's paid up capital and free reserves as on 31st March, 2008. As of 31st March, 2009, the Company had bought back 1286163 equity shares of Rs. 10/- each at an average price of Rs. 140.75 per share. Out of this, 1284663 equity shares of Rs. 10/- each have been extinguished. Balance 1500 shares have been extinguished subsequent to balance sheet date i.e. by 4-4-2009 and have accordingly been shown under the Share Capital Suspense Account and disclosed as a reduction from Issued and paid up Share Capital amounting to Rs. 15,000. The difference between the nominal value and amount spent for buy back, amounting to Rs. 1696.03 lakhs has been appropriated from the share premium account. The Company has transferred Rs. 128.62 Lakhs from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

20. Accounting for Long Term Foreign Currency Items :

The Company has exercised the option to account for long term foreign currency items as per the revised para 46 of the Accounting Standard 11. In terms of the option provided, the following amounts have been carried forward to the Foreign Currency Monetary Item Translation Difference Account to be amortized over the balance period of such long term asset / liability but not beyond 31st March, 2011 :

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Exchange Fluctuation	For F.Y. ended 31.3.2008 (Rs. in Lacs)	For F.Y. ended 31.3.2009 (Rs. in Lacs)	Total Loss Carried Over (Rs. in Lacs)
On long term assets	-114.55	-2529.37	-2643.92
On long term liabilities	-1076.85	11979.18	10902.33
Total Loss c/o	-1191.40	9449.81	8258.41

21. 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.

(Rs. in Lacs)

Reportable Segments	Iron & Steel	Power	Others	Total
Revenue				
Sales And Other Income	147,618	24,741	5,875	178,234
Inter-Segment Sales	2,942	4,869	-	-
Total Revenue	150,560	29,610	5,875	178,234
Segment Result/Operating Profit	19,749	15,066	(1,953)	32,862
Financial Charges				(7,330)
Loss on sale of Investments				(1,570)
Interest/Dividend Income				2,412
Profit Before Tax				26,373
Less : Provision For Tax/ Deferred Tax & FBT				5,130
Profit After Tax				21,243
Other Information				
Segment Assets	130,384	66,227	45,176	241,787
Unallocated Assets				61,534
Total Assets				303,321
Segment Liabilities	8,963	1,391	7,979	18,333
Unallocated Liabilities				155,184
Total Liabilities				173,517
Capital Expenditure	11,202	8,724	7,000	26,927
Depreciation	3,677	2,927	262	6,866
Amortization of Misc. Expenditure				6
Non-Cash Expenditure Other Than Depreciation & Amortization	198			198

Note :

- 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.

22. The Company has entered into hedge derivative transactions for 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 w.e.f. 1st April 2011.

23. The Company has issued the following Foreign Currency Convertible Bonds:

Date of Issue	Outstanding Amount	Maturity Date	Conversion Price per share	Coupon	Y.T.M. in the event of redemption
February 2006	\$19,100,000	February 2011	317.20	0%	7.6%

24. Terms and conditions of issue and redemption of Non convertible Debentures are as under:

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
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.

Schedules

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

	Year Ended on 31.3.2009	Year Ended on 31.3.2008
Basic Earning Per Share		
Profit attributable to the Equity Shareholders – (A) (Rs in Lacs)	21263.80	16618.55
Basic Weighed average number of Equity Shares outstanding during the year (B)	48848334	38658508
Nominal value of Equity Shares (Rs)	10.00	10.00
Basic Earning per share (Rs)-(A)/(B)	43.53	42.99
Diluted Earning Per Share		
Profit attributable to the Equity Shareholders as above (Rs in Lacs)	21263.80	16618.55
Interest Paid on Potential Equity Shares net of tax impact (Rs. In Lacs)	0.00	0.00
Profit considered for Diluted E.P.S. (C)	21263.80	16618.55
Basic Weighed average number of Equity Shares outstanding during the year as above	48848334	38658508
Weighted Average Potential Equity Shares for the Year	662495	3930017
Total weighted average shares considered for Diluted E.P.S. (D)	49510829	42588525
Nominal value of Equity Shares (Rs)	10.00	10.00
Diluted Earning per share (Rs)-(C)/(D)	42.95	39.02

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

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

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED :30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Cash Flow Statement for the Year Ended 31.3.2009

	31.3.2009	31.03.2008
A. Cash Flow from Operating Activities		
Net Profit before tax and extra ordinary items	2,637,328,846	2,207,896,743
Adjustment for :		
Depreciation	688,649,622	444,851,017
Miscellaneous Expenditure W/off	596,615	0
Profit/Loss on Sale of Fixed Assets	4,161,551	93,811
Exchange Fluctuation Reserve	48,747,230	0
Interest Received	(235,716,830)	(195,128,112)
Interest Paid	712,237,334	163,306,835
Dividend Received	(5,450,420)	(38,369,459)
	<u>1,213,225,102</u>	<u>374,754,092</u>
Operating Profit before Working Capital Facilities	3,850,553,948	2,582,650,835
Adjustment for :		
Trade & Other Receivable	(3,126,614,560)	(1,795,070,990)
Inventories	214,121,583	(997,334,158)
Miscellaneous Expenditure During the Year	(507,426)	(752,803)
Trade Payable	359,758,717	578,901,546
	<u>(2,553,241,686)</u>	<u>(2,214,256,405)</u>
Cash generated from operation	1,297,312,261	368,394,430
Tax Paid	(315,291,672)	(303,734,053)
Dividend Paid	(284,404,413)	0
	<u>(599,696,085)</u>	<u>(303,734,053)</u>
Net Cash Flow from operating activities	697,616,176	64,660,377
B. Cash Flow From Investing activities		
Purchase of fixed assets	(2,669,573,558)	(4,051,338,564)
Sale of Fixed Assets	5,073,294	215,000
CWIP	(590,882,522)	429,588,518
Purchase of Investments (Net)	(47,328,198)	(624,157,008)
Buyback of Shares	(182,465,126)	0
Interest Received	235,716,830	195,128,112
Dividend Received	5,450,420	38,369,459
	<u>(3,244,008,861)</u>	<u>(4,012,194,483)</u>
Net Cash used in investing activities	(3,244,008,861)	(4,012,194,483)
C. Cash Flow from Financing Activities		
Proceed from Share Capital	12,521,110	345,803,890
Interest Paid	(712,237,334)	(163,306,835)
Proceed from Share Premium	384,648,500	3,455,179,268
Proceeds from Minority Interest	3,214,869	49,196,000
Proceeds from long term borrowings	1,615,513,360	1,074,421,643
Net Cash used in financing activities	1,303,660,506	4,761,293,966
Net Increase/ (Decrease) in Cash and Cash Equivalents	(1,242,732,179)	813,759,860
Cash & Cash equivalent Opening	3,740,519,934	2,926,760,074
Cash & Cash equivalent Closing	2,497,787,755	3,740,519,934

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 20) form an integral part of Cash Flow Statement.
4. Previous year figures have been regrouped/reclassified to confirm to current year's classification.
This is the cash flow statement referred to in our report of even date.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

O.P. BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN
& MANAGING DIRECTOR

PLACE : NEW DELHI
DATED :30.06.2009

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY



MONNET ISPAT & ENERGY LIMITED

Corporate Office :

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