





Night view of the Raipur Plant

Evolving the Power of Energy

It has been a journey of change - changes in our breadth of activity, changes in asset composition, changes in outlook. Our growth pattern and performance parameters are driven by our ready acceptance of new thought and action. And we do believe that it is transition that has brought us this far - and will take us even further.

Today, our ability to manage change has broadened our vision and helped us emerge as a leading presence in infrastructure... a vision way beyond being a successful and integrated steel and power manufacturing entity.

Transition, for us, is a constant process... but nothing is more constant than our goal of excellence!





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 future will belong to those with the Power of Vision and the Strength of Will to identify and explore growth opportunities in sync with national growth.”

Emerging from the ripples of the unprecedented economic downturn that had enveloped the world, the Steel Industry in India has witnessed a stable balance of demand, supply and pricing parameters - opening up exciting horizons for your company.

It is with confidence that we step into a future of promise. Your company is evolving into a steel making major with emphasis on raw material integration - enabling it to leverage its inherent strengths. The year ahead will see us galvanizing our forces and spreading our territory. Monnet's ongoing expansion of the steel capacity to 1.5 million tonnes will help us emerge amongst India's most competitive and integrated companies.

While our initial foray into Power was more a backward integration initiative to attain power self-sufficiency for our steelmaking facilities, our strides are bigger and bolder now. We have made a distinctive mark in the Infrastructure Sector with starting of work of the 1050 MW greenfield power plant at Angul under the banner of our subsidiary - Monnet Power Company Limited. With the captive availability & a low-cost coal resource, it would emerge as one of the lowest-cost power generating companies in India. On the anvil are subsequent projects that will usher your company into a new era, energising our endeavours in Evolving the Power of Energy.

Your company registered a growth of about 25% during the year on the same capacities of Sponge Iron, Steel & Power. We believe it is our rational product mix, revenue optimization and cost control measures that have made a difference to our bottomline. We hope to maintain the same momentum of growth in the current year too.

Along side our business, happiness has always been a key product in Monnet's portfolio. Beyond the horizons of industry, your company is touching lives with healthcare facilities, drinking water facilities, education and roads in the surrounding villages at our plants at Raipur and Raigarh.

As we walk along the path of growth, we urge you to share our aspirations and achievements. Together, we look forward to a brighter future !

Sandeep Jajodia



→ Corporate Update

Vertical growth. Horizontal spread.

The growth story of Monnet has always been one of natural progression. The business philosophy of the group, right from the beginning, has been to develop integrated facilities in order to remain cost effective and acquire core competence in the niche areas of business. As a result, the company's business today is clearly emerging on 3 major verticals - Steel, Power and Mining. The focus of the company in future would be to make a homogenous development of all these verticals of business.

The 1.5 million TPA Steel manufacturing facility coming up at Raigarh will catapult the company to become a major steel player and it will be one of the most cost-competitive steel making facilities in the 'raw material to end product' chain. The full benefit of this expansion will start reflecting on the bottomline of the company from the financial year 2012 onwards. The completion of the steel mill will transit the company from a 2nd largest coal based Sponge Iron player to a value added Steel Company with captive availability of coal, iron ore & power.

On the Power front, what started as a backward integration initiative to ensure self sufficiency for the Steel making operations, has now emerged as a major vertical of our business. Already an additional 80 MW Power Plant at Raigarh is nearing completion which would



Bird's eye view of the Raipur Plant



increase the in-house Power capacity to 230 MW which is based on a judicious blend of waste heat recovery and captive coal, making it a low cost, high efficiency operation.

Surging ahead, Monnet has now made an impressive foray into the infrastructure sector with the commencement of construction of a 1050 MW Independent Power Plant under the banner of Monnet Power Company Limited - our subsidiary. Plans are already at an advanced stage to set up more Greenfield Independent Power Plants.

There is increasing emphasis on the development of Coal and Iron Ore Mines as we see a tremendous value unlocking from the mineral resources under the control of the company. Monnet is also in the process of developing atleast 2 Coal Mines and a Iron Ore Block which would provide a rich reserve to the group's foray into the infrastructure sector.

Focus on Human Resources

The company is also putting in place a robust organization structure backed by a strong team of managers from different areas of experience. The management bandwidth has been broadened with the recent induction of people at various levels to respond to the challenges of exponential growth happening in the company.



Financial Highlights



(Rs. In Crores)

| | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 |
|--|-----------|-----------|-----------|-----------|
| Equity Capital | 34.34 | 47.99 | 47.96 | 54.48 |
| Sales | 637.80 | 1159.07 | 1548.73 | 1480.70 |
| EBITDA (Profit Before Dep., Int. & Tax) | 198.86 | 300.30 | 406.63 | 477.33 |
| EBITDA Margin (%) | 31.18 | 25.91 | 26.26 | 32.24 |
| Net Profit after Tax | 134.79 | 166.16 | 216.00 | 269.10 |
| Cash Profit | 180.41 | 238.69 | 304.41 | 346.40 |
| Dividend (%) | 45 | 50 | 50 | 50 |
| Earning per share (in Rs.) | 39.36 | 42.98 | 44.22 | 53.64 |
| Book value per share (in Rs.) | 166.25 | 226.85 | 268.20 | 307.20 |
| Shareholders' Funds | 570.94 | 1088.76 | 1286.26 | 1673.05 |





Board of Directors

Chairman

Shri Mohinder Singh Gujral

Executive Vice Chairman & Managing Director

Shri Sandeep Jajodia

Dy. Managing Director

Shri C.P. Baid

Executive Director

Shri K.K. Khanna

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

Auditors

O.P. Bagla & Company

Chartered Accountants, New Delhi

Registered Office

Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh - 492101

Works

Unit-I - Monnet Marg, Mandir Hasaud, Raipur-492101

Unit-II - Village Naharpali, Tehsil Kharsia, Distt. Raigarh, Chhattisgarh

Coalmine - Village Milupara, Block-Tamnar, Distt. Raigarh, Chhattisgarh

Corporate Office

MONNET HOUSE,

11, Masjid Moth, Greater Kailash Part-II

New Delhi-110048

MIEL Corporate Website : www.monnetgroup.com

Non Executive Directors

Shri G.C. Mrig

Shri Ajay Relan

Shri P.L. Nene

Shri J.P. Lath

Shri V.N. Kedia

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

Citibank N.A.

IDBI Bank Ltd.

IndusInd Bank Ltd.

ING Vysya Bank Ltd.

Jammu & Kashmir Bank Ltd.

Punjab National 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

Yes Bank Ltd.

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





Inside view of the Raigarh Plant



Control room of the Power Plant





The senior management team

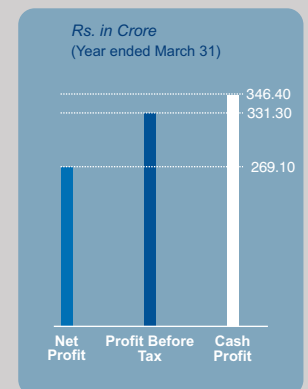
Directors' Report

For the financial year ended 31st March, 2010

Your Directors submit their report for the financial year ended 31st March, 2010.

Sales, Profits, Dividends & Retention

| | [Rs. in Crores] | |
|---|-----------------|---------|
| | 2010 | 2009 |
| Sales (Net of Excise) & Other Income | 1512.81 | 1596.39 |
| Profit before depreciation | 402.97 | 336.02 |
| Depreciation | 71.67 | 65.30 |
| Profit for the year | 331.30 | 270.72 |
| Provision for taxation | 54.74 | 30.61 |
| Provision for deferred taxation | 5.63 | 23.10 |
| Provision for FBT | 0.00 | 1.27 |
| Income Tax Adjustment | (1.83) | 0.26 |
| Profit after taxation | 269.10 | 216.00 |
| Cash Profit | 346.40 | 304.40 |
| Profit brought forward from previous year | 603.65 | 443.43 |
| Balance B/F on Amalgamation | 11.64 | 0.00 |
| Profit available for appropriation | 884.39 | 659.43 |
| Dividend: 50% (2008-09 : 50%) | 28.58 | 23.98 |
| Tax on Dividend | 4.86 | 4.08 |
| Transfer to General Reserve | 27.00 | 22.00 |
| Transfer to Debenture Redemption Reserve | 17.20 | 5.72 |
| Surplus carried to Balance Sheet | 806.75 | 603.65 |





Expansion project at Raigarh in full swing



Quality control at every step

Company Performance

During the year under report, various divisions reported the production as below:

| Production | Unit | 2010 | 2009 | %age Increase/(Decrease) |
|--------------------|---------------|---------|--------|--------------------------|
| Sponge Iron | MT | 710044 | 600431 | 18.26 |
| M.S./S.S. Products | MT | 115325 | 136495 | (15.51) |
| Structural Steel | MT | 90714 | 80584 | 12.57 |
| Ferro Alloys | MT | 0 | 15911 | N.A. |
| Coal | MT | 1000119 | 989111 | 1.11 |
| Power | Units in '000 | 1020661 | 689533 | 48.02 |

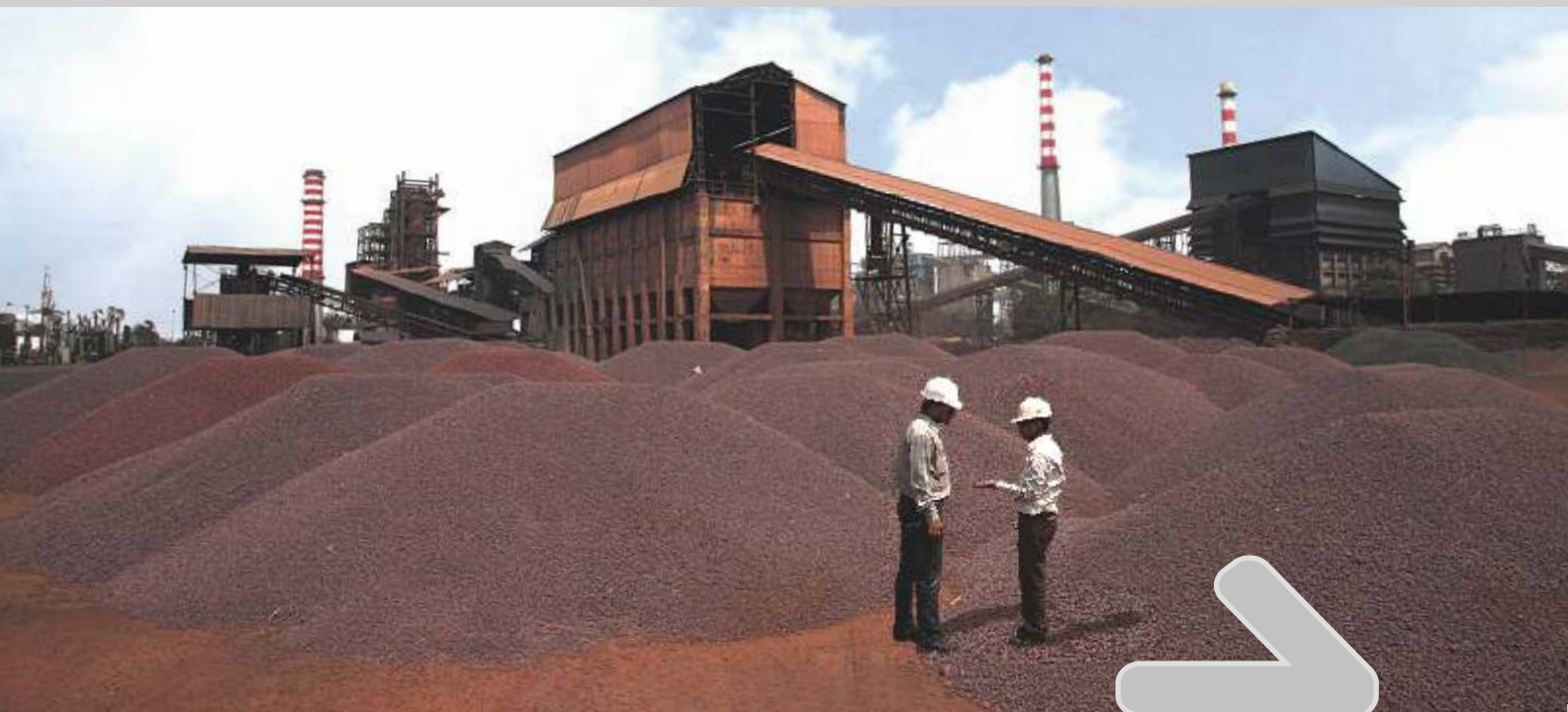
During the year under review, the profit after tax rose to 269.10 crores (previous year Rs. 216.00 crores) registering a growth of 24.58% in spite of decline in sales by 4.39% to 1480.70 crores as a result of Company's continuing efforts to reduce its cost of production. However, your Company had to discontinue the operations of its Ferro Alloys Division since the cost of production has gone higher than the market price. Ferro Alloys production is highly power intensive and consequently, your company was able to sell the surplus power in the open market yielding high returns.

Expansion Plans

The Company is implementing a steel project to produce 1.5 MTPA of Flat and Long products in equal proportions. Besides, additional capacity of power is also being implemented to fully support the power requirement of expanded capacity. The steel expansion has been designed to be fully integrated to raw materials like coal & iron ore. Raw material risk arrangement in terms of pricing volatility is mitigated through captive availability from Mines and Backward integration facilities. Steel production would be highly value added & improve the operating margins.

Merger of Mounteverest Trading & Investment Ltd. into the Company

It was proposed to merge Mounteverest Trading & Investment Limited (MTIL), a Group Company, into Monnet Ispat & Energy Limited. The reasons for the merger are that MTIL has made investment in a Company which has similar line of activity as of MIEL. Therefore, it was thought prudent from the point of view of the interest of various stakeholders and in compliance with the best practices of Corporate Governance to bring the investment under the Balance Sheet of Monnet Ispat & Energy Ltd.



Raw material yard at Raipur

The Hon'ble High Court of Chhattisgarh has approved the merger on 9th November, 2010 and making the merger effective from 01.04.2009. Accordingly, the Company is presenting the merged Annual Accounts for the year ended on 31st March, 2010. Other post merger formalities have commenced.

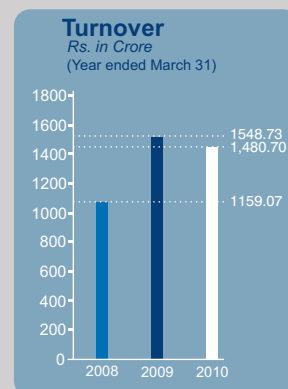
Risk Management

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 one wholly owned subsidiary of Monnet Overseas Limited incorporated in Dubai and four subsidiaries in India two 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 obtained the exemption from Central Government under section 212(8) of the Companies Act, 1956, for 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. 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.



Allotments

During the year under review, your company had allotted 9000000 warrants to promoters on preferential basis. The Company has allotted 4300000 equity shares pursuant to exercise of option by the warrant holders to convert equal number of warrants.

Dividend

The Board of Directors recommends a dividend of Rs. 5/- per share on 52452785 equity shares of Rs. 10/- each for the financial year ended 31st March, 2010 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. 28.59 crores as against Rs. 23.98 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

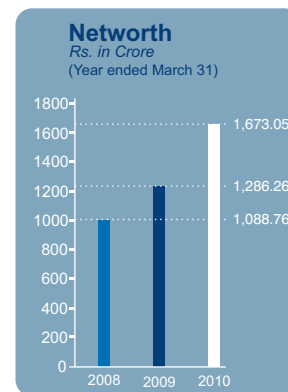
As on 31st March, 2010, about 99.09% of the shares (including 4300000 shares allotted on 31-3-2010 and pending for corporate action) of your Company are held in dematerialized form.

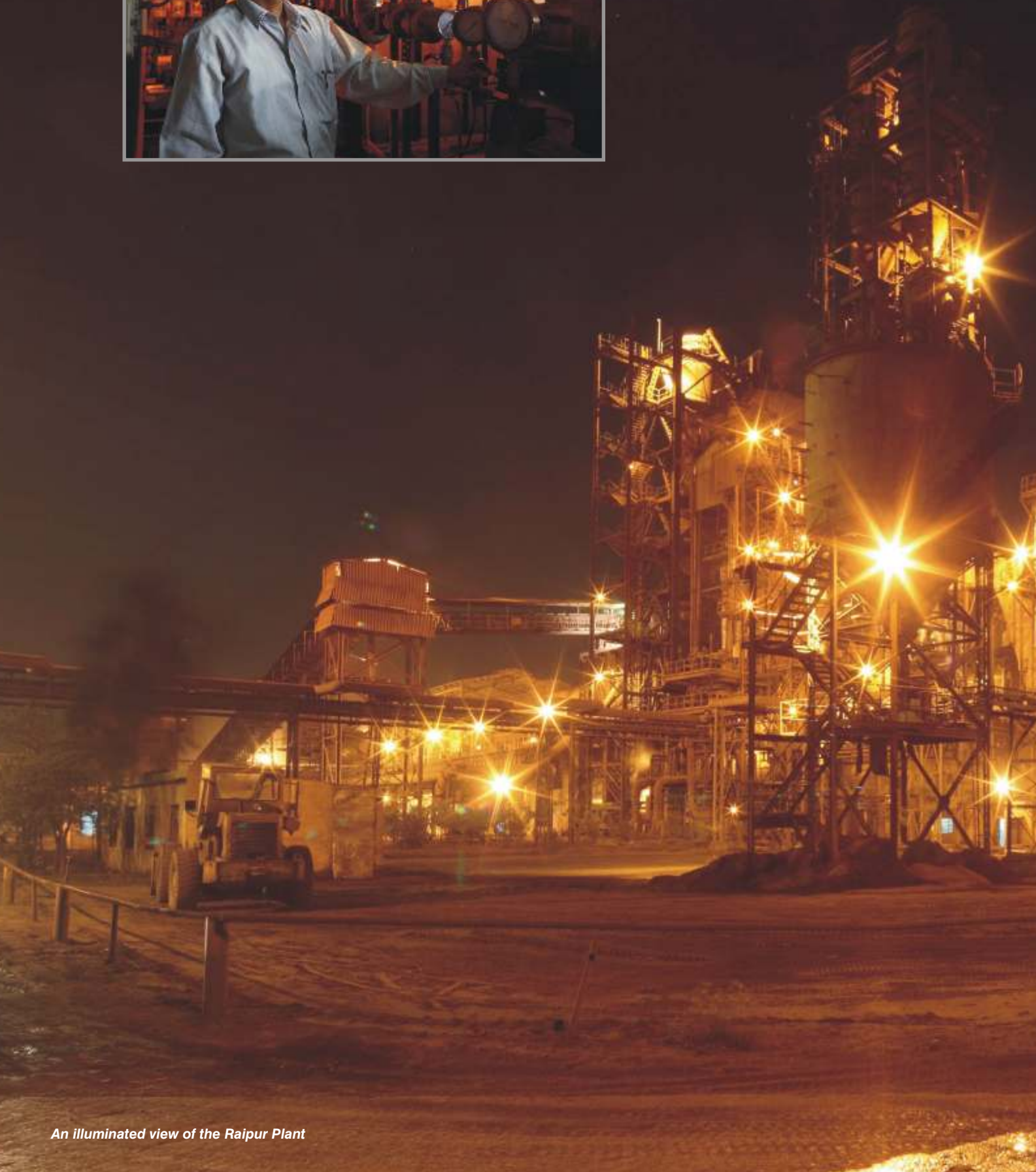
Directors

During the period beginning after the date of last Directors' Report, Shri Ajay Relan has been appointed as additional director on the Board of Directors of the Company w.e.f. 9th August, 2010 and holds office upto the date of ensuing Annual General Meeting. The company has received a notice u/s 257 of the Companies Act, 1956 proposing his name for the directorship along with a fee of Rs. 500/-.

The Board of Directors, subject to approval of the shareholders in the ensuing Annual General Meeting, has re-appointed Shri Sandeep Jajodia as Executive Vice Chairman & Managing Director for a period of five years commencing 1st April, 2010. The Board has also appointed Shri K.K. Khanna as Executive Director w.e.f. 31st October, 2009 and Shri C.P. Baid as Dy. Managing Director w.e.f. 8th November, 2010.

Pursuant to Section 255 of the Companies Act, 1956, Shri V.N. Kedia and Shri J.P. Lath, Directors, retire by rotation on the day of ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election. As per Clause 49 (IV) (G) of the Listing Agreement, the details of above directors are given in Annexure-V.



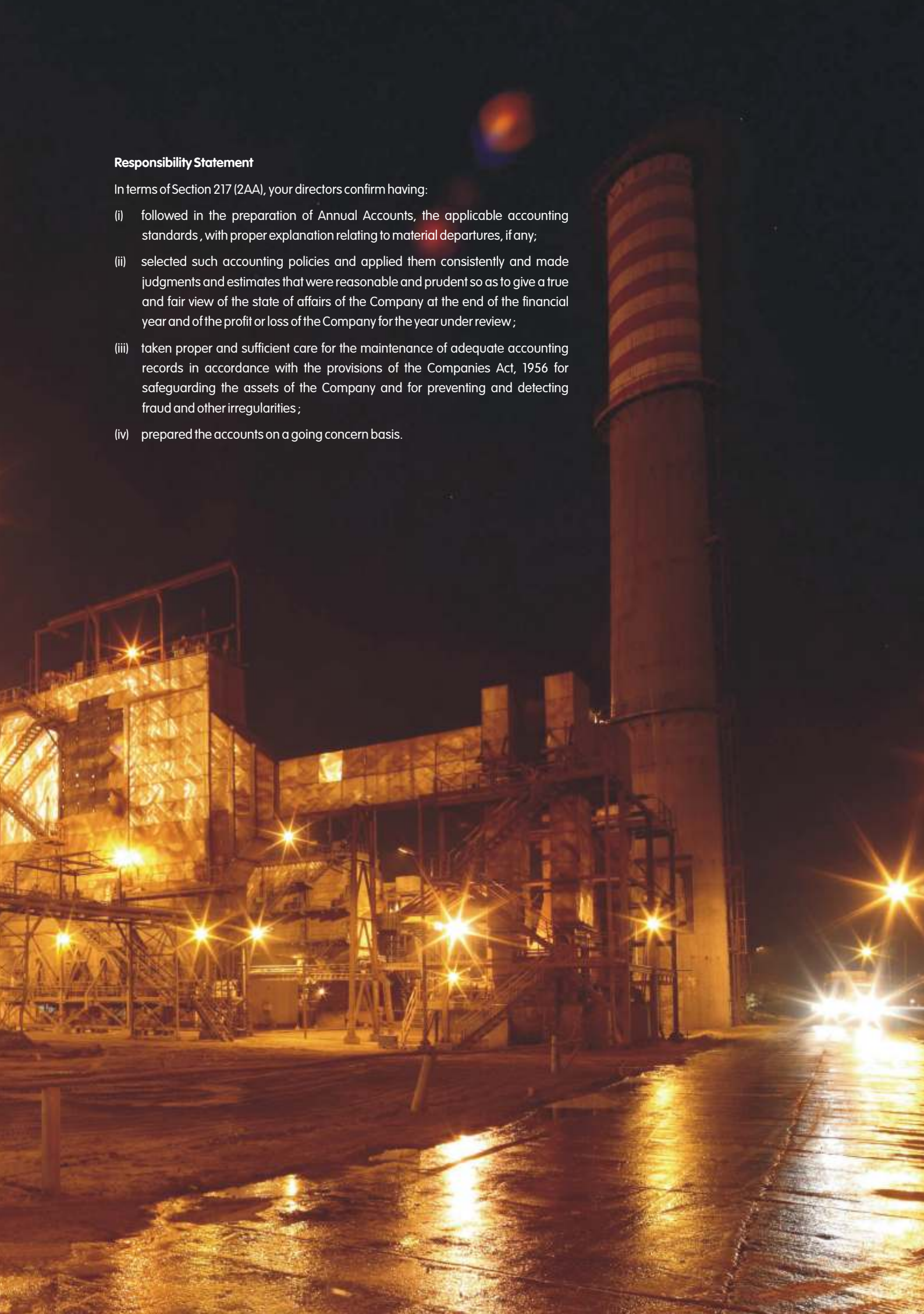


An illuminated view of the Raipur Plant

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.





Workers entering the Coal Mine near Raigarh

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, 2010.

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 20th Annual General Meeting and are eligible for reappointment. A Certificate from the



Work in progress inside the Coal Mine

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
Date : 25th November, 2010

(M.S. Gujral)
Chairman







CSR Initiatives

As a responsible corporate citizen, Monnet has drawn for itself a very wide definition of its stakeholders. In a broader perspective, it sees itself as a significant player on the national scenario, contributing towards the growth of the economy and the society at large.

In tune with this line of thought, it has been consciously following the policy of contributing for the welfare of society. The company today is focusing its energies on the development of social infrastructure like healthcare facilities, provision of drinking water and making of roads in the surrounding villages of our plants at Raipur and Raigarh.

MONNET FOUNDATION - a CSR arm of the company is enlarging the scope of socio-economic development in the areas adjoining the plant at Raipur and Raigarh with accelerated pace. During the year under review, the Foundation has embarked on new initiatives such as scholarships under Dattak Putri Yojana, promotion of sports, medical support through 13 bedded Maina Devi Hospital, medical camps, financial support for major surgical treatments, health awareness programs besides treatment of animals as well. The Foundation has also taken up the initiative of women empowerment through skills development leading to self employment. Other activities taken up by the Foundation include provisioning of woollens & utensils to tribal communities in Dantewada, organizing environment awareness programs etc. Community Development initiative of the Foundation has been christened as **"Mission Development - Developing Lives, Spreading Smiles"**. While Monnet is already successfully running a Public School in Raipur for children in the vicinity, the Monnet DAV Public School at Raigarh has also commenced operations, imparting urban standard education to Students of these remote areas.. Mobile Medical Vans are also in service in the nearby surrounding areas offering basic health check-ups and emergency facilities.







An overview of the Raigarh Plant



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, 2010.

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 | 25.02 Crores |
| - Earned | 46.64 Crores |

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

| | Current Year (2009-2010) | Previous Year (2008-2009) |
|---|-----------------------------|------------------------------|
| A. POWER AND FUEL CONSUMPTION : | | |
| 1. ELECTRICITY | | |
| a) Purchased | | |
| - Units | 4355385 | 7438782 |
| - Total Amount (Rs. in lacs) | 864.32 | 1403 |
| - Rate/Unit (Rs.) | 19.84 | 18.86 |
| b) Own Generation | | |
| (i) Through Diesel Generator | | |
| - Units (in KWH) | 5046848 | 10035042 |
| - Unit per ltr. of Diesel Oil | 2.79 | 2.94 |
| - Cost/Unit [Rs.] | 11.11 | 15.65 |
| (ii) Through Steam Turbine | | |
| - Units (in KWH) | 1020661149 | 689533313 |
| - Unit per MT of Gas | 241.11 | 234 |
| - Cost/Unit | 2.22 | 2.14 |
| 2. COAL | | |
| Quantity (tons) | | |
| Sponge Iron | 1025226.48 | 869369 |
| Power Plant | 988778.66 | 633140 |
| Ferro Alloys Plant | 0.00 | 6476 |
| Total Cost (Rs. in lacs) | 32022.72 | 22103 |
| Average rate (Rs. per ton) | 1590.00 | 1464.75 |
| 3. FURNACE OIL/LDO | | |
| Quantity (k. Ltrs) | 6868893 | 4200432 |
| Total Cost (Rs. in lacs) | 2064 | 1197 |
| Average rate ((Rs.) | 30.04 | 28.49 |
| 4. OTHERS/INTERNAL GENERATION | | |
| | NIL | NIL |
| B. CONSUMPTION PER MT OF SPONGE IRON | | |
| Electricity (in KWH) | 80.31 | 84.79 |
| Furnace Oil (Litres) | NIL | NIL |
| Steem Coal (Tons) | 1.44 | 1.45 |
| Others | NIL | NIL |
| C. CONSUMPTION PER MT OF MILD STEEL INGOTS | | |
| 1. Electricity (KWH) | 897 | 806 |
| D. CONSUMPTION PER MT OF MILD STEEL BILLET | | |
| 1. Electricity (KWH) | 888 | 861 |
| E. CONSUMPTION PER MT OF FERRO ALLOYS | | |
| 1. Electricity (KWH) | 0 | 4993 |
| F. CONSUMPTION PER MT OF STRUCTURAL STEEL | | |
| 1. Electricity (KWH) | 68 | 75 |

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 Global Crude Steel production during 2009 was 1220 million tons compared to 1326 million tons in 2008 reflecting a negative growth of 8%. As compared to that, the Indian Crude Steel production marginally rose from 55.1 million ton to 56.6 million tons next to China where the production increased by 13% to 567.8 million tons, demonstrating a fragile recovery in the Global Economy, except India & China. The prices of steel generally remained stable through the year and the volatilities experienced in the previous financial year were seen to be much less during the year reflecting a steady state of demand & supply in the industry. The Indian Economy witnessed a growth of about 8% which ensured that the production of the crude steel was maintained at the period year's level in spite of some forced imports on account of generally slow demand in the global market. The production of flat products & long products in the Country increased by an average of 10% during the year. The imports of both flat & long product grew by about 16% & 36% respectively. However, on an aggregate basis, the consumption of such both flat & long steel was higher in the domestic market and resulting in dip of exports particularly in the flat segment. The challenge of growth of steel in India would be driven by the over all growth in economy going forward.

Opportunities & Threats / Outlook

The steel industry has come to be completely dependant on the firm, stable & competitive pricing of Raw Materials. Raw Material availability continues to be a major challenge which makes it extremely important to either generate captive sources of raw materials or have long term sustainable and viable raw material tie ups for optimizing the profitability. Coal and Iron Ore, the key Raw Materials would be critical for ensuring the growth of the company in future. Your Company is benefited by the in-house availability of all the raw materials going forward.

The steel expansion at Raigarh has been designed to make it a completely integrated facility while the company already has the availability of the Coal, the Iron Ore requirement on the enhanced capacity is proposed to be met through the captive mines and also setting up facilities which would substantially offset the impact of high prices of Iron Ore from the market. Therefore, sensitivity of operational performance attributable to the raw material pricing & availability has been adequately addressed in the ongoing expansions.

Your company is also increasing the capacity of power to ensure full availability of captive power for the proposed steel operations.

The expansion in the steel capacity is progressing as per schedule and will catapult your Company into major steel producing company in the country. The main threat to the current program lies in obtaining the regulatory clearances for the mines and timely execution of the expansion.

The outlook of the Company based on the above initiatives is quite optimistic. It is expected that the efforts will yield the visible impact on the expansion of revenues and profitability.

Segment wise or Product wise Performance

During the year under review, the sponge iron production grew by 18% to 710044 MT, Structural Steel production grew by 13% to 90714 MT and Power Generation grew by 48% to 1020661000 Units. Production in Coal Division was at the same level as in previous financial year but the production of M.S./S.S. Products saw a decline of 16% to 115325.

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, 2010.

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 | 6 |
| Shri Sandeep Jajodia | Exec. Vice Chairman & Managing Director | 3 | 1 |
| Shri C.P. Baid % | Dy. Managing Director | 1 | 0 |
| Shri K.K. Khanna * | Executive Director | 0 | 0 |
| Shri P.L. Nene | Director | 2 | 1 |
| Shri G.C. Mrig | Director | 7 | 2 |
| Shri J. P. Lath | Director | 4 | 3 |
| Shri V. N. Kedia | Director | 3 | 2 |
| Shri Ajay Relan ** | Director | 3 | 1 |

% Appointed as Dy. Managing Director w.e.f. 8-11-2010.

* Appointed as Executive Director w.e.f. 31-10-2009.

** Appointed as Additional Director w.e.f. 9-8-2010.

Notes:

- Other Directorships and Committee Memberships of Directors are as on 31st March, 2010.
- Directorships in other companies exclude Indian Private Limited Companies, Foreign Companies, Membership of Associations etc. and Professional Bodies.
- Committee Membership is in respect of Audit Committee and Investors Grievance Committee of Indian Public Limited Companies.

Details of Board Meetings during Financial Year

During the financial year ended 31st March, 2010, eight meetings of the Board were held as follows:

| Sl. No. | Date | Board Strength | No. of Directors Present |
|---------|--------------------|----------------|--------------------------|
| 1 | 19th May 2009 | 6 | 3 |
| 2 | 30th June 2009 | 6 | 4 |
| 3 | 30th July 2009 | 6 | 5 |
| 4 | 31st October 2009 | 7 | 6 |
| 5 | 24th December 2009 | 7 | 3 |
| 6 | 4th January 2010 | 7 | 4 |
| 7 | 30th January 2010 | 7 | 7 |
| 8 | 15th March 2010 | 7 | 5 |

The last Annual General Meeting was held on 30th September, 2009. 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 | 8 | P |
| Shri Sandeep Jajodia | P & MD | 7 | P |
| Shri K.K. Khanna | ED | 2 | NP |
| Shri P.L. Nene | NED-I | 2 | NP |
| Shri G.C. Mrig | NED-I | 3 | NP |
| Shri J. P. Lath | NED | 7 | P |
| Shri V. N. Kedia | NED | 8 | NP |

NEC-I - Non Executive Chairman - Independent

ED - Executive Director

NED-I - Non Executive Director - Independent

P & MD - Promoter & Exec. Vice Chairman & Managing Director

NED - Non Executive Director

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 V.N. Kedia, Shri J. P. Lath, Shri C. P. Baid, Shri KK. Khanna and Shri Ajay Relan is 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. The Board also forms Committee for a specific purpose after which these Committees cease to exist.

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 | 4 | 4 |
| Shri P.L. Nene | 4 | 2 |
| Shri G.C. Mrig | 4 | 3 |
| Shri V.N. Kedia | 4 | 4 |

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

| Sl. No. | Date | Committee Strength | No. of Members Present |
|----------------|-------------------|---------------------------|-------------------------------|
| 1 | 30th June 2009 | 4 | 2 |
| 2 | 30th July 2009 | 4 | 3 |
| 3 | 31st October 2009 | 4 | 4 |
| 4 | 31st January 2010 | 4 | 4 |

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. During the year 1 Remuneration Committee Meeting was held.

The details of attendance in the Remuneration Committee Meeting held during the year is given below:

| Date of Remuneration Committee Meeting | Members Present | No. of Remuneration Committee Meetings held during the tenure of the Members | No. of Remuneration Committee Meetings Attended | Committee Strength | No. of Members Present |
|---|------------------------|---|--|---------------------------|-------------------------------|
| 31st October 2009 | Shri M.S. Gujral | 1 | 1 | 3 | 3 |
| 31st October 2009 | Shri G.C. Mrig | 1 | 1 | 3 | 3 |
| 31st October 2009 | Shri J.P. Lath | 1 | 1 | 3 | 3 |

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 | 30-06-2009 | 3 | 3 |
| 2 | 30-07-2009 | 3 | 3 |
| 3 | 31-10-2009 | 3 | 3 |
| 4 | 30-01-2010 | 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, 2010 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/rematerialization are handled directly and independently by MCS Ltd. in line with the Depository Guidelines for their speedy disposal. The Share Transfer Committee meets regularly.

Details of Remuneration to Managing Director & Executive Director

The break-up of remuneration paid to the Managing Director and Executive Director is as follows:

(₹ in lakhs)

| Name | Shri Sandeep Jajodia | Shri K.K. Khanna |
|-----------------------------|---|--|
| Position | Exec. Vice Chairman & Managing Director | Executive Director |
| Salary (Rs.) | 108.00 | 10.81 |
| Commission/Allowance (Rs.) | NIL | NIL |
| Perquisites (Rs.) | 13.52 | 0.14 |
| Total (Rs.) | 121.52 | 10.95 |
| Stock Option Granted (Nos.) | NIL | NIL |
| Service Contract | 5 years from 1-4-2010 to 31-3-2015 | 3 years from 31-10-2009 to 30-10-2012 |

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 | 48,000 | NIL |
| Shri G.C. Mrig | 21,000 | NIL |
| Shri P.L. Nene | 14,000 | NIL |
| Shri J. P. Lath | 35,000 | NIL |
| Shri V.N. Kedia | 48,000 | NIL |
| Shri Sandeep Jajodia | NIL | NIL |
| Shri K.K. Khanna | NIL | 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, 2009 to 31st March, 2010.

| Particulars | No. of Complaints |
|---|--------------------------|
| Number of complaints received from the investors (including the opening Balance as on 01.04.2009) 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. | 159 |
| Number of complaints resolved | 140 |
| Complaints Pending as at 31st March, 2010 | 19 |
| Number of shares pending for transfer as at 31st March, 2010. | 0 |

General Body Meetings

| Details of Last 3 Annual General Meetings | | | | | |
|--|------------|----------------------|--|-------------|--|
| Financial Year | AGM | Date | Place of Meeting | Time | Special Resolutions passed in last 3 years / passed through Postal Ballot last year |
| 2008-09 | 19th AGM | 30th September 2009 | Monnet Ispat & Energy Ltd. Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh | 3.30 p.m | No |
| 2007-08 | 18th AGM | 30th September 2008 | same as above | 3.30 p.m | One Special Resolution u/s 31 |
| 2006-07 | 17th AGM | 28th September, 2007 | same as above | 4.00 p.m. | No |

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, 2010.

(B) Matters related to capital market

No non-compliance related 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

Besides mandatory requirements of Clause 49 of Listing Agreement, endeavor is being made to comply with non-mandatory requirements such as setting-up remuneration committee etc. For details, refer to the section of this report dealing with Committees of the Board.

Means of Communication

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

| | |
|--|---|
| Quarterly Results | Normally published in The Economic Times (All Editions), Navbharat Times, Financial Times, Hindu Business Line 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 December, 2010 |
| Venue | : Monnet Ispat & Energy Limited, Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh |
| Time | : 3.00 p.m. |
| Book Closure Date | : Thursday, 23rd Dec., 2010 to Thursday, 30th Dec., 2010 (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 23-12-2010 after giving effect to all the transfers received on or prior to 22-12-2010. |

2. Financial Calendar for : 2010-11 (Tentative)

Financial Year 2010-11

| | |
|---|--|
| Financial year ending | : 31st March |
| First Quarter Results | : On 9th August, 2010 |
| Half Yearly Results | : On 28th October, 2010 |
| Third Quarter Results | : On or before 14th February, 2010. |
| Fourth Quarter Results / OR Audited Annual Accounts | : On or before 15th May, 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 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

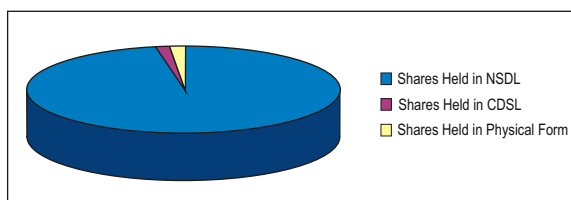
"Palika Plaza", Phase II, 201, 1st Floor,
MTH Compund, Indore 452 001 (M.P)

Stock Code

MONNETISPA

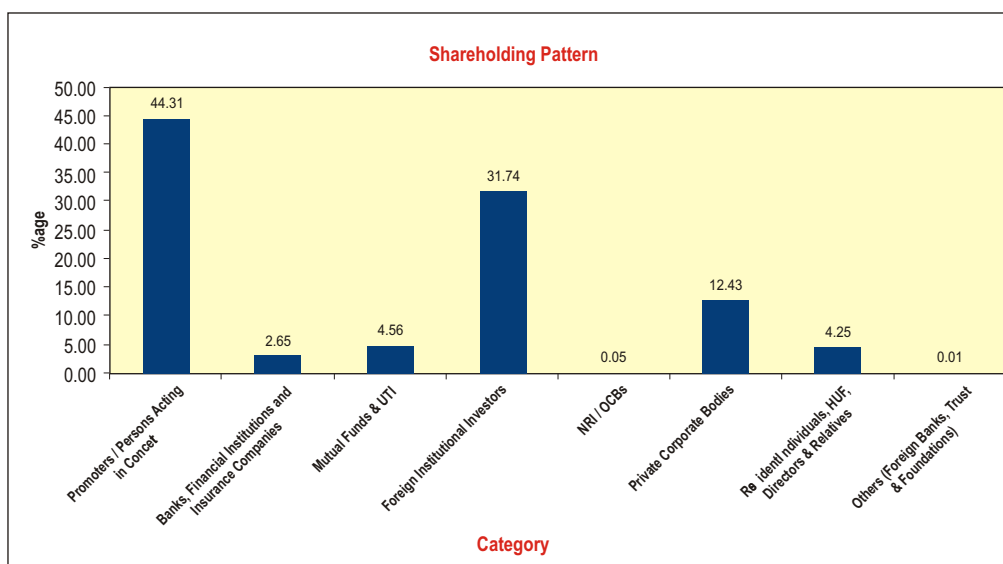
513446

**5. Shares held in Dematerialized
and Physical form as on 31st March, 2010**



6. Shareholding pattern as on 31st March, 2010:

| Category | No. of Shares held | % of Shareholding |
|---|--------------------|-------------------|
| Promoters / Persons Acting in Concert | 23156170 | 44.31 |
| Banks, Financial Institutions and Insurance Companies | 1384595 | 2.65 |
| Mutual Funds & UTI | 2381305 | 4.56 |
| Foreign Institutional Investors | 16586447 | 31.74 |
| NRI/OCBs | 27830 | 0.05 |
| Private Corporate Bodies | 6493826 | 12.43 |
| Resident Individuals, H.U.F., Directors & their Relatives | 2225840 | 4.25 |
| Others (Foreign Banks, Trusts & Foundations) | 2000 | 0.01 |
| Total | 52258013 | 100.00 |



7. Distribution of Shareholding as on 31st March, 2010:

| Range of Holding of Shares | No. of Shareholders | | | | No. of Shares | | | |
|-------------------------------|---------------------|--------------|--------------|---------------|---------------|-----------------|-----------------|---------------|
| | Physical | Demat | Total | % | Physical | Demat | Total | % |
| 1 - 500 | 3723 | 9436 | 13159 | 94.34 | 441002 | 904868 | 1345870 | 2.58 |
| 501 - 1000 | 22 | 306 | 328 | 2.35 | 17700 | 245229 | 262929 | 0.50 |
| 1001 - 2000 | 9 | 178 | 187 | 1.34 | 14400 | 276939 | 291339 | 0.56 |
| 2001 - 3000 | 0 | 62 | 62 | 0.44 | 0 | 157307 | 157307 | 0.30 |
| 3001 - 4000 | 0 | 24 | 24 | 0.17 | 0 | 86316 | 86316 | 0.17 |
| 4001 - 5000 | 0 | 26 | 26 | 0.19 | 0 | 121748 | 121748 | 0.23 |
| 5001 - 10000 | 0 | 53 | 53 | 0.38 | 0 | 403431 | 403431 | 0.77 |
| Above 10000 | 0 | 110 | 110 | 0.79 | 0 | 49589073 | 49589073 | 94.89 |
| TOTAL | 3754 | 10195 | 13949 | 100.00 | 473102 | 57784911 | 52258013 | 100.00 |

8. Stock Price Data (for the period April, 2009 to March, 2010)

| Year | Month | BSE High (Rs.) | BSE Low (Rs.) | NSE High (Rs.) | NSE Low (Rs.) |
|------|-----------|-------------------|------------------|-------------------|------------------|
| 2009 | April | 224.90 | 153.00 | 234.00 | 153.50 |
| 2009 | May | 313.80 | 182.20 | 312.00 | 180.70 |
| 2009 | June | 329.90 | 221.00 | 332.00 | 220.30 |
| 2009 | July | 287.00 | 215.15 | 287.00 | 215.05 |
| 2009 | August | 392.00 | 270.20 | 391.80 | 270.00 |
| 2009 | September | 394.00 | 332.00 | 393.30 | 285.90 |
| 2009 | October | 419.95 | 350.00 | 415.00 | 347.20 |
| 2009 | November | 420.00 | 343.10 | 419.90 | 343.20 |
| 2009 | December | 403.00 | 355.00 | 402.95 | 358.55 |
| 2010 | January | 402.50 | 363.00 | 403.50 | 363.15 |
| 2010 | February | 396.00 | 363.10 | 396.00 | 361.15 |
| 2010 | March | 449.95 | 371.75 | 448.00 | 353.30 |

9. Dividend History:

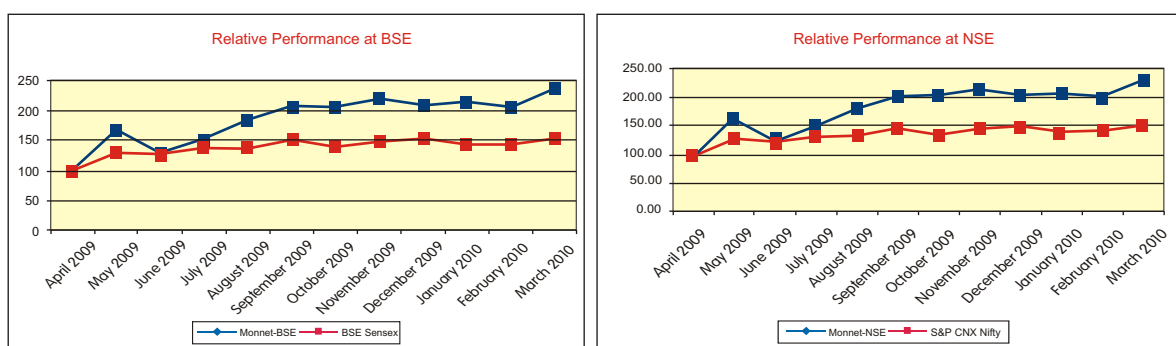
| Type | Financial Year | Date of Declaration | Dividend % | Dividend (Rs. Per share)* |
|-----------------------|----------------|---------------------|------------|---------------------------|
| Final Dividend** | 2009-10 | 30-12-2010 | 50 | 5.00 |
| Final Dividend | 2008-09 | 30-9-2009 | 50 | 5.00 |
| 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 | 3/9/2003 | 15 | 1.50 |

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

** Subject to approval of the shareholders in 20th Annual General Meeting.

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.
F-65, Okhla Industrial Area, Phase-I, 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 2010, 99.09% of equity capital was held in Electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) considering 4300000 equity shares allotted upon conversion of warrants on 31-3-2010 in demat segment as these were eventually credited in demat account of the allottees. 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:

The Company made an allotment of 9000000 warrants on 30th June, 2009 to the promoters of the Company on preferential basis and these warrants are convertible into equal number of shares within 18 months from the date of allotment. Two of the allottees of these warrants have exercised their option in respect of 4300000 warrants and the Company allotted the equal number of equity shares on 30th March, 2010. There are 4700000 warrants outstanding as on 31st March, 2010.

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@monnegroup.com

Disclaimer :

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

M.P. Kharbanda
Company Secretary
Monnet Ispat & Energy Limited

CERTIFICATE

To The Members of

MONNET ISPAT & ENERGY LIMITED,

We have reviewed the implementation of Corporate Governance procedures by **MONNET ISPAT & ENERGY LIMITED**, for the year ended on 31st March, 2010, 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**

**(Atul Bagla)
Partner**

Place: New Delhi
Date : 25th November, 2010

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.

Sd/-

(Sandeep Jajodia)

Place : New Delhi
Date : 25th November, 2010

Executive Vice Chairman & Managing Director

Annexure - V

Details of Directors seeking appointment / reappointment in 20th Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

| Name of Director | Shri Ajay Relan | Shri C.P Baid | Shri K.K. Khanna | Shri J.P Lath | Shri V.N. Kedia |
|---|--|--|---|--|--|
| Brief Resume | Aged about 57 years Mr Relan is an MBA from Indian Institute of Management, Ahmedabad. He led Citigroup's Citi Ventures India as its Managing Director. After leaving Citibank, he floated CX Advisors Pvt. Ltd. and is providing investment advisory services to private equity firms across the Globe. | Aged about 57 years, Mr Baid is BE (Hons) Mechanical Engineering Practice from B.I.T.S. Pilani and a Gold Medalist from the 1974 batch. He is also an MBA in Project Management. He has worked with Vedanta Resources Plc, MALCO, BALCO, Konkola Copper Mines, Zambia and Sterlite Energy Ltd. and Sesa Goa. | Aged about 63 years, Mr Khanna is BE (Mech.) from BITS, Pilani, B.E. (Engg.) gold medalist from IIE, a Law Graduate and an MBA. After joining SAIL in 1971, he has worked at various positions and retired as Director (Technical) in 2007. | Aged about 69 years, Mr Lath is a graduate and is working in the capacity of whole-time director in a group Company. | Aged about 58 years, Mr. Kedia is a graduate and working as General Manager (Commercial) in a Group Company. He has worked with Birla Cottan Spinning & Weaving Mills Ltd. |
| Expertise in specific functional area | Investment & Equity. | His expertise is in Metal, Mining & Energy besides unleashing hidden potential & leading multi fold growth of the Companies. | He was key player in the turn around of SAIL from a loss making company till 2002-03 to a Company reporting profits of 1550 US\$ in 2007 . | Having over 34 years experience in making statutory compliances of large manufacturing unit, making liaison with various Central/ State Government Departments for obtaining licenses, permissions, NoC etc. | Having over 38 years experience in the fields of project development, stores, Maintenance and procurement divisions. His Key competencies are in the areas of the Purchase and Commercial affairs. |
| List of Other Companies in which Directorship held (excluding foreign Companies, Private Limited Companies & Section 25 Companies) | 1. Suzlon Energy Ltd. 2. HT Media Ltd. 3. HT Media Ventures Ltd. | 1. Vandana Vidyut Ltd. | NIL | 1. Monnet Sugar Ltd. 2. Monnet Industries Ltd. 3. Monnet Mining Company Ltd. | 1. Monnet Power Company Limited 2. Monnet Cement Limited |
| Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding foreign Companies, Private Limited Companies & Section 25 Companies) | NIL | NIL | NIL | 1. Member of Audit Committee of Monnet Sugar Ltd. 2. Member of Grievance Committee of Monnet Sugar Ltd. 3. Member of Grievance Committee of Monnet Industries Ltd. | NIL |
| Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company | NIL | NIL | NIL | Holding 1696 equity shares by himself and relatives holding 610 equity shares. | 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, 2010 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, 2010 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 21**, 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, 2010.
 - 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

(**ATUL BAGLA**)
PARTNER
M.No. 91885

PLACE: NEW DELHI
DATED: 25.11.2010

Firm Regd. No. 000018N

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT
ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010**

1.
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, major fixed assets have been physically verified by the management during the year. We have been informed that the discrepancies noticed on such verification as compared to book record were not material and have been properly dealt with in the books of account. In our opinion the frequency of verification is reasonable.
 - c) The Company has disposed off an insignificant part of fixed assets during the year, hence paragraph 4 (i) (c) of the said order is not applicable.
2.
 - a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except ores & coal. We were informed that physical verification of the same was difficult due to its volume and loose nature.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of these stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion the Company is maintaining proper records of inventories. The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same have been properly dealt with in the books of account.
3. The Company has given loan to a Company covered in the registers maintained under section 301 of the Companies Act, 1956. The balance amount outstanding at the year end was Rs.14585 lacs. The terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. There are no overdue amounts outstanding at the year end regarding this loan.
4. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, Firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (e) to (g) of the order are not applicable.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods. During the course of audit, no major weakness has been noticed in the underlying internal control system.
6.
 - a) In our opinion and according to information and explanations given to us, the transactions that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been entered in the register.
 - b) 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 an adequate internal audit system commensurate with its size and nature of its business.
9. The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of 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 | 1121.58 | Deputy Commissioner of Sales Tax (Appeals) |
| 2. | Entry Tax | 494.96 | Deputy Commissioner of Sales Tax (Appeals) |
| 3. | Central Excise | 208.94 | Commissioner Appeals, Raipur |
| 4. | Central Excise | 875.88 | 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 made preferential allotment of 43 lac shares of Rs.10 each at a premium of 191.50 per share to parties or 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, 2010.
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 : 25.11.2010

(ATUL BAGLA)

PARTNER

M.No. 91885

Firm Regd. No. 000018N

Balance Sheet as at 31st March, 2010

| PARTICULARS | SCHEDULE NO. | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|--------------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| A) SHARE CAPITAL | 1 | 544,785,934 | 479,631,090 |
| B) SUBSCRIPTION AGAINST SHARE WARRANTS | | 268,825,000 | - |
| C) RESERVES & SURPLUS | 2 | 15,916,860,397 | 12,383,015,725 |
| | | <u>16,730,471,331</u> | <u>12,862,646,815</u> |
| LOAN FUNDS | | | |
| A) SECURED LOANS | 3 | 12,509,229,901 | 10,168,541,874 |
| B) UNSECURED LOANS | 4 | 2,440,605,547 | 3,083,256,196 |
| | | <u>14,949,835,448</u> | <u>13,251,798,070</u> |
| DEFERRED TAX LIABILITIES (Net) | 5 | 1,195,789,202 | 1,139,522,149 |
| TOTAL | | <u>32,876,095,981</u> | <u>27,253,967,034</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| A) GROSS BLOCK | 6 | 14,391,293,879 | 13,664,534,313 |
| B) LESS : DEPRECIATION | | <u>3,108,123,293</u> | <u>2,395,679,916</u> |
| C) NET BLOCK | | 11,283,170,586 | 11,268,854,397 |
| CAPITAL WORK IN PROGRESS | | <u>7,212,131,953</u> | <u>3,096,625,969</u> |
| | | <u>18,495,302,539</u> | <u>14,365,480,366</u> |
| INVESTMENTS | 7 | 5,454,038,748 | 2,156,279,011 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| A) INVENTORIES | 8 | 2,188,050,911 | 1,844,558,792 |
| B) SUNDRY DEBTORS | 9 | 1,288,661,376 | 1,097,324,317 |
| C) CASH & BANK BALANCES | 10 | 2,052,422,993 | 2,455,848,089 |
| D) LOANS & ADVANCES | 11 | 5,898,310,301 | 6,827,116,109 |
| | | <u>11,427,445,581</u> | <u>12,224,847,307</u> |
| LESS : CURRENT LIABILITIES & PROVISIONS | | | |
| A) CURRENT LIABILITIES | 12 | 1,803,037,747 | 1,719,138,288 |
| B) PROVISIONS | 13 | 881,861,352 | 599,342,387 |
| | | <u>2,684,899,099</u> | <u>2,318,480,675</u> |
| NET CURRENT ASSETS | | <u>8,742,546,482</u> | <u>9,906,366,632</u> |
| MISCELLANEOUS EXPENDITURE | | | |
| Foreign Currency Monetary Item Translation Difference Account (Refer Note 27 of Notes on Accounts) | | 184,208,212 | 825,841,025 |
| TOTAL | | <u>32,876,095,981</u> | <u>27,253,967,034</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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

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

| PARTICULARS | SCHEDULE NO. | YEAR ENDED 31.03.2010 Rs. | YEAR ENDED 31.03.2009 Rs. |
|--|-----------------|---------------------------------|---------------------------------|
| INCOME | | | |
| SALES/OPERATIONAL INCOME | | 20,379,388,488 | 22,248,921,204 |
| LESS : INTER DIVISION TRANSFERS | | <u>4,710,607,998</u> | <u>5,141,593,414</u> |
| | | 15,668,780,490 | 17,107,327,790 |
| LESS : EXCISE DUTY ON SALES | | <u>861,828,216</u> | <u>1,620,068,383</u> |
| | | 14,806,952,274 | 15,487,259,407 |
| OTHER INCOME | 14 | <u>317,501,275</u> | <u>476,664,769</u> |
| | | <u>15,124,453,549</u> | <u>15,963,924,176</u> |
| EXPENDITURE | | | |
| MATERIAL, MANUFACTURING AND OTHERS | 15 | 13,212,906,242 | 15,108,507,005 |
| LESS : INTER DIVISION TRANSFERS | | <u>4,710,607,998</u> | <u>5,141,593,414</u> |
| | | 8,502,298,244 | 9,966,913,591 |
| INCREASE/DECREASE IN STOCKS | 16 | 218,960,854 | 444,877,860 |
| SALARIES, WAGES & AMENITIES | 17 | 733,426,885 | 608,163,154 |
| REPAIR & MAINTENANCE | 18 | 91,789,072 | 56,273,755 |
| ADMINISTRATIVE, SELLING & OTHER EXP. | 19 | 620,440,297 | 664,330,068 |
| LOSS ON SALE OF INVESTMENTS | | - | 157,039,277 |
| MISCELLANEOUS EXPENDITURE W/OFF | | 184,208,213 | - |
| FINANCIAL CHARGES | 20 | 743,676,768 | 706,044,572 |
| DEPRECIATION | | <u>716,655,305</u> | <u>653,038,433</u> |
| | | <u>11,811,455,638</u> | <u>13,256,680,710</u> |
| PROFIT BEFORE TAX | | 3,312,997,911 | 2,707,243,466 |
| LESS : PROVISION FOR TAXATION | | 547,400,000 | 306,100,000 |
| LESS : PROVISION FOR DEFERRED TAXATION | | 56,267,053 | 231,040,000 |
| LESS : PROVISION FOR FBT | | - | 12,700,000 |
| ADD : INCOME TAX ADJUSTMENT | | <u>(18,287,055)</u> | <u>2,637,340</u> |
| PROFIT AFTER TAX | | 2,691,043,803 | 2,160,040,806 |
| BALANCE AS PER LAST YEAR | | 6,036,553,393 | 4,434,254,974 |
| BALANCE B/F ON AMALGAMATION | | <u>116,427,216</u> | <u>-</u> |
| PROFIT AVAILABLE FOR APPROPRIATION | | <u>8,844,024,412</u> | <u>6,594,295,780</u> |
| APPROPRIATIONS | | | |
| TRANSFER TO GENERAL RESERVE | | 270,000,000 | 220,000,000 |
| TRANSFER TO DEBENTURE REDEMPTION RESERVE | | 172,048,961 | 57,200,000 |
| DIVIDEND | | | |
| - PROPOSED DIVIDEND ON EQUITY SHARES | | 285,876,620 | 239,790,065 |
| - CORPORATE DIVIDEND TAX | | 48,584,732 | 40,752,322 |
| BALANCE CARRIED TO BALANCE SHEET | | <u>8,067,514,099</u> | <u>6,036,553,393</u> |
| | | <u>8,844,024,412</u> | <u>6,594,295,780</u> |
| Basic Earnings Per Share (Rs.) | | 53.64 | 42.98 |
| Diluted Earnings Per Share (Rs.) | | 47.73 | 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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| 1 SHARE CAPITAL | | |
| <u>AUTHORISED</u> | | |
| 11,20,00,000 (Previous Year 112000000) Equity Shares of Rs. 10/- each | 1,120,000,000 | 1,120,000,000 |
| Add: 2,00,00,000 equity shares of Rs. 10/- each increased on amalgamation | 200,000,000 | - |
| | <u>1,320,000,000</u> | <u>1,120,000,000</u> |
| <u>ISSUED & SUBSCRIBED</u> | | |
| 5,22,68,013 (Previous Year 48002161) Equity Shares of Rs. 10/- each | 522,696,090 | 479,746,090 |
| <u>PAID UP</u> | | |
| 5,22,59,609 (Previous Year 49244272) Equity Shares of Rs. 10/- each fully paid up in cash | 522,596,090 | 492,442,720 |
| Add : Shares Forfeited | 172,414 | 50,000 |
| Less : 1596 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 26 of Notes on Accounts) | (15,960) | (12,846,630) |
| 52258013 (Previous year 47959609) Equity shares of Rs.10/- each fully paid up in cash | <u>522,752,544</u> | <u>479,646,090</u> |
| Less: Share Purchase Suspense Account 0 Equity Shares (Previous year 1500 equity shares) of Rs.10/- each fully paid up) | - | 15,000 |
| Add : Equity Share Suspense Account | 22,033,339 | - |
| * 22,03,339 (previous year nil) equity shares of Rs. 10 each, fully paid up, to be issued pursuant to scheme of amalgamation of Mounteverest Trading & Investment Limited with Monnet Ispat & Energy Limited. (Refer note no. 31 of schedule 21) | | |
| | <u>544,785,934</u> | <u>479,631,090</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----------------------------|----------------------------|
| 2 RESERVES & SURPLUS | | |
| <u>Securities Premium Account</u> | | |
| Balance b/f | 4,757,509,578 | 4,542,464,574 |
| Add : Addition on conversion of FCCB / Warrants | 823,450,000 | 384,648,500 |
| Add : Transferred on Amalgamation | 7,550,000 | 0 |
| Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956 (Refer Note 26 of Notes on Accounts) | (16,845) | (169,603,496) |
| <u>Capital Redemption Reserve</u> | | |
| Balance b/f | 12,861,630 | 0 |
| Transferred from General Reserve | 960 | 12,861,630 |
| <u>Capital Reserve</u> | | |
| Balance b/f | 769,816,618 | 560,566,618 |
| Add : Transferred on Forfeiture of Warrants | 0 | 209,250,000 |
| <u>Capital Reconstruction Reserve</u> | | |
| Transferred on Amalgamation | 196,801,760 | 0 |
| <u>General Reserve</u> | | |
| Balance b/f | 749,074,506 | 661,075,636 |
| Add : Transferred from Profit & Loss Account | 270,000,000 | 220,000,000 |
| Less : Transferred to Foreign Currency Monetary Item Translation Difference Account | 0 | (119,139,500) |
| 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 26 of Notes on Accounts) | (960) | (12,861,630) |
| | 0 | 0 |
| <u>Debenture Redemption Reserve</u> | | |
| Balance b/f | 57,200,000 | 0 |
| Transferred from Profit & Loss Account | 172,048,961 | 57,200,000 |
| <u>Amalgamation Reserve</u> | | |
| Transferred on Amalgamation (Refer Note 31 of Notes on Accounts) | 33,050,090 | 0 |
| Profit & Loss Account | 8,067,514,099 | 6,036,553,393 |
| | <u>15,916,860,397</u> | <u>12,383,015,725</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----------------------------|----------------------------|
| 3 SECURED LOANS | | |
| A. TERM LOANS | | |
| From Banks | 2,595,156,971 | 3,448,367,384 |
| B. WORKING CAPITAL FACILITIES | | |
| From Banks | 2,841,524,022 | 922,882,763 |
| C. AGAINST HIRE PURCHASE | | |
| From Banks | 0 | 88,799 |
| From Limited Companies | 9,943,353 | 11,702,928 |
| D. EXTERNAL COMMERCIAL BORROWING (ECB) | 4,062,600,000 | 4,585,500,000 |
| E. NON CONVERTIBLE DEBENTURE | 3,000,005,555 | 1,200,000,000 |
| | <u>12,509,229,901</u> | <u>10,168,541,874</u> |

Notes:

- 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.
 - 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.

4 UNSECURED LOANS

| | | |
|------------------------------------|----------------------|----------------------|
| Foreign Currency Convertible Bonds | 862,174,000 | 973,145,000 |
| 0% Fully Convertible Debentures | 525,000,000 | - |
| Loan From Banks | 1,053,431,547 | 2,110,111,196 |
| | <u>2,440,605,547</u> | <u>3,083,256,196</u> |

5 DEFERRED TAX LIABILITIES (Net)

| | | |
|--|----------------------|----------------------|
| <u>Deferred Tax Liability</u> | | |
| As at 1st April 2009 | 1,139,522,149 | 908,482,149 |
| Additional adjustment for current year | 56,267,053 | 231,040,000 |
| | <u>1,195,789,202</u> | <u>1,139,522,149</u> |

6. FIXED ASSETS

| Particulars | Gross Block | | | | | Depreciation | | | | | Net Block | |
|--------------------------|-----------------------|-----------------------------|----------------------|-------------------|-----------------------|----------------------|-----------------------------|--------------------|------------------|----------------------|-----------------------|-----------------------|
| | As At 01.04.2009 | Acquired on Amalgamation | Additions | Adjustments | As At 31.03.2010 | Up To 31.03.2009 | Acquired on Amalgamation | For The Year | Adjustments | Up To 31.03.2010 | As At 31.03.2010 | As At 31.03.2009 |
| LAND & SITE DEVELOPMENT | 252,809,563 | 0 | 1,126,854 | 0 | 253,936,417 | 0 | 0 | 0 | 0 | 0 | 253,936,417 | 252,809,563 |
| LEASE HOLD LAND (Mining) | 94,755,116 | 0 | 0 | 0 | 94,755,116 | 5,653,851 | 0 | 1,563,321 | 0 | 7,217,172 | 87,537,944 | 89,101,265 |
| RAILWAY SIDING | 109,005,111 | 0 | 72,072,011 | 0 | 181,077,122 | 8,002,835 | 0 | 5,899,604 | 0 | 13,902,439 | 167,174,683 | 101,002,276 |
| BUILDING | 1,389,739,826 | 144,160,000 | 33,524,028 | 0 | 1,567,423,854 | 167,354,416 | 495,713 | 51,885,656 | 0 | 219,735,785 | 1,347,688,069 | 1,222,385,410 |
| PLANT & MACHINERY | 11,654,990,505 | 0 | 429,146,567 | 4,898,596 | 12,079,238,476 | 2,163,047,206 | 0 | 640,906,349 | 3,816,456 | 2,800,137,099 | 9,279,101,377 | 9,491,943,299 |
| FURNITURE & FIXTURES | 40,215,283 | 24,000,000 | 2,799,395 | (86) | 67,014,764 | 9,915,413 | 320,489 | 4,167,442 | (86) | 14,403,430 | 52,611,334 | 30,299,870 |
| VEHICLE | 123,018,909 | 4,641,400 | 23,371,999 | 3,184,178 | 147,848,130 | 41,706,195 | 675,292 | 12,411,968 | 2,066,087 | 52,727,368 | 95,120,762 | 81,312,714 |
| CURRENT YEAR | 13,664,534,313 | 172,801,400 | 562,040,854 | 8,082,688 | 14,391,293,879 | 2,395,679,916 | 1,491,494 | 716,834,340 | 5,882,457 | 3,108,123,293 | 11,283,170,586 | 11,268,854,397 |
| PREVIOUS YEAR | 12,120,982,653 | 0 | 1,558,220,547 | 14,668,887 | 13,664,534,313 | 1,747,970,773 | 0 | 653,143,185 | 5,434,042 | 2,395,679,916 | 11,268,854,397 | 10,373,011,880 |

Schedules

7. INVESTMENTS

| NAME OF SCRIPT | 31.03.2010 | | | 31.03.2009 | | |
|--|----------------------|----------------------------|---------------|----------------------|----------------------------|---------------|
| | NO. OF SHARES/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. | NO. OF SHARES/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. |
| LONG TERM | | | | | | |
| A. QUOTED INVESTMENTS | | | | | | |
| Units of Mutual Fund | | | | | | |
| Reliance Growth fund | 547,745 | 10.00 | 30,000,000 | 547,745.12 | 10.00 | 30,000,000 |
| DSPM L Tiger Fund | 1,608,236 | 10.00 | 35,000,000 | 1,608,236.00 | 10.00 | 35,000,000 |
| SBI MF Magnum Multicap Fund | 2,668,440 | 10.00 | 83,659,499 | 494,597.00 | 10.00 | 27,136,417 |
| Prudential Icici-Fusion | 1,500,000 | 10.00 | 15,000,000 | 1,500,000.00 | 10.00 | 15,000,000 |
| Icici Prud Eq&Deri Fund | 1,032,632 | 10.00 | 10,586,797 | 1,032,632.00 | 10.00 | 10,586,797 |
| DSP Merrill lynch Equity Fund | 551,038 | 10.00 | 31,714,129 | 551,038.00 | 10.00 | 26,266,015 |
| DSMPL Balanced Fund | 236,200 | 10.00 | 10,000,000 | 236,200.00 | 10.00 | 10,000,000 |
| SBI Infrastructure Fund | 2,000,000 | 10.00 | 20,000,000 | 2,000,000.00 | 10.00 | 20,000,000 |
| Sbi Cap Protect Orient | 302,000 | 10.00 | 3,020,000 | 302,000.00 | 10.00 | 3,020,000 |
| Sundaram Bnp Paribas | 994,782 | 10.00 | 21,297,000 | 994,782.00 | 10.00 | 21,297,000 |
| Sbi Mutual Fund Mmps-93 | 29,182 | 10.00 | 2,500,000 | 29,182.00 | 10.00 | 2,500,000 |
| Uti Nifty Index Fund | 267,610 | 10.00 | 7,285,744 | 526,870.00 | 10.00 | 20,000,000 |
| Reliance Natural Resour | 244,499 | 10.00 | 2,500,000 | 244,499.00 | 10.00 | 2,500,000 |
| Hsbc Equity Fund | 237,712 | 10.00 | 10,000,000 | 237,712.00 | 10.00 | 10,000,000 |
| MIRAE ASSET INDIA FUND | 391,007 | 10.00 | 4,000,000 | 391,006.84 | 10.00 | 4,000,000 |
| AXIS EQUITY FUND | 500,000 | 10.00 | 5,000,000 | | | |
| Reliance Mutual Fund | 2,000,000 | 10.00 | 20,000,000 | | | |
| SBI Infrastructure Fund | 250,000 | 10.00 | 2,500,000 | | | |
| JM Contra Fund | 977,995 | 10.00 | 10,000,000 | | | |
| Non Convertible Debentures | | | | | | |
| NCD-TATA MOTORS FINANCE LTD | 200.00 | 500,000.00 | 100,000,000 | | | |
| Equity Shares | | | | | | |
| Reliance MediaWorks Ltd | 30,000 | 10.00 | 21,541,770 | | | |
| Reliance Media World Ltd (Formerly Reliance Unicom Ltd) | 30,000 | 5.00 | 150,000 | | | |
| IFSL | 1,300,000 | 1.00 | 2,434,217 | | | |
| XL Telecom Ltd | 166,808 | 10.00 | 18,250,450 | | | |
| RPG (Pharma) Life Science Ltd | 60,000 | 10.00 | 4,740,000 | | | |
| Kamanwala Housing Construction Ltd (Including 150000 bonus shares) | 63,343 | 10.00 | - | | | |
| Indiabulls Real Estate Ltd | 25,000 | 10.00 | 16,402,643 | | | |
| Bellary Steel Ltd. | 803,243 | 1.00 | 5,103,277 | | | |
| Pioneer Investment Ltd. | 23,392 | 10.00 | 13,308,318 | | | |
| Sujana Towers Ltd | 25,000 | 10.00 | 4,366,783 | | | |
| Orrisa Sponge Iron & Steel Ltd. | 2,990,000 | 10.00 | 797,703,662 | | | |
| Nutek India Ltd | 480,000 | 62.50 | 30,000,000 | | | |
| B. OTHERS | | | | | | |
| Equity Shares - Unquoted, Fully paid up | | | | | | |
| Monnet Scanduzzi Pvt Ltd | 4,000 | 10.00 | 40,000 | 4,000 | 10 | 40,000 |
| Mandakini Coal Fields Ltd | 5,199,800 | 10.00 | 51,998,000 | 2,999,800 | 10 | 29,998,000 |
| MP Monnet Mining Company Ltd | 980,000 | 10.00 | 9,800,000 | 0 | 0 | 0 |
| Business India Publications Ltd | 100,000 | 55.00 | 5,500,000 | 0 | 0 | 0 |
| Preference Shares | | | | | | |
| Tirumala Balaji Ferro Alloys Ltd | 140,000 | 100.00 | 14,000,000 | 140,000 | 100 | 14,000,000 |
| Equity Shares in Subsidiary Companies - Unquoted, fully paid up | | | | | | |
| Monnet Global Ltd | 183,786 | 1,117.51 | 205,382,257 | 183,786 | 1,117.51 | 205,382,257 |
| Monnet Overseas Ltd | 4,345 | 1,261.75 | 5,482,287 | 675 | 1,222.28 | 825,037 |
| Monnet Power Co Ltd | 308,287,020 | 10.00 | 3,082,870,200 | 41,112,020 | 10 | 411,120,200 |
| Monnet Cement Ltd | 1,249,400 | 10.00 | 12,494,000 | 1,249,400 | 10 | 12,494,000 |
| Rameshwaram steel & Power Pvt Ltd | 4,152,273 | 10.00 | 362,150,871 | 4,152,273 | 10 | 362,150,871 |
| Monnet Daniel Coal Washeries Pvt Ltd | 10,721,500 | 10.00 | 107,215,000 | 10,721,500 | 10 | 107,215,000 |
| Bonds - Unquoted | | | | | | |
| Indusind Bank Bond | 5 | 1,000,000.00 | 5,000,000 | 5 | 1,000,000 | 5,000,000 |
| Invest Ubs Singapore (Bonds) | 0 | | 0 | 12,331 | 49,582.35 | 611,400,000 |

Schedules

| NAME OF SCRIPT | 31.03.2010 | | | 31.03.2009 | | |
|--|----------------------|----------------------------|----------------------|----------------------|----------------------------|----------------------|
| | NO. OF SHARES/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. | NO. OF SHARES/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. |
| C. Capital Contribution in Partnership Firm | 0 | – | 4,411,225 | 0 | 0 | 5,605,905 |
| UNQUOTED FULLY PAID-UP | | | | | | |
| SHORT TERM | | | | | | |
| Equity Shares Through Portfolio Management Schemes | 0 | – | 249,630,619 | 0 | 0 | 153,741,512 |
| TOTAL | | | <u>5,454,038,748</u> | | | <u>2,156,279,011</u> |

(Aggregate Market Value of quoted investments, including PMS, Rs.17687 Lacs, previous year Rs.2795 lacs)

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

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| 8. INVENTORIES | | |
| (As certified by the Management) | | |
| Raw Material | 1,113,979,501 | 730,846,583 |
| Stores and Spares | 428,329,314 | 320,500,423 |
| Finished Goods | 570,252,294 | 646,367,567 |
| Semi Finished Goods | 4,964,136 | 4,964,135 |
| Goods in Transit/Trading goods | 3,405,336 | 45,964,097 |
| Work-in-Progress | 12,266,900 | 14,941,259 |
| Material in Transit | 54,853,430 | 80,974,728 |
| | <u>2,188,050,911</u> | <u>1,844,558,792</u> |
| 9 SUNDRY DEBTORS (UNSECURED) | | |
| Outstanding for a period exceeding six months | | |
| - Considered Good | 273,950,568 | 280,316,435 |
| - Considered Doubtful | 21,562,024 | 19,837,049 |
| Other Debts | | |
| - Considered Good | 1,014,710,808 | 817,007,882 |
| | <u>1,310,223,400</u> | <u>1,117,161,366</u> |
| Less: Provision for Doubtful Debts | <u>21,562,024</u> | <u>19,837,049</u> |
| | <u>1,288,661,376</u> | <u>1,097,324,317</u> |
| 10 CASH AND BANK BALANCES | | |
| Cash in hand and imprest | 4,613,789 | 6,777,255 |
| Balance with Scheduled Banks | | |
| - in current accounts | 508,493,494 | 1,187,607,428 |
| - in fixed deposit accounts | | |
| In India | 1,534,203,006 | 1,028,930,367 |
| Overseas | 2,577,722 | 188,521,813 |
| Balance with Foreign Banks | | |
| - in current accounts | 2,534,982 | 44,011,226 |
| | <u>2,052,422,993</u> | <u>2,455,848,089</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----------------------------|----------------------------|
| 11. LOANS & ADVANCES | | |
| (Unsecured Considered Good unless stated otherwise) | | |
| Loans | | |
| - To Subsidiary Companies | 1,458,473,400 | 1,482,645,000 |
| - To Others | 328,549,006 | 3,032,753,125 |
| <u>Advances recoverable in cash or kind or for value to be received</u> | | |
| - From Subsidiary Companies | 843,190,204 | 511,658,659 |
| - From Others | 2,201,908,983 | 1,089,782,370 |
| Balance with Excise Department | 142,200,454 | 81,100,230 |
| Security Deposits | | |
| - With Govt. Deptts. | 114,477,321 | 123,350,334 |
| - With Others | 131,869,203 | 132,252,072 |
| Prepaid Expenses | 65,959,776 | 65,762,361 |
| Advance Income Tax | 611,681,954 | 307,811,958 |
| | 5,898,310,301 | 6,827,116,109 |
| 12 CURRENT LIABILITIES | | |
| Sundry Creditors- Micro, Small & Medium Enterprises | 0 | 0 |
| - Others | 1,209,668,595 | 1,238,202,211 |
| - Capital Projects | 291,237,176 | 198,624,119 |
| Other Liabilities | 85,230,123 | 98,553,634 |
| Security Deposits | 101,189,264 | 100,102,662 |
| Advances against sales | 69,192,248 | 67,843,011 |
| Interest. accrued but not due | 46,520,341 | 15,812,651 |
| | 1,803,037,747 | 1,719,138,288 |
| 13 PROVISIONS | | |
| Provision for Taxation | 547,400,000 | 306,100,000 |
| Proposed Dividend | 285,876,620 | 239,790,065 |
| Provision for FBT | 0 | 12,700,000 |
| Corporate Dividend Tax | 48,584,732 | 40,752,322 |
| | 881,861,352 | 599,342,387 |
| 14. OTHER INCOME | | |
| Miscellaneous Income | 14,403,646 | 27,981,502 |
| Dividend Received | 31,343,982 | 5,450,420 |
| Rent Received | 5,032,584 | 0 |
| Profit on sale of Investments | 141,668,030 | 0 |
| Income From Derivative/Exchange fluctuation | 0 | 187,259,477 |
| Interest Received | 122,670,330 | 235,625,292 |
| Hire Charges Received | 600,000 | 0 |
| Profit from Partnership Firm | 0 | 1,315,633 |
| Insurance Claim Received | 1,782,703 | 19,032,445 |
| | 317,501,275 | 476,664,769 |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| 15 MATERIAL, MANUFACTURING AND OTHERS | | |
| Raw Material Consumed | 11,724,069,082 | 13,533,044,352 |
| Goods Purchased for Resale | 121,489,478 | 280,739,375 |
| Stores and Spares Consumed | 395,616,052 | 383,580,457 |
| Power and Fuel | 973,267,730 | 921,894,383 |
| Excise Duty on Stocks | (1,536,100) | (10,751,562) |
| | <u>13,212,906,242</u> | <u>15,108,507,005</u> |
| 16 INCREASE/DECREASE IN STOCKS | | |
| <u>Opening Stock As on 01.04.2009</u> | | |
| Work-in-Process | 14,941,259 | 12,585,376 |
| Semi Finished Goods | 4,964,136 | 7,832,508 |
| Goods in Transit/Trading goods | 45,964,097 | 457,889,348 |
| Finished Goods | 646,367,567 | 583,763,407 |
| (A) | <u>712,237,059</u> | <u>1,062,070,639</u> |
| Stock Transferred from Raw Material | 97,612,461 | 95,044,279 |
| <u>Closing Stock As on 31.03.10</u> | | |
| Work-in-Process | 12,266,900 | 14,941,259 |
| Semi Finished Goods | 4,964,136 | 4,964,135 |
| Goods in Transit/Trading goods | 3,405,336 | 45,964,097 |
| Finished Goods | 570,252,294 | 646,367,567 |
| (B) | <u>493,276,205</u> | <u>617,192,779</u> |
| GRAND TOTAL (A - B) | <u>218,960,854</u> | <u>444,877,860</u> |
| 17 SALARIES, WAGES & AMENITIES | | |
| Salaries, Wages and Allowances | 664,729,197 | 549,469,708 |
| Staff Welfare | 26,545,694 | 24,387,650 |
| Employer's Contribution to P.F. etc. | 42,151,994 | 34,305,796 |
| | <u>733,426,885</u> | <u>608,163,154</u> |
| 18 REPAIRS & MAINTENANCE | | |
| Machinery | 65,711,868 | 39,714,489 |
| Building | 16,399,412 | 10,297,498 |
| Others | 9,677,792 | 6,261,768 |
| | <u>91,789,072</u> | <u>56,273,755</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----------------------------|----------------------------|
| 19. ADMINISTRATIVE, SELLING & OTHER EXPENSES | | |
| Printing and Stationery | 6,056,203 | 5,994,462 |
| Rent | 3,306,151 | 7,114,216 |
| Rates & Taxes | 1,883,818 | 5,490,094 |
| Vehicle Expenses | 95,532,230 | 106,620,512 |
| Communication Expenses | 8,989,457 | 10,019,277 |
| Travelling & Conveyance | 24,168,881 | 15,132,189 |
| Insurance Charges | 61,826,547 | 48,510,285 |
| Legal & Professional Charges | 33,482,102 | 41,895,378 |
| Directors Sitting Fees | 189,000 | 94,000 |
| <u>Auditors' Remuneration</u> | | |
| - As Audit Fees | 1,650,000 | 1,500,000 |
| - For Certification & Other Co. Law Matters | 1,953,635 | 1,285,000 |
| - For Tax Matters | 73,236 | 279,500 |
| - Reimbursement of Expenses | 326,825 | 587,446 |
| Miscellaneous Expenses | 54,699,438 | 41,762,738 |
| Lease Rent & Hire Charges | 10,093,377 | 19,923,494 |
| Share Issue / Transfer Expenses | 1,549,339 | 198,520 |
| Internal Audit Fees & Expenses | 1,968,361 | 1,444,402 |
| Loss from Partnership Firm | 4,469,377 | 0 |
| Provision For Doubtful Debts | 1,724,976 | 19,837,049 |
| Loss on Sale of Fixed Assets | 49,451 | 4,161,551 |
| Distribution & Marketing Expenses | 306,447,893 | 332,479,955 |
| | <u>620,440,297</u> | <u>664,330,068</u> |
| 20 FINANCIAL CHARGES | | |
| Interest Paid | | |
| - On Term Loans | 404,098,544 | 446,645,776 |
| - Others | 172,432,306 | 238,855,632 |
| Loss on Derivatives/ Exchange fluctuation | 127,178,606 | 0 |
| Bank Charges | 29,281,000 | 20,543,164 |
| Other Service Charges | 10,686,312 | 0 |
| | <u>743,676,768</u> | <u>706,044,572</u> |

Schedules

21. 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.

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.

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) | 42,373.68 | 11804.48 |
| 2. Letters of Credit opened in favour of Inland/Overseas Suppliers | 7,269.42 | 2564.25 |
| 3. Guarantees | | |
| Counter guarantees issued to Bankers in respect of guarantees issued by them | 1,305.43 | 433.79 |
| Guarantees issued on behalf of a Limited Company | 2,026.00 | 2026.00 |
| 4. Contingent Liabilities not provided for * | | |
| - In respect of disputed Excise Demands | 1084.82 | 684.30 |
| - in respect of disputed Sales Tax Demand | 1121.58 | 1103.48 |
| - in respect of disputed Entry Tax Demand | 494.96 | 415.46 |
| - in respect of disputed Demands for water charges by Water Resources Division. | 279.68 | 215.20 |
| - Other claims against the Company not acknowledged as debt. | 110.18 | 124.93 |
| - In respect of electricity Duty on generation of power | 549.17 | 440.20 |
| * Does not include matters dealt with elsewhere in the Notes on Accounts. | | |
| 5. Salary includes following remuneration paid to Directors | (In Rupees) | (In Rupees) |
| Mr. Sandeep Jajodia (Managing Director) | | |
| - Salary | 10,800,000 | 96,00,000 |
| - Perquisites | 1,352,080 | 11,56,805 |
| Mr. K.K. Khanna (Director) | | |
| - Salary | 1,081,250 | 0 |
| - Perquisites | 13,500 | 0 |
| 6. Details of Licenced and Installed Capacities & Production | | |
| A. * Installed Capacity at Raipur | | |
| - Sponge Iron | MT | 300000 |
| M.S. / S.S. Products | | |
| a) - Ingots & Billets | MT | 300000 |
| b) - Structural Steel | MT | 200000 |
| - Ferro Alloys ** | MT | 58400 |
| - Power | MW | 60 |
| * Installed Capacity at Raigarh | | |
| - Sponge Iron | MT | 500000 |
| - Power | MW | 90 |
| B. Production | | |
| - Sponge Iron | MT | 710,044 |
| - M.S./S.S. Products | MT | 115,325 |
| - Structural Steel | MT | 90,714 |
| - Ferro Alloys | MT | 0 |
| - Coal | MT | 1,000,119 |
| - Power | '000Units | 1,020,661 |
| | | 689,533 |

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

** Includes 12000 MT on Lease

7. Details of Raw Material Consumed :

| | UNIT | 2009-2010 | | 2008-2009 | |
|---------------------------------|---------|-----------|-------------|-----------|-------------|
| | | QTY | VALUE (RS.) | QTY | VALUE (RS.) |
| SPONGE IRON | | | | | |
| Iron Ore | MT | 1261272 | 4412979308 | 1061156 | 5685155181 |
| Coal | MT | 289697 | 985522542 | 183026 | 667286191 |
| Coal Captive | MT | 735530 | 0 | 686343 | 0 |
| Coal Captive (Freight) | | -- | 188240048 | -- | 175651966 |
| Dolomite | MT | 17203 | 11533620 | 13275 | 6765531 |
| Others | | | 193026254 | | 201535096 |
| MS / SS PRODUCT | | | | | |
| Iron Scrap & Others | MT | 5360 | 149467067 | 14084 | 312807121 |
| Sponge Iron | MT | -- | 0 | 865 | 12392180 |
| Sponge Iron Captive | MT | 130021 | 0 | 142977 | 0 |
| M.S./S.S. Runner/ Riser Captive | MT | 3345 | 0 | 562 | 0 |
| Others | | | 17419811 | | 79624082 |
| Structural Steel | | | | | |
| M.S. Billets Captive | MT | 92667 | 0 | 79469 | 0 |
| M.S. Billets | MT | -- | 0 | 3856 | 102704714 |
| Others | | -- | 11002511 | -- | 11221405 |
| FERRO ALLOYS | | | | | |
| Manganese Ore | MT | -- | 0 | 33137 | 623134148 |
| High MnO Slag | MT | -- | 0 | 9871 | 102539091 |
| Coal & Coke | MT | -- | 0 | 9349 | 80259022 |
| Coal & Coke Captive | MT | -- | 0 | 6476 | 0 |
| Others | | -- | 14345267 | -- | 36532693 |
| POWER | | | | | |
| Flue Gas Captive | 100 Nm3 | 40592316 | 0 | 25401373 | 0 |
| Coal | MT | 742579 | 1037481094 | 335699 | 301212338 |
| Coal Captive | MT | 263805 | 0 | 297441 | 0 |
| Coal Captive (Freight) | | -- | 116710253 | -- | 140769902 |
| Char/ Others | | -- | 103288894 | -- | 32734230 |
| Coal Division | | | | | |
| (Direct Cost) | | -- | 393021227 | -- | 306037001 |

8. Particulars of Sales/Stocks :

| | UNIT | 2009-2010 | | 2008-2009 | |
|-------------------------|------|-----------|-------------|-----------|-------------|
| | | QTY | VALUE (RS.) | QTY | VALUE (RS.) |
| A. Opening Stock | | | | | |
| Sponge Iron | MT | 23636 | 339999409 | 20704 | 265543504 |
| Char | MT | 269266 | 0 | 57328 | 2866411 |
| M.S./S.S Products | MT | 2103 | 48916444 | 5059 | 95197800 |
| Coal - At Mine | MT | 15570 | 9793414 | 43182 | 23663720 |
| Coal - At Sites | MT | 106259 | 78812196 | 82406 | 76988566 |
| Ferro Alloys | MT | 10 | 438409 | 872 | 31887762 |
| Structural Steel | MT | 6206 | 168407695 | 3908 | 87615644 |
| Iron Ore | MT | 37272 | 45964097 | 166127 | 457889348 |
| B. Purchase | | | | | |
| Iron Ore | MT | 2904.48 | 8660562 | 36896 | 196726879 |
| Sponge Iron | MT | -- | 0 | 1770 | 32634809 |
| Coal | MT | 62040.33 | 84899573 | -- | 0 |
| Others | | -- | 27929343 | -- | 51377686 |

| | | | | | |
|--|------------|--------|------------|--------|------------|
| C. Stock transfer from Raw Material | | | | | |
| Iron Ore | MT | 56044 | 97612461 | 54150 | 95044279 |
| D. Sales | | | | | |
| Sponge Iron | MT | 572688 | 8334627946 | 456292 | 8894711471 |
| Sponge Iron - Captive | MT | 130021 | 0 | 142977 | 0 |
| Char | MT | 1756 | 87941 | 24947 | 695228 |
| Char - Captive | MT | 46979 | 0 | 28461 | 0 |
| Ingots & Billets | MT | 20017 | 470850150 | 57118 | 1546750235 |
| Ingots & Billets - Captive | MT | 94797 | 0 | 82333 | 0 |
| Structural Steel | MT | 90142 | 2466626562 | 73739 | 2609196544 |
| Structural Steel - Captive | MT | 3099 | 0 | 4547 | 0 |
| Coal - Captive | MT | 994988 | 0 | 992870 | 0 |
| Coal | MT | 62040 | 88199561 | -- | 0 |
| Ferro Alloys | MT | -- | 0 | 14636 | 930622001 |
| Ferro Alloys - Captive | MT | 9 | 0 | 2137 | 0 |
| Power | '000 Units | 852388 | 4079931366 | 453614 | 2474102252 |
| Power - Captive | '000 Units | 168273 | 0 | 235919 | 0 |
| Iron Ore | MT | 78155 | 173497790 | 199556 | 559543563 |
| Others | | -- | 58632702 | -- | 91706496 |
| E. Closing Stock | | | | | |
| Sponge Iron | MT | 30970 | 325037599 | 23636 | 339999409 |
| Char | MT | 429413 | 0 | 269266 | 0 |
| Ingots & Billets | MT | 2613 | 51230673 | 2103 | 48916444 |
| Structural Steel | MT | 3680 | 83369718 | 6206 | 168407695 |
| Coal - At Mine | MT | 15437 | 11948614 | 15570 | 9793414 |
| Coal - At Sites | MT | 111523 | 98622333 | 106259 | 78812196 |
| Iron Ore | MT | 11978 | 3405336 | 37272 | 45964097 |
| Ferro Alloys | MT | 1 | 43358 | 10 | 438409 |

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

| Particulars | % | 2009-2010 (Rs. In Lacs) | % | 2008-2009 (Rs. In Lacs) |
|---|-----|----------------------------|-------|----------------------------|
| Value of Imported & Indigenous Raw Material Consumed and the percentage of each to total consumption :- | | | | |
| - Imported | 0 | 0.00 | 2.65 | 2349.20 |
| - Indigenous | 100 | 76340.38 | 97.35 | 86434.42 |

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. 394 Lacs (Previous Year Rs. 410 lacs) has been included in the value of inventories as on 31st March, 2010 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. | 682.17 | 2,551.85 |
| - Raw Material etc. | 100.54 | 1,367.12 |

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 as Capital Work in Progress during the year are as under:-

| | (Rs. In Lacs) |
|---------------------------------|-----------------|
| Amount brought forward | 9974.43 |
| Incurred During the Year | |
| Administrative & Other Expenses | 4526.05 |
| Financial Charges | 6399.54 |
| Total | 10925.59 |
| Allocated to Fixed Assets | 0.00 |
| Amount carried over | 20900.02 |

15. **Expenditure in Foreign Currency**

| | (Rs. In Lacs) | |
|---------------------|---------------------|----------------------|
| | <u>CURRENT YEAR</u> | <u>PREVIOUS YEAR</u> |
| - Traveling /Others | 495.85 | 84.32 |
| - Financial Charges | 1,223.71 | 2129.14 |

16. **Earning in Foreign Currency**

| | | |
|------------------------------------|----------|----------|
| FOB Value of Exports (Rs. In Lacs) | 4,664.27 | 5,117.14 |
|------------------------------------|----------|----------|

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

18. As per the information available with the Company in response to the enquiries from existing suppliers with whom Company deals, none of the suppliers are registered with The Micro, Small and Medium Enterprises Development Act, 2006.

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 29th March, 2018 under EPCG Scheme as on 31st March, 2010 is Rs. 22686.04 lacs.

21. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to Rs. 1969.42 lacs upto 31st March, 2010 (Rs. 1528.93 lacs upto 31st March, 2009). 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. **Retirement Benefits : Gratuity & Leave Encashment**

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 & leave encashment:

| | (Rs. In Lacs) | |
|--|---|---|
| | Gratuity Year Ended 31.03.2010 | Leave Encashment Year Ended 31.03.2010 |
| Reconciliation of opening and closing balances of the present value of the defined benefit obligation : | | |
| Obligations at period beginning | 379 | 259 |
| Service Cost | 96 | 157 |
| Interest on Defined benefit obligation | 27 | 20 |
| Benefits settled | (16) | (62) |
| Actuarial (gain)/loss | -11 | 116 |
| Obligations at period end | 474 | 490 |
| 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 | 394 | 62 |
| Benefits settled | (16) | (62) |

| | | |
|---|-------------|--------------|
| Plans assets at period end, at fair value | 378 | 0 |
| Reconciliation of present value of the obligation and the fair value of the plan assets: | | |
| Closing PBO | 474 | 490 |
| Closing Fair value of plan assets | 378 | 0 |
| Closing Funded status | (96) | (490) |
| Unrecognised actuarial (gains).losses | 0 | 0 |
| Unfunded net asset/(Liability) recognized in the balance sheet | (96) | (490) |
| Expenses recognized | | |
| Service cost | 96 | 157 |
| Interest cost | 27 | 20 |
| Expected return on plan assets | 0 | 0 |
| Actuarial (gain)/loss | -11 | 116 |
| Net cost | 112 | 293 |
| Assumptions | | |
| Interest rate | 7.00% | 7.00% |
| Discount factor | 8.00% | 7.60% |
| Estimated rate of return on plan assets | 7.00% | 7.00% |
| Salary increase | 5.00% | 5.00% |
| Attrition rate | 1.00% | 1.00% |
| Retirement age | 65 | 65 |

24. 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. 5,474 lacs has been made on current year profits as per provisions 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 01.04.2009 (Rs. in Lacs) | Charge/ credit during the year (Rs. in Lacs) | Closing as at 31.3.2010 (Rs. in Lacs) |
|----------------------------------|--|--|---|
| Depreciation | 11457.02 | 1975.55 | 13432.57 |
| Adjustments u/s 43B, MAT Tax c/o | -61.80 | -1412.90 | -1474.70 |
| Net | 11395.22 | 562.65 | 11957.87 |

25. 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. |
| Enterprise where KMP has significant influence | : | A.P. Coal Washeries 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 Monnet Enterprises DMCC |
| Joint Ventures | : | MP Monnet Mining Company Ltd Mandakini Coal Company Ltd |

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

(Rs. in Lacs)

| | Key Managerial Personnel | Subsidiaries | Joint Ventures | Enterprises where KMP hold significant influence |
|---|--------------------------|--------------|----------------|--|
| Sale of goods / services / inputs | 0.00 | 3634.92 | 0.00 | 0.00 |
| Payment made on behalf of party | 0.00 | 36.50 | 0.00 | 0.00 |
| Remuneration Paid | 121.52 | | 0.00 | 0.00 |
| Subscription to shares | 0.00 | 26764.07 | 98.00 | 0.00 |
| Purchase of raw material / finished goods | 0.00 | 202.85 | 0.00 | 0.00 |
| Jobwork Charges Paid | 0.00 | 116.05 | 0.00 | 0.00 |
| Dividend Received | 0.00 | 0.00 | 0.00 | 8.41 |

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

| Description | Outstanding Balances -Debit (Rs.in lacs) | Written off/ Written back (Rs.in lacs) |
|--|--|--|
| Subsidiaries | 23016.64 | 0.00 |
| Key Management Personnel | 0.00 | 0.00 |
| Associates | 3.00 | 0.00 |
| Joint Ventures | 263.71 | 0.00 |
| Enterprises where KMP hold significant influence | 584.80 | 0.00 |

26. 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. During the current year, the Company has bought back 96 equity shares of Rs. 10/- each at an average price of Rs. 185.46 per share and extinguished 1500 shares bought back in last year. The difference between the nominal value and amount spent for buy back, amounting to Rs. 16845/- has been appropriated from the share premium account.

The Company has transferred Rs.960/- from General Reserve to Capital Redemption Reserve which represented the nominal value of shares bought back during the year.

27. Accounting for Long Term Foreign Currency Items :

The Company had exercised the option to account for long term foreign currency items as per the revised para 46 of the Accounting Standard 11 during F.Y. Ended 31.3.2009. In terms of the option provided, the Company has written off 50% of the loss carried over, after adjusting for exchange fluctuations arising during the year.

| Exchange Fluctuation | Amount (Rs. in Lacs) |
|--|----------------------|
| Loss carried over on 31.3.2009 | 8258.41 |
| Exchange Fluctuation profit on the above during the current year | 4574.25 |
| Amount as on 31.3.2010 | 3684.16 |
| 50% of the above written off | 1842.08 |
| Balance Amount c/o | 1842.08 |

28. SEGMENT REPORTING

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

29. **Share Warrants:**

- a) The Company had, in its EOGM dated 17.6.2009 allotted 90 lac warrants to promoter companies. Each warrant was convertible into one equity share of Rs.10/- each at a premium of Rs.191.50 per share as per SEBI guidelines for Preferential issues. Out of the above, 43 lacs warrants were converted into equity shares during the year and 47 lac warrants were outstanding at the year end.
- b) M/s Mounteverest Trading and Investment Ltd had, in its EOGM dated 17.6.2009 allotted 15 lac warrants to promoter companies. Each warrant was convertible into one equity share of Rs.10/- each at a premium of Rs.75.50 per share as per SEBI guidelines for Preferential issues. All the warrants were outstanding at the year end and are eligible for shares of the Company as per exchange ratio passed in the scheme of scheme of amalgamation of M/s Mounteverest Trading and Investment Ltd with the Company, as outlined in note number 31 below.
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. a) Pursuant to the order of the Hon'ble Chattisgarh High Court, all the assets and liabilities including the business as a going concern of M/s Mounteverest Trading and Investment Ltd has been amalgamated with the company w.e.f. 1-4-2009. Consequently the figures shown in Profit & Loss Account and Balance Sheet for the Current Year are after merging respective figures of M/s Mounteverest Trading and Investment Ltd using the 'Pooling of Interest' method of accounting as contained in Accounting Standard 14 issued by ICAI.
- b) A sum of Rs. 220.33 Lacs shown in Schedule 1 of Share Capital represents shares to be allotted to the shareholders of M/s Mounteverest Trading and Investment Ltd pursuant to scheme of Amalgamation in the ratio of 40 shares of the Company for every 100 equity shares held in M/s Mounteverest Trading and Investment Ltd.
- c) After line by line transfer of all assets, liabilities & reserves of M/s Mounteverest Trading and Investment Ltd at their respective book values, the residual amount of Rs.330.50 lacs has been transferred to amalgamation reserve.

32. **Interest in joint venture**

The Company has a 33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited. Both the Companies are incorporated in India, and involved in setting up and operation of coal mines

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities as at 31.3.2010 are as follows:

| Particulars | MP Monnet Mining Co. Ltd Rs. in Lacs | Mandakini Coal Co. Ltd Rs. in Lacs |
|--|---|---|
| I Assets | | |
| Fixed Assets/ Capital work in progress | 51 | 481 |
| Current assets and loans & advances | | |
| Inventories | 0 | 0 |
| Sundry Debtors | 0 | 0 |
| Cash and bank balances | 49 | 22 |
| Loans and advances | 2 | 7 |
| II Liabilities | | |
| Secured Loans | 0 | 0 |
| Unsecured Loans | 0 | 0 |
| Current liabilities and provisions | 22 | 9 |
| III Income | | |
| Operating Revenue | 0 | 0 |
| Other Income | 0 | 2 |
| IV Expenses | | |
| Expenses | 0 | 15 |

33. Cash and Bank balances include fixed deposits amounting to Rs.13176.75 lacs in no lien / escrow accounts or kept as margin against LCs / bank guarantees by Company's bankers.

34. 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% |

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

| No of Debenture | Rate | Amount (Rs.in Lacs) | Date of commencement of redemption |
|-----------------------------------|--------|---------------------|---|
| Non Convertible Debentures | | | |
| 1200 | 12.50% | 12000.00 | Issued on 4th November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8th, 9th and 10th Year. |
| 800 | 10.50% | 8000.00 | Issued on 30th January,2010. Redeemable at par on 30th January 2020. |
| 1000 | 10.50% | 10000.00 | Issued on 24th December,2009. Redeemable at par on 24th December,2019. |
| Convertible Debentures | | | |
| 1750000 | 0% | 5250.00 | Issued on 21.11.2009 Compulsorily convertible into 1.6 equity shares against each debenture within a period of 18 months. |

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

Basic Earning Per Share

| | Year Ended on 31.03.2010 | Year Ended on 31.03.2009 |
|---|-----------------------------|-----------------------------|
| Profit attributable to the Equity Shareholders - (A) (Rs in Lacs) | 26910.44 | 21600.41 |
| Basic Weighed average number of Equity Shares outstanding during the year (B) | 50173137 | 48848334 |
| Nominal value of Equity Shares (Rs) | 10.00 | 10.00 |
| Basic Earning per share (Rs)- (A)/(B) | 53.64 | 44.22 |

Diluted Earning Per Share

| | | |
|--|----------|----------|
| Profit attributable to the Equity Shareholders as above (Rs in Lacs) | 26910.44 | 21600.41 |
| Interest Paid on Potential Equity Shares net of tax impact (Rs. In Lacs) | 0 | 0 |
| Profit considered for Diluted E.P.S. (C) | 26910.44 | 21600.41 |
| Basic Weighed average number of Equity Shares outstanding during the year as above | 50173137 | 48848334 |
| Weighted Average Potential Equity Shares for the Year | 6211233 | 662495 |
| Total weighted average shares considered for Diluted E.P.S. (D) | 56384370 | 49510829 |
| Nominal value of Equity Shares (Rs) | 10.00 | 10.00 |
| Diluted Earning per share (Rs)- (C)/(D) | 47.73 | 43.63 |

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

For AND ON BEHALF OF THE BOARD

For O.P. BAGLA & CO.
CHARTERED ACCOUNTANTS

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

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, 2010 |
| II. CAPITAL RAISED DURING THE YEAR | |
| Public Issue | NIL |
| Rights Issue | NIL |
| Private Placement | 30,153,370 |
| Bonus Issue | NIL |
| III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS | |
| Total Liabilities | 35,560,995,080 |
| Total Assets | 35,560,995,080 |
| SOURCES OF FUNDS | |
| Paid up Capital | 544,785,934 |
| Share Application money / Share Warrants | 268,825,000 |
| Reserves & Surplus | 15,916,860,397 |
| Secured Loans | 12,509,229,901 |
| Unsecured Loans | 2,440,605,547 |
| Deferred Tax Liabilities (Net) | 1,195,789,202 |
| APPLICATION OF FUNDS | |
| Net Fixed Assets | 11,283,170,586 |
| Capital Work in Progress | 7,212,131,953 |
| Investments | 5,454,038,748 |
| Net Current Assets | 8,742,546,482 |
| Misc. Expenditure | 184,208,212 |
| Accumulated Losses | NIL |
| IV. PERFORMANCE OF THE COMPANY | |
| Turnover including other incomes | 14,905,492,695 |
| Total Expenditure | 11,592,494,784 |
| Profit before tax | 3,312,997,911 |
| Profit after tax | 2,691,043,803 |
| Basic Earning Per Share (Rs.) | 53.64 |
| Diluted Earning Per Share (Rs.) | 47.73 |
| Dividend Rate (%) | 50% |
| V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY | |
| Item Code No. (ITC Code) | 72.07 |
| Product Description | Mild Steel |
| Item Code No. (ITC Code) | 72.03 |
| Product Description | Sponge Iron |
| Item Code No. (ITC Code) | 72.02 |
| Product Description | Ferro Alloys |
| Item Code No. (ITC Code) | N.A. |
| Product Description | Power |

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

ATUL BAGLA
 PARTNER

M.S. GUJRAL
 CHAIRMAN

SANDEEP JAJODIA
 EX. VICE CHAIRMAN &
 MG. DIRECTOR

PLACE : NEW DELHI
 DATED : 25.11.2010

V.N. KEDIA
 DIRECTOR

J.P. LATH
 DIRECTOR

M.P. KHARBANDA
 COMPANY SECRETARY

Cash Flow Statement for the Year Ended 31.03.2010

| | 31.3.2010 | 31.03.2009 |
|---|------------------------|------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and extra ordinary items | 3,312,997,911 | 2,707,243,466 |
| Adjustment for : | | |
| Depreciation | 716,655,305 | 653,143,185 |
| Misc. Expenditure w.off | 184,208,213 | 0 |
| Profit/Loss on Sale of Fixed Assets | 49,451 | 4,161,551 |
| Interest Received | (122,670,330) | (235,625,292) |
| Interest Paid | 576,530,850 | 685,501,408 |
| Dividend Received | (31,343,982) | (5,450,420) |
| | <u>1,323,429,507</u> | <u>1,101,730,432</u> |
| Operating Profit before Working Capital Facilities | 4,636,427,418 | 3,808,973,898 |
| Adjustment for : | | |
| Trade & Other Receivable | 1,041,338,745 | (3,439,814,395) |
| Inventories | (343,492,119) | 372,520,777 |
| Trade Payable | 83,899,459 | 266,618,360 |
| | <u>781,746,085</u> | <u>(2,800,675,258)</u> |
| Cash generated from operation | 5,418,173,503 | 1,008,298,640 |
| Tax Paid | (640,957,051) | (311,944,067) |
| Dividend Paid | (280,542,387) | (284,404,413) |
| | <u>(921,499,438)</u> | <u>(596,348,480)</u> |
| Net Cash Flow from operating activities | 4,496,674,065 | 411,950,160 |
| B. Cash Flow From Investing activities | | |
| Purchase of fixed assets | (733,350,760) | (1,558,220,547) |
| Sale of Fixed Assets | 2,150,780 | 5,073,294 |
| CWIP | (4,115,326,949) | (435,440,515) |
| Purchase of Investments (Net) | (3,297,759,737) | (772,208,870) |
| Buyback of Shares | (17,805) | (182,465,126) |
| Interest Received | 122,670,330 | 235,625,292 |
| Dividend Received | 31,343,982 | 5,450,420 |
| | <u>(7,990,290,159)</u> | <u>(2,702,186,052)</u> |
| Net Cash used in investing activities | (7,990,290,159) | (2,702,186,052) |
| C. Cash Flow from Financing Activities | | |
| Proceed from Share Issue | 65,155,804 | 12,521,110 |
| Proceed from Share Warrants | 268,825,000 | 0 |
| Interest Paid | (576,530,850) | (685,501,408) |
| Proceed from Share Premium / Other Reserves | 1,177,279,066 | 384,648,500 |
| Proceeds from long term borrowings | 2,155,461,978 | 1,326,080,361 |
| | <u>3,090,190,998</u> | <u>1,037,748,563</u> |
| Net Cash used in financing activities | (403,425,096) | (1,252,487,329) |
| Cash & Cash equivalent Opening | 2,455,848,089 | 3,708,335,418 |
| Cash & Cash equivalent Closing | 2,052,422,993 | 2,455,848,089 |

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 21) 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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY



Consolidated Balance Sheet
as at 31st March, 2010

&

Consolidated Profit & Loss Account
for the year ended 31st March, 2010

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 |
|--|----------------------|--------------------|---|---------------------------|------------------------------------|-----------------------|
| 2 Financial year of the Subsidiary ended on | 31st March 2010 | 31st March 2010 | 31st March 2010 | 31st March 2010 | 31st March 2010 | 31st March 2010 |
| 3 Holding Company's interest : Equity Share Capital | 100% | 100% | 51.64% | 99.99% | 96.99 | 98.80% |
| 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 | (6,894,839) | (9,741,080) | (12,646,423) | (47,292,824) | 449,166 | (536,705) |
| 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 |
| 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 |

Summary of the Key Financials of Subsidiary Companies

| | Particulars | Monnet Overseas Ltd. | | Monnet Global Ltd. | | Monnet Daniels Coal Washeries Pvt. Ltd. | Rameshwaram Steel & Power Pvt. Limited | Monnet Power Company Limited | Monnet Cement Limited |
|----|------------------------|----------------------|-----------|--------------------|------------|---|--|------------------------------|-----------------------|
| | | (In Rs.) | (In USD) | (In Rs.) | (In USD) | (In Rs.) | (In Rs.) | (In Rs.) | (In Rs.) |
| 1 | Capital | 5,482,287 | 118,402 | 205,382,257 | 5,007,797 | 207,600,000 | 42,809,000 | 3,082,876,200 | 12,500,000 |
| 2 | Reserves | (6,955,612) | (151,846) | 45,103,056 | (381,599) | (15,374,849) | 108,545,152 | (47,292,824) | (536,705) |
| 3 | Total Assets | 4,905,995 | 107,879 | 1,709,892,795 | 36,956,891 | 734,773,779 | 1,093,613,202 | 4,695,592,650 | 16,748,753 |
| 4 | Total Liabilities | 6,379,320 | 141,323 | 1,459,407,482 | 32,330,693 | 542,548,627 | 942,259,049 | 1,890,033,479 | 4,785,458 |
| 5 | Investments | - | - | - | - | - | - | 230,024,205 | - |
| 6 | Turnover/Total Income | - | - | 6,664,631 | 138,702 | 105,887,837 | 518,181,896 | 1,328,847 | - |
| 7 | Profit before taxation | (6,894,838) | (143,493) | (9,741,080) | (204,389) | (12,622,169) | 8,925,486 | (46,737,784) | (536,705) |
| 8 | Provision for taxation | - | - | - | - | 24,254 | 8,476,320 | 555,040 | - |
| 9 | Profit after taxation | (6,894,838) | (143,493) | (9,741,080) | (204,389) | (12,646,423) | 449,166 | (47,292,824) | (536,705) |
| 10 | Proposed Dividend | - | - | - | - | - | - | - | - |

Notes :

- Exchange rates taken for assets and liabilities is Rs.45.14 = 1 USD
- Exchange rates taken for revenue items is Rs. 48.05 = 1 USD
- 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, 2010 and the Consolidated Profit & Loss Account for the Year Ended 31st March, 2010, 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, Consolidated Financial Statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standard) Rules, 2006.
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 Group as at 31st March 2010.
 - b) In the case of Consolidated Profit & Loss Account, of the consolidated results of operations of the Group for the year on that date and;
 - c) In case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

**PLACE : NEW DELHI
DATED : 25.11.2010**

**(ATUL BAGLA)
PARTNER
M.No. 91885
Firm Regd. No. 000018N**

Balance Sheet as at 31st March, 2010 (Consolidated)

| PARTICULARS | SCHEDULE NO. | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|-----------------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| A) SHARE CAPITAL | 1 | 544,785,934 | 479,631,090 |
| B) SUBSCRIPTION AGT SHARE WARRANT | | 268,825,000 | 0 |
| C) RESERVES & SURPLUS | 2 | 15,873,647,770 | 12,397,200,097 |
| | | <u>16,687,258,704</u> | <u>12,876,831,187</u> |
| MINORITY INTEREST | | 97,509,836 | 103,611,869 |
| LOAN FUNDS | | | |
| A) SECURED LOANS | 3 | 12,933,659,808 | 10,736,646,861 |
| B) UNSECURED LOANS | 4 | 4,294,335,816 | 3,083,256,196 |
| | | <u>17,227,995,624</u> | <u>13,819,903,057</u> |
| DEFERRED TAX LIABILITIES (Net) | 5 | 1,161,150,186 | 1,096,435,319 |
| TOTAL | | <u>35,173,914,350</u> | <u>27,896,781,432</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| A) GROSS BLOCK | 6 | 15,831,867,274 | 15,032,658,185 |
| B) LESS : DEPRECIATION | | <u>3,223,821,494</u> | <u>2,454,134,169</u> |
| C) NET BLOCK | | 12,608,045,780 | 12,578,524,016 |
| CAPITAL WORK IN PROGRESS | | <u>12,327,671,678</u> | <u>3,984,184,889</u> |
| | | <u>24,935,717,458</u> | <u>16,562,708,905</u> |
| INVESTMENTS | 7 | 1,846,630,338 | 1,057,092,646 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| A) INVENTORIES | 8 | 2,403,618,525 | 2,002,957,986 |
| B) SUNDRY DEBTORS | 9 | 1,467,970,196 | 1,119,967,772 |
| C) CASH & BANK BALANCES | 10 | 2,204,152,021 | 2,497,787,755 |
| D) LOANS & ADVANCES | 11 | 5,077,279,528 | 6,263,234,690 |
| | | <u>11,153,020,270</u> | <u>11,883,948,203</u> |
| LESS : CURRENT LIABILITIES & PROVISIONS | | | |
| A) CURRENT LIABILITIES | 12 | 2,066,594,299 | 1,833,279,274 |
| B) PROVISIONS | 13 | 882,313,044 | 602,042,387 |
| | | <u>2,948,907,343</u> | <u>2,435,321,661</u> |
| NET CURRENT ASSETS | | <u>8,204,112,927</u> | <u>9,448,626,542</u> |
| MISCELLANEOUS EXPENDITURE | 14 | 187,453,627 | 828,353,339 |
| TOTAL | | <u>35,173,914,350</u> | <u>27,896,781,432</u> |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | | | |
| | 22 | | |

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Profit & Loss Account for the year ended 31st March, 2010 (Consolidated)

| PARTICULARS | SCHEDULE NO. | Year Ended 31.03.2010 Rs. | Year Ended 31.03.2009 Rs. |
|---|-----------------|---------------------------------|---------------------------------|
| INCOME | | | |
| SALES/OPERATIONAL INCOME | | 20,937,077,945 | 22,539,169,568 |
| LESS : INTER DIVISION TRANSFERS | | 4,710,607,998 | 5,201,517,026 |
| | | <u>16,226,469,947</u> | <u>17,337,652,542</u> |
| LESS : EXCISE DUTY ON SALES | | 904,844,603 | 1,652,000,489 |
| | | <u>15,321,625,344</u> | <u>15,685,652,053</u> |
| OTHER INCOME | 15 | 328,274,176 | 485,726,966 |
| | | <u>15,649,899,520</u> | <u>16,171,379,019</u> |
| EXPENDITURE | | | |
| MATERIAL, MANUFACTURING AND OTHERS | 16 | 13,602,428,204 | 15,384,766,804 |
| LESS : INTER DIVISION TRANSFERS | | 4,710,607,998 | 5,201,517,026 |
| | | <u>8,891,820,206</u> | <u>10,183,249,778</u> |
| INCREASE/DECREASE IN STOCKS | 17 | 179,376,650 | 420,732,776 |
| SALARIES, WAGES & AMENITIES | 18 | 801,865,367 | 621,743,954 |
| REPAIR & MAINTENANCE | 19 | 101,356,590 | 57,726,897 |
| ADMINISTRATIVE, SELLING & OTHER EXP. | 20 | 691,477,833 | 673,346,385 |
| LOSS ON SALE OF INVESTMENTS | | 0 | 157,039,277 |
| MISC EXPENDITURE W/OFF | | 185,379,476 | 596,615 |
| FINANCIAL CHARGES | 21 | 781,763,511 | 733,013,583 |
| DEPRECIATION | | 772,875,788 | 686,600,909 |
| | | <u>12,405,915,422</u> | <u>13,534,050,174</u> |
| PROFIT BEFORE TAX | | <u>3,243,984,098</u> | <u>2,637,328,845</u> |
| LESS : PROVISION FOR TAXATION | | 547,851,692 | 306,100,000 |
| LESS : PROVISION FOR DEFERRED TAXATION | | 64,714,867 | 196,466,725 |
| LESS : PROVISION FOR FBT | | 0 | 13,070,000 |
| ADD : INCOME TAX ADJUSTMENT | | (18,518,833) | 2,605,284 |
| PROFIT AFTER TAX (Before adjustment for Minority Interest) | | <u>2,612,898,706</u> | <u>2,124,297,404</u> |
| ADD : SHARE OF LOSS TRANSFERRED TO MINORITY | | 6,200,247 | 2,082,679 |
| PROFIT AFTER TAX (after adjustment for Minority Interest) | | <u>2,619,098,953</u> | <u>2,126,380,083</u> |
| BALANCE AS PER LAST YEAR | | 5,983,527,841 | 4,414,890,145 |
| BALANCE B/F ON AMALGAMATION | | 116,427,216 | 0 |
| PROFIT AVAILABLE FOR APPROPRIATION | | <u>8,719,054,010</u> | <u>6,541,270,228</u> |
| APPROPRIATIONS | | | |
| TRANSFER TO GENERAL RESERVE | | 270,000,000 | 220,000,000 |
| TRANSFER TO DEBENTURE REDEMPTION RESERVE | | 172,048,961 | 57,200,000 |
| DIVIDEND | | | |
| - PROPOSED DIVIDEND ON EQUITY SHARES | | 285,876,620 | 239,790,065 |
| - CORPORATE DIVIDEND TAX | | 48,584,732 | 40,752,322 |
| BALANCE CARRIED TO BALANCE SHEET | | <u>7,942,543,697</u> | <u>5,983,527,841</u> |
| | | <u>8,719,054,010</u> | <u>6,541,270,228</u> |
| Basic Earnings Per Share (Rs.) | | 52.20 | 42.99 |
| Diluted Earnings Per Share (Rs.) | | 46.45 | 39.02 |
| SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS | | | |
| | 22 | | |

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 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 |
| Add: 2,00,00,000 equity shares of Rs. 10/- each increased on amalgamation | 200,000,000 | 0 |
| | 1,320,000,000 | 1,120,000,000 |
| ISSUED & SUBSCRIBED | | |
| 5,22,69,609 (Previous Year 4,79,69,609) Equity Shares of Rs. 10/- each | 3,868,481,290 | 479,696,090 |
| PAID UP | | |
| 4,92,44,272 (Previous Year 47992161) Equity Shares of Rs. 10/- each fully paid up in cash | 522,596,090 | 492,442,720 |
| Add : Shares Forfeited | 172,414 | 50,000 |
| Less : 1596 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 19 of Notes on Accounts) | (15,960) | (12,846,630) |
| 52258013 (Previous year 47959609) Equity shares of Rs.10/- each fully paid up in cash | 522,752,544 | 479,646,090 |
| Less: Share Purchase Suspense Account 0 Equity Shares (Previous year 1500 equity shares) of Rs.10/- each fully paid up) | 0 | 15,000 |
| Add : Equity Share Suspense Account | 22,033,390 | 0 |
| * 22,03,339 (previous year nil) equity shares of Rs. 10 each, fully paid up, to be issued pursuant to scheme of amalgamation of Mounteverest Trading & Investment Limited with Monnet Ispat & Energy Limited. (Refer note no. 19 of schedule 22) | | |
| | 544,785,934 | 479,631,090 |
| 2. RESERVES & SURPLUS | | |
| Share Premium Account | | |
| Balance b/f | 4,775,972,272 | 4,560,927,268 |
| Add : Addition on conversion of FCCB / Warrants | 823,450,000 | 384,648,500 |
| Add : Transferred on Amalgamation | 7,550,000 | 0 |
| Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956 (Refer Note 19 of Notes on Accounts) | (16,845) | (169,603,496) |
| Capital Redemption Reserve | | |
| Balance b/f | 12,861,630 | 12,861,630 |
| Transferred from General Reserve | 960 | 0 |
| Capital Reserve | | |
| Balance b/f | 769,816,618 | 560,566,618 |
| Add : Transferred on Forfeiture of Warrants | 0 | 209,250,000 |
| Capital Reconstruction Reserve | | |
| Transferred on Amalgamation | 196,801,760 | 0 |

Schedules

| PARTICULARS | As at 31.03.2010 Rs. | As at 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| General Reserve | | |
| Balance b/f | 749,074,506 | 661,075,636 |
| Add : Transferred from Profit & Loss Account | 270,000,000 | 220,000,000 |
| Less : Transferred to Foreign Currency Monetary Item Translation Difference Account | 0 | (119,139,500) |
| 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) | (960) | (12,861,630) |
| Debenture Redemption Reserve | | |
| Balance b/f | 57,200,000 | 0 |
| Transferred from Profit & Loss Account | 172,048,961 | 57,200,000 |
| Exchange Fluctuation Reserve | 63,295,081 | 48,747,230 |
| Amalgamation Reserve | | |
| Transferred on Amalgamation (Refer Note 24 of Notes on Accounts) | 33,050,090 | 0 |
| Profit & Loss Account | 7,942,543,697 | 5,983,527,841 |
| | <u>15,873,647,770</u> | <u>12,397,200,097</u> |
| 3. SECURED LOANS | | |
| A. TERM LOANS | | |
| From Banks | 2,960,619,632 | 3,946,706,355 |
| B. WORKING CAPITAL FACILITIES | | |
| From Banks | 2,900,306,796 | 991,721,102 |
| C. AGAINST HIRE PURCHASE | | |
| From Banks | 184,472 | 993,865 |
| From Limited Companies | 9,943,353 | 11,725,539 |
| D. EXTERNAL COMMERCIAL BORROWING (ECB) | 4,062,600,000 | 4,585,500,000 |
| E. NON CONVERTIBLE DEBENTURE | 3,000,005,555 | 1,200,000,000 |
| | <u>12,933,659,808</u> | <u>10,736,646,861</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.

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| 4. UNSECURED LOANS | | |
| Foreign Currency Convertible Bonds | 862,174,000 | 973,145,000 |
| 0% Fully Convertible Debentures | 525,000,000 | - |
| Loan From Banks | 2,907,161,816 | 2,110,111,196 |
| | 4,294,335,816 | 3,083,256,196 |
| 5. DEFERRED TAX LIABILITIES (Net) | | |
| Deferred Tax Liability | | |
| As at 1st April 2009 | 1,096,435,319 | 899,968,594 |
| Additional adjustment for current year | 64,714,867 | 196,466,725 |
| | 1,161,150,186 | 1,096,435,319 |

6. FIXED ASSETS (Consolidated)

| Particulars | Gross Block | | | | | Depreciation | | | | | Net Block | |
|---------------------------|-----------------------|--------------------|--------------------|------------------|-----------------------|----------------------|------------------|--------------------|------------------|----------------------|-----------------------|-----------------------|
| | As at | Acquired on | Additions | Adjustments | As at | Up to | Acquired on | For | Adjustments | Up to | As at | As at |
| | 01.04.2009 | Amalgamation | | | 31.03.2010 | 31.03.2009 | Amalgamation | Y.E. 31.03.2010 | | 31.03.2010 | 31.03.2010 | 31.03.2009 |
| LAND & SITE DEVELOPMENT | 350,636,836 | 0 | 3,440,095 | 0 | 354,076,931 | 0 | 0 | 0 | 0 | 0 | 354,076,931 | 350,636,836 |
| LEASE HOLD LAND | 94,755,116 | 0 | 0 | 0 | 94,755,116 | 5,653,851 | 0 | 1,563,321 | 0 | 7,217,172 | 87,537,944 | 89,101,265 |
| RAILWAY SIDING | 109,005,111 | 0 | 72,072,011 | 0 | 181,077,122 | 8,002,835 | 0 | 5,899,604 | 0 | 13,902,439 | 167,174,683 | 101,002,276 |
| BUILDING | 1,446,807,113 | 144,160,000 | 62,706,595 | 0 | 1,653,673,708 | 170,142,992 | 495,713 | 53,958,353 | 0 | 224,597,058 | 1,429,076,649 | 1,276,664,121 |
| PLANT & MACHINERY | 12,378,570,473 | 0 | 458,979,268 | 4,901,196 | 12,832,648,546 | 2,200,602,743 | 0 | 679,353,587 | 3,817,345 | 2,876,138,985 | 9,956,509,561 | 10,177,967,730 |
| FURNITURE & FIXTURES | 42,648,911 | 24,000,000 | 5,062,322 | (86) | 71,711,319 | 10,194,479 | 320,489 | 4,906,010 | (86) | 15,421,064 | 56,290,255 | 32,454,432 |
| VEHICLE | 419,096,584 | 4,641,400 | 27,780,849 | 3,730,342 | 447,788,491 | 59,537,269 | 675,292 | 28,475,916 | 2,143,702 | 86,544,775 | 361,243,716 | 359,559,315 |
| SUB - TOTAL | 14,841,520,144 | 172,801,400 | 630,041,140 | 8,631,452 | 15,635,731,233 | 2,454,134,169 | 1,491,494 | 774,156,792 | 5,960,961 | 3,223,821,494 | 12,411,909,739 | 12,387,385,976 |
| INTANGIBLE ASSETS | | | | | | | | | | | | |
| GOODWILL | 191,138,041 | 0 | 0 | 0 | 191,138,041 | 0 | 0 | 0 | 0 | 0 | 191,138,041 | 191,138,041 |
| MINING RIGHTS | 0 | 0 | 4,998,000 | 0 | 4,998,000 | 0 | 0 | 0 | 0 | 0 | 4,998,000 | 0 |
| TOTAL CURRENT YEAR | 15,032,658,186 | 172,801,400 | 635,039,140 | 8,631,452 | 15,831,867,274 | 2,454,134,169 | 1,491,494 | 774,156,792 | 5,960,961 | 3,223,821,494 | 12,608,045,780 | 12,578,524,017 |
| PREVIOUS YEAR | 12,355,226,929 | 0 | 2,692,100,143 | 14,668,887 | 15,032,658,186 | 1,770,918,589 | 0 | 688,649,622 | 5,434,042 | 2,454,134,169 | 12,578,524,017 | 10,606,834,925 |

7. INVESTMENTS (Consolidated)

| NAME OF SCRIPT | 31.03.2010 | | | 31.03.2009 | | |
|----------------|---------------------|----------------------------|---------------|---------------------|----------------------------|---------------|
| | 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 | 547,745.116 | 10.00 | 30,000,000 | 547,745.12 | 10.00 | 30,000,000 |
| DSPM L Tiger Fund | 1,608,235.764 | 10.00 | 35,000,000 | 1,608,236.00 | 10.00 | 35,000,000 |
| SBI MF Magnum Multicap Fund | 2,668,440.449 | 10.00 | 83,659,499 | 494,597.00 | 10.00 | 27,136,417 |
| Prudential Icici-Fusion | 1,500,000.000 | 10.00 | 15,000,000 | 1,500,000.00 | 10.00 | 15,000,000 |
| Icici Prud Eq&Deri Fund | 1,032,631.709 | 10.00 | 10,586,797 | 1,032,632.00 | 10.00 | 10,586,797 |
| DSP Merrill lynch Equity Fund | 551,037.511 | 10.00 | 31,714,129 | 551,038.00 | 10.00 | 26,266,015 |
| DSMPL Balanced Fund | 236,200.014 | 10.00 | 10,000,000 | 236,200.00 | 10.00 | 10,000,000 |
| SBI Infrastructure Fund | 2,000,000.000 | 10.00 | 20,000,000 | 2,000,000.00 | 10.00 | 20,000,000 |
| Sbi Cap Protect Orient | 302,000.000 | 10.00 | 3,020,000 | 302,000.00 | 10.00 | 3,020,000 |
| Sundaram Bnp Paribas | 994,782.495 | 10.00 | 21,297,000 | 994,782.00 | 10.00 | 21,297,000 |
| Sbi Mutual Fund Mmps-93 | 29,181.744 | 10.00 | 2,500,000 | 29,182.00 | 10.00 | 2,500,000 |

Schedules

| NAME OF SCRIPT | 31.03.2010 | | | 31.03.2009 | | |
|---|---------------------|----------------------------|----------------------|---------------------|----------------------------|----------------------|
| | NO. OF SHARE/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. | NO. OF SHARE/ UNITS | FACE VALUE PER SHARE/ UNIT | AMOUNT IN RS. |
| Uti Nifty Index Fund | 267,610.310 | 10.00 | 7,285,744 | 526,870.00 | 10.00 | 20,000,000 |
| Reliance Natural Resour | 244,498.778 | 10.00 | 2,500,000 | 244,499.00 | 10.00 | 2,500,000 |
| Hsbc Equity Fund | 237,712.069 | 10.00 | 10,000,000 | 237,712.00 | 10.00 | 10,000,000 |
| MIRAE ASSET INDIA FUND | 391,006.843 | 10.00 | 4,000,000 | 391,006.84 | 10.00 | 4,000,000 |
| AXIS EQUITY FUND | 500,000 | 10.00 | 5,000,000 | | | |
| Reliance Mutual Fund | 2,000,000 | 10.00 | 20,000,000 | | | |
| SBI Infrastructure Fund | 250,000 | 10.00 | 2,500,000 | | | |
| JM Contra Fund | 977,995.11 | 10.00 | 10,000,000 | | | |
| Canara Robeco Liquid Super Daily Div. | 22,908,396 | 10.00 | 230,024,205 | | | |
| Non Convertible Debentures | | | | | | |
| NCD-TATA MOTORS FINANCE LTD | 200.00 | 500,000.00 | 100,000,000 | | | |
| Equity Shares | | | | | | |
| Reliance MediaWorks Ltd | 30,000 | 10.00 | 21,541,770 | | | |
| Reliance Media World Ltd (Formerly Reliance Unicom Ltd) | 30,000 | 5.00 | 150,000 | | | |
| IFSL | 1,300,000 | 1.00 | 2,434,217 | | | |
| XL Telecom Ltd | 166,808 | 10.00 | 18,250,450 | | | |
| RPG (Pharma) Life Science Ltd | 60,000 | 10.00 | 4,740,000 | | | |
| Kamanwala Housing Construction Ltd (Including 150000 bonus shares) | 63,343 | 10.00 | 0 | | | |
| Indiabulls Real Estate Ltd | 25,000 | 10.00 | 16,402,643 | | | |
| Bellary Steel Ltd. | 803,243 | 1.00 | 5,103,277 | | | |
| Pioneer Investment Ltd. | 23,392 | 10.00 | 13,308,318 | | | |
| Sujana Towers Ltd | 25,000 | 10.00 | 4,366,783 | | | |
| Orrisa Sponge Iron & Steel Ltd. | 2,990,000 | 10.00 | 797,703,662 | | | |
| Nutek India Ltd | 480,000 | 62.50 | 30,000,000 | | | |
| B. OTHERS | | | | | | |
| Equity Shares - Unquoted, Fully paid up | | | | | | |
| Monnet Scanduzzi Pvt Ltd | 4,000 | 10.00 | 0 | 4,000 | 10 | 40,000 |
| Business India Publications Ltd | 100,000 | 55.00 | 5,500,000 | | | |
| Preference Shares | | | | | | |
| Tirumala Balaji Ferro Alloys Ltd | 140,000 | 100.00 | 14,000,000 | 140,000 | 100 | 14,000,000 |
| Bonds - Unquoted | | | | | | |
| Indusind Bank Bond | 5 | 1,000,000.00 | 5,000,000 | 5 | 1,000,000 | 5,000,000 |
| Invest Ubs Singapore (Bonds) | 0 | | 0 | 12,331 | 49,582.35 | 611,400,000 |
| C. Capital Contribution in Partnership Firm | | | | | | |
| UNQUOTED FULLY PAID-UP | | | | | | |
| SHORT TERM | | | | | | |
| Equity Shares Through Portfolio Management Schemes | | | 249,630,619 | | | 153,741,512 |
| TOTAL | | | 1,846,630,338 | | | 1,027,093,646 |

(Aggregate Market Value of quoted investments, including PMS, Rs.20042 Lacs, previous year Rs.2795 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 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----------------------------|----------------------------|
| 8. INVENTORIES | | |
| (As certified by the Management) | | |
| Raw Material | 1,219,508,092 | 828,525,662 |
| Stores and Spares | 458,975,046 | 341,411,451 |
| Finished Goods | 648,883,493 | 685,376,485 |
| Semi Finished Goods | 4,964,136 | 4,964,135 |
| Goods in Transit/Trading goods | 3,405,336 | 45,964,097 |
| Work-in-Progress | 13,028,992 | 15,741,428 |
| Material in Transit | 54,853,430 | 80,974,728 |
| | <u>2,403,618,525</u> | <u>2,002,957,986</u> |
| 9. SUNDRY DEBTORS (UNSECURED) | | |
| Outstanding for a period exceeding six months | | |
| - Considered Good | 274,761,041 | 281,053,501 |
| - Considered Doubtful | 23,066,533 | 21,342,058 |
| Other Debts | | |
| - Considered Good | 1,193,209,155 | 837,409,262 |
| | <u>1,491,036,729</u> | <u>1,139,804,821</u> |
| Less: Provision for Doubtful Debts | 23,066,533 | 19,837,049 |
| | <u>1,467,970,196</u> | <u>1,119,967,772</u> |
| 10. CASH AND BANK BALANCES | | |
| Cash in hand and imprest | 8,807,639 | 15,604,722 |
| Balance with Scheduled Banks | | |
| - in current accounts | 542,194,742 | 1,202,354,203 |
| - in fixed deposit accounts | | |
| In India | 1,636,097,361 | 1,043,430,367 |
| Overseas | 2,577,722 | 192,387,237 |
| Balance with Foreign Banks | | |
| - in current accounts | 14,474,557 | 44,011,226 |
| | <u>2,204,152,021</u> | <u>2,497,787,755</u> |
| 11. LOANS & ADVANCES | | |
| (Unsecured Considered Good unless stated otherwise) | | |
| Loans | 328,549,006 | 3,032,753,125 |
| Advances recoverable in cash or kind or for value to be received | 3,505,333,477 | 1,505,279,823 |
| Balance with Excise Department | 165,754,580 | 86,640,092 |
| Security Deposits | | |
| - With Govt. Deptts. | 117,439,331 | 129,078,774 |
| - With Others | 243,582,024 | 1,111,756,836 |
| Prepaid Expenses | 103,691,637 | 88,312,807 |
| Advance Income Tax | 612,929,473 | 309,413,233 |
| | <u>4,748,730,522</u> | <u>3,230,481,565</u> |
| | <u>5,077,279,528</u> | <u>6,263,234,690</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|-------------------------------------|-------------------------------------|
| 12. CURRENT LIABILITIES | | |
| Sundry Creditors- Micro, Small & Medium Enterprises | 0 | 0 |
| - Others | 1,314,961,045 | 1,287,781,774 |
| - Capital Projects | 294,559,492 | 218,722,429 |
| Other Liabilities | 237,554,012 | 139,462,919 |
| Security Deposits | 101,189,264 | 103,639,013 |
| Advances against sales | 71,810,145 | 67,860,488 |
| Interest. accrued but not due | 46,520,341 | 15,812,651 |
| | <u>2,066,594,299</u> | <u>1,833,279,274</u> |
| 13. PROVISIONS | | |
| Provision for Taxation | 547,851,692 | 307,850,000 |
| Proposed Dividend | 285,876,620 | 239,790,065 |
| Provision for FBT | 0 | 13,650,000 |
| Corporate Dividend Tax | 48,584,732 | 40,752,322 |
| | <u>882,313,044</u> | <u>602,042,387</u> |
| 14 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | |
| Preliminary Expenses | | |
| Balance b/f | 1,516,584 | 1,968,704 |
| Incurred During the year | 1,904,364 | 0 |
| Less : 1/5th W/off | (609,018) | (452,120) |
| Share Issue Expenses | | |
| Balance b/f | 995,730 | 722,475 |
| Incurred during the year | 0 | 417,750 |
| Less : 1/5th W/off | (562,245) | (144,495) |
| Foreign Currency Monetary Item Translation Difference A/c (Refer Note 20 of Notes on Accounts) | 184,208,212 | 825,841,025 |
| | <u>187,453,627</u> | <u>828,353,339</u> |
| 15 OTHER INCOME | | |
| Miscellaneous Income | 15,337,879 | 28,019,501 |
| Dividend Received | 31,455,933 | 5,450,420 |
| Rent Received | 5,032,584 | 0 |
| Profit on sale of Investments | 141,628,030 | 0 |
| Income From Derivative/Exchange fluctuation | 0 | 187,259,477 |
| Interest Received | 125,772,416 | 235,716,830 |
| Hire Charges | 7,264,631 | 8,932,660 |
| Profit from Partnership Firm | 0 | 1,315,633 |
| Insurance Claim Received | 1,782,703 | 19,032,445 |
| | <u>328,274,176</u> | <u>485,726,966</u> |

Schedules

| PARTICULARS | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|--|----------------------------|----------------------------|
| 16 MATERIAL, MANUFACTURING AND OTHERS | | |
| Raw Material Consumed | 12,122,741,630 | 13,797,473,395 |
| Goods Purchased for Resale | 31,232,696 | 280,739,375 |
| Coal Handling & Washing Charges | 35,136,123 | - |
| Stores and Spares Consumed | 416,733,079 | 387,923,037 |
| Power and Fuel | 994,810,227 | 928,629,120 |
| Excise Duty on Stocks | 1,774,449 | (9,998,123) |
| | <u>13,602,428,204</u> | <u>15,384,766,804</u> |
| 17. INCREASE/DECREASE IN STOCKS | | |
| Opening Stock As on 1.04.2009 | | |
| Work-in-Process | 15,741,428 | 12,585,376 |
| Semi Finished Goods | 4,964,136 | 7,832,508 |
| Goods in Transit/Trading goods | 45,964,097 | 457,889,348 |
| Finished Goods | 685,376,485 | 599,427,410 |
| (A) | <u>752,046,146</u> | <u>1,077,734,642</u> |
| Stock Transferred from Raw Material | 97,612,461 | 95,044,279 |
| Closing Stock As on 31.03.2010 | | |
| Work-in-Process | 13,028,992 | 15,741,428 |
| Semi Finished Goods | 4,964,136 | 4,964,135 |
| Goods in Transit/Trading goods | 3,405,336 | 45,964,097 |
| Finished Goods | 648,883,493 | 685,376,485 |
| (B) | <u>572,669,496</u> | <u>657,001,866</u> |
| GRAND TOTAL (A-B) | <u>179,376,650</u> | <u>420,732,776</u> |
| 18 SALARIES, WAGES & AMENITIES | | |
| Salaries, Wages and Allowances | 728,108,575 | 562,003,336 |
| Staff Welfare | 29,040,407 | 24,660,036 |
| Employer's Contribution to P.F. etc. | 44,716,385 | 35,080,582 |
| | <u>801,865,367</u> | <u>621,743,954</u> |
| 19 REPAIRS & MAINTENANCE | | |
| Machinery | 72,059,972 | 41,053,720 |
| Building | 18,780,210 | 10,297,498 |
| Others | 10,516,408 | 6,375,679 |
| | <u>101,356,590</u> | <u>57,726,897</u> |

Schedules

| PARTICULARS | Year Ended 31.03.2010 Rs. | Year Ended 31.03.2009 Rs. |
|---|--|--|
| 20. ADMINISTRATIVE, SELLING & OTHER EXPENSES | | |
| Printing and Stationery | 6,751,100 | 6,148,064 |
| Rent | 5,272,022 | 7,114,216 |
| Rates & Taxes | 2,112,443 | 5,518,234 |
| Vehicle Expenses | 101,298,360 | 109,569,941 |
| Communication Expenses | 10,708,783 | 10,225,861 |
| Travelling & Conveyance | 29,506,291 | 15,729,708 |
| Insurance Charges | 63,593,542 | 49,233,155 |
| Legal & Professional Charges | 35,575,882 | 42,241,210 |
| Directors Sitting Fees | 216,000 | 110,000 |
| <u>Auditors' Remuneration</u> | | |
| - As Audit Fees | 2,110,313 | 1,588,240 |
| - For Certification & Other Co. Law Matters | 2,054,901 | 1,285,000 |
| - For Tax Matters | 110,369 | 279,500 |
| - Reimbursement of Expenses | 408,512 | 587,446 |
| Miscellaneous Expenses | 56,757,438 | 42,013,461 |
| Amount Transferred from Pre-operative Expenses | 35,213,081 | 0 |
| Lease Rent & Hire Charges | 11,813,035 | 19,965,708 |
| Share Issue / Transfer Expenses | 1,549,339 | 198,520 |
| Internal Audit Fees & Expenses | 2,252,481 | 1,684,402 |
| Loss from Partnership Firm | 4,469,377 | 0 |
| Provision for Doubtful Debts | 3,229,485 | 19,837,049 |
| Loss on Sale of Fixed Assets | 49,451 | 4,161,551 |
| Distribution & Marketing Expenses | 316,425,628 | 335,855,119 |
| | <u>691,477,833</u> | <u>673,346,385</u> |
| 21 FINANCIAL CHARGES | | |
| Interest Paid | | |
| - On Term Loans | 437,441,196 | 463,266,728 |
| - Others | 175,659,769 | 248,970,606 |
| Loss on Derivatives/ Exchange fluctuation | 127,220,169 | 0 |
| Bank Charges | 30,756,065 | 20,776,249 |
| Other Service Charges | 10,686,312 | 0 |
| | <u>781,763,511</u> | <u>733,013,583</u> |

Schedules

22. 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 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) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 "Financial Reporting of Interest in Joint Ventures" issued by Companies (Accounting Standard) Rules, 2006.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) Investment in Associate Companies has been accounted under the equity method as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by Companies (Accounting Standard) Rules, 2006.
- i) Particulars of subsidiaries and step subsidiaries considered in the consolidated financial statements are :

| Name of the Subsidiary | Main Activities | Country of Incorporation | Proportion of ownership interest |
|---|------------------------------|--------------------------|----------------------------------|
| Monnet Overseas Ltd | Investments | U.A.E. | 100% |
| Monnet Enterprises DMCC | Trading, Investments | U.A.E. | 100% |
| Monnet Global Ltd | Investments | U.A.E. | 100% |
| PT Monnet Global Ltd | Investments | INDONESIA | 99% |
| 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 amortized, but instead evaluated for impairment. The group evaluates the carrying amounts of its goodwill whenever events or changes in circumstances indicate that its carrying amount may be impaired, for diminution other than temporary.
3. Investment other than in subsidiaries, joint ventures and associates 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.

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) | 395,381.20 | 18418.69 |
| 2. Letters of Credit opened in favour of inland /overseas suppliers | 7,527.70 | 2564.25 |
| 3. Guarantees | | |
| Counter guarantees issued to Bankers in respect of guarantees issued by them | 8,887.67 | 1158.79 |
| Guarantees issued on behalf of a Limited Company | 2,026.00 | 2026.00 |
| 4. Contingent Liabilities not provided for * | | |
| in respect of disputed Excise Demands | 1,084.82 | 684.30 |
| in respect of disputed Sales Tax Demand | 1,121.58 | 1103.48 |
| in respect of disputed Entry Tax Demand | 513.17 | 415.46 |
| in respect of disputed Demands for water charges by Water Resources Division. | 279.68 | 215.20 |
| Other claims against the Company not acknowledged as debt. | 177.61 | 124.93 |
| In respect of Electricity Duty on generation of Power. | 549.17 | 440.20 |
| * Does not include matters dealt with elsewhere in the notes on accounts. | | |
| | (in Rupees) | (in Rupees) |

5. Salary includes following remuneration paid to Directors
- Mr. Sandeep Jajodia (Managing Director)**
- | | | |
|--------------|------------|-----------|
| -Salary | 10,800,000 | 96,00,000 |
| -Perquisites | 1,352,080 | 11,56,805 |
- Mr. K.K. Khanna (Director)**
- | | | |
|--------------|-----------|---|
| -Salary | 1,081,250 | 0 |
| -Perquisites | 13,500 | 0 |
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. 456.81 Lacs (Previous Year Rs. 439.70 lacs) has been included in the value of inventories as on 31.3.2010 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 capitalized as Capital Work in Progress during the year are as under:-

| | (Rupees in Lacs) |
|---|------------------------|
| Amount b/f | 15060.75 |
| <u>Incurring During the Year</u> | |
| Administrative & Other Expenses | 5809.52 |
| Financial Charges | 6934.03 |
| Total | <u>12743.55</u> |
| Transferred to Profit & Loss Account | <u>348.17</u> |
| Amount c/o | 27456.13 |

10. Balance confirmations have not been received from number of parties showing debit/credit balances.
11. As per the information available with the Company in response to the enquiries from existing suppliers with whom Company deals, none of the suppliers are registered with The Micro, Small and Medium Enterprises Development Act, 2006.
12. No provision has been made for diminution in the value of long term investments as the same is considered to be of temporary nature by the management.
13. Rupee equivalent of export obligation to be completed by 29.3.2018 under EPCG Scheme as on 31st March, 2010 is Rs. 22686.04 lacs.
14. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to Rs. 1969.42 lacs upto 31st March, 2010 (Rs. 1528.93 lacs upto 31st March, 2009). 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. 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. 5479 lacs has been made on current year profits.

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 01.04.09 (Rs. in Lacs) | Charge/ credit during the year (Rs. in Lacs) | Closing as at 31.3.10 (Rs. in Lacs) |
|---------------------|--|--|-------------------------------------|
| Depreciation | 11641.62 | 2032.52 | 13674.14 |
| Adjustments u/s 43B | -61.80 | -49.18 | -110.98 |
| Brought Forward | -615.47 | -1336.19 | -1951.66 |
| Losses/MAT Credit | | | |
| Net | 10964.35 | 647.15 | 11611.50 |

17. 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. |
| Enterprise where KMP has significant influence | : | A.P. Coal Washeries Pvt Ltd |
| Joint Ventures | : | MP Monnet Mining Company Ltd Mandakini Coal Company Ltd |

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

(Rs. In Lacs)

| | Key Managerial Personnel | Joint Ventures | Enterprises where KMP hold significant influence |
|------------------------|--------------------------|----------------|--|
| Remuneration Paid | 121.52 | 0.00 | 0.00 |
| Subscription to shares | 0.00 | 98.00 | 0.00 |
| Dividend Received | 0.00 | 0.00 | 8.41 |

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

| Description | Outstanding Balances -Debit (Rs.in lacs) | Written off/Written back (Rs. In lacs) |
|--|--|--|
| Associates | 3.00 | 0.00 |
| Joint Ventures | 263.71 | 0.00 |
| Enterprises where KMP hold significant influence | 584.80 | 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. During the current year, the Company has had bought back 96 equity shares of Rs. 10/- each at an average price of Rs. 185.46 per share and extinguished 1500 shares bought back in last year. The difference between the nominal value and amount spent for buy back, amounting to Rs. 16845/- has been appropriated from the share premium account.

The Company has transferred Rs.960/- 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 had exercised the option to account for long term foreign currency items as per the revised para 46 of the Accounting Standard 11 during F.Y. Ended 31.3.2009. In terms of the option provided, the Company has written off 50% of the loss carried over, after adjusting for exchange fluctuations arising during the year.

| Exchange Fluctuation | Amount (Rs. in Lacs) |
|--|-------------------------|
| Loss carried over on 31.3.2009 | 8258.41 |
| Exchange Fluctuation profit on the above during the current year | 4574.25 |
| Amount as on 31.3.2010 | 3684.16 |
| 50% of the above written off | 1842.08 |
| Balance Amount c/o | 1842.08 |

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 | 118,734 | 40,801 | 2,730 | 162,265 |
| Inter-Segment Sales | 146 | 5,123 | - | - |
| Total Revenue | 118,880 | 45,924 | 2,730 | 162,265 |
| Segment Result/Operating Profit | 18,115 | 24,321 | -5,167 | <u>37,269</u> |
| Financial Charges | | | | -7,818 |
| Profit on sale of Investments | | | | 1,416 |
| Interest/Dividend Income | | | | <u>1,572</u> |
| Profit Before Tax | | | | 32,440 |
| Less : Provision For Tax/ Deferred Tax & FBT | | | | 6,311 |
| Profit After Tax | | | | 26,129 |
| Other Information | | | | |
| Segment Assets | 130,309 | 60,691 | 160,473 | 351,473 |
| Unallocated Assets | | | | 29,756 |
| Total Assets | | | | 381,228 |
| Segment Liabilities | 11,702 | 1,889 | 8,050 | 21,641 |
| Unallocated Liabilities | | | | 192,715 |
| Total Liabilities | | | | 214,356 |
| Capital Expenditure | 3,112 | 2,224 | 2,743 | 8,078 |
| Depreciation | 3,096 | 3,328 | 1,305 | 7,729 |
| Amortization of Misc. Expenditure | | | | 1,854 |
| Non-Cash Expenditure Other Than Depreciation & Amortization | 28 | 0 | 4 | 32 |

Notes :

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

22. SHARE WARRANTS:

- a) The Company had, in its EOGM dated 17.6.2009 allotted 90 lac warrants to promoter companies. Each warrant was convertible into one equity share of Rs.10/- each at a premium of Rs.191.50 per share as per SEBI guidelines for Preferential issues. Out of the above, 43 lacs warrants were converted into equity shares during the year and 47 lac warrants were outstanding at the year end.
- b) M/s Mounteverest Trading and Investment Ltd had, in its EOGM dated 17.6.2009 allotted 15 lac warrants to promoter companies. Each warrant was convertible into one equity share of Rs.10/- each at a premium of Rs.75.50 per share as per SEBI guidelines for Preferential issues. All the warrants were outstanding at the year end and are eligible for shares of the Company as per exchange ratio passed in the scheme of scheme of amalgamation of M/s Mounteverest Trading and Investment Ltd with the Company, as outlined in note number 31 below.
23. 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.
24. a) Pursuant to the order of the Hon'ble Chattisgarh High Court, all the assets and liabilities including the business as going concern of M/s Mounteverest Trading and Investment Ltd has been amalgamated with the company w.e.f. 1-4-2009. Consequently the figures shown in Profit & Loss Account and Balance Sheet for the Current Year are after merging respective figures of M/s Mounteverest Trading and Investment Ltd using the 'Pooling of Interest' method of accounting as contained in Accounting Standard 14 issued by ICAI.
- b) A sum of Rs. 220.33 Lacs shown in Schedule 1 of Share Capital represents shares to be allotted to the shareholders of M/s Mounteverest Trading and Investment Ltd pursuant to scheme of Amalgamation in the ratio of 40 shares of the Company for every 100 equity shares held in M/s Mounteverest Trading and Investment Ltd.
- c) After line by line transfer of all assets, liabilities & reserves of M/s Mounteverest Trading and Investment Ltd at their respective book values, the residual amount of Rs.330.50 lacs has been transferred to amalgamation reserve.
25. 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% |

26. 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 |
|-----------------------------------|--------|---------------------|---|
| Non Convertible Debentures | | | |
| 1200 | 12.50% | 12000.00 | Issued on 4th November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8th, 9th and 10th Year. |
| 800 | 10.50% | 8000.00 | Issued on 30th January,2010. Redeemable at par on 30th January 2020. |
| 1000 | 10.50% | 10000.00 | Issued on 24th December,2009. Redeemable at par on 24th December,2019. |
| Convertible Debentures | | | |
| 1750000 | 0% | 5250.00 | Issued on 21.11.2009 Compulsorily convertible into 1.6 equity shares against each debenture within a period of 18 months. |

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

| | Year Ended on 31.3.2010 | Year Ended on 31.3.2009 |
|--|----------------------------|----------------------------|
| Basic Earning Per Share | | |
| Profit attributable to the Equity Shareholders - (A) (Rs in Lacs) | 26190.99 | 21263.80 |
| Basic Weighed average number of Equity Shares outstanding during the year (B) | 50173137 | 48848334 |
| Nominal value of Equity Shares (Rs) | 10.00 | 10.00 |
| Basic Earning per share (Rs)-(A)/(B) | 52.20 | 43.53 |
| Diluted Earning Per Share | | |
| Profit attributable to the Equity Shareholders as above (Rs in Lacs) | 26190.99 | 21263.80 |
| 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) | 26128.99 | 21263.80 |
| Basic Weighed average number of Equity Shares outstanding during the year as above | 50173137 | 48848334 |
| Weighted Average Potential Equity Shares for the Year | 6211233 | 662495 |
| Total weighted average shares considered for Diluted E.P.S. (D) | 56384370 | 49510829 |
| Nominal value of Equity Shares (Rs) | 10.00 | 10.00 |
| Diluted Earning per share (Rs)-(C)/(D) | 46.45 | 42.95 |

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

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

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

ATUL BAGLA
PARTNER

PLACE : NEW DELHI
DATED : 25.11.2010

For AND ON BEHALF OF THE BOARD

M.S. GUJRAL
CHAIRMAN

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY

CASH FLOW STATEMENT FOR the Year Ended 31.03.2010

| | 31.3.2010 | 31.03.2009 |
|--|------------------------|------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and extra ordinary items | 3,243,984,098 | 2,637,328,846 |
| Adjustment for : | | |
| Depreciation | 772,875,788 | 688,649,622 |
| Miscellaneous Expenditure W/off | 185,379,476 | 596,615 |
| Profit/Loss on Sale of Fixed Assets | 49,451 | 4,161,551 |
| Exchange Fluctuation Reserve | 14,547,851 | 48,747,230 |
| Interest Received | (125,772,416) | (235,716,830) |
| Interest Paid | 613,100,965 | 712,237,334 |
| Dividend Received | (31,455,933) | (5,450,420) |
| | <u>1,428,725,182</u> | <u>1,213,225,102</u> |
| Operating Profit before Working Capital Facilities | 4,672,709,281 | 3,850,553,948 |
| Adjustment for : | | |
| Trade & Other Receivable | 1,141,474,592 | (3,126,614,560) |
| Inventories | (400,660,539) | 214,121,583 |
| Miscellaneous Expenditure During the Year | (1,904,364) | (507,426) |
| Trade Payable | 233,315,025 | 359,758,717 |
| | <u>972,224,714</u> | <u>(2,553,241,686)</u> |
| Cash generated from operation | 5,644,933,995 | 1,297,312,261 |
| Tax Paid | (643,535,073) | (315,291,672) |
| Dividend Paid | (280,542,387) | (284,404,413) |
| | <u>(924,077,460)</u> | <u>(599,696,085)</u> |
| Net Cash Flow from operating activities | 4,720,856,534 | 697,616,176 |
| B. Cash Flow From Investing activities | | |
| Purchase of fixed assets | (806,349,046) | (2,669,573,558) |
| Sale of Fixed Assets | 2,621,040 | 5,073,294 |
| CWIP | (8,344,767,793) | (590,882,522) |
| Purchase of Investments (Net) | (789,537,692) | (47,328,198) |
| Buyback of Shares | (17,805) | (182,465,126) |
| Interest Received | 125,772,416 | 235,716,830 |
| Dividend Received | 31,455,933 | 5,450,420 |
| | <u>(9,780,822,947)</u> | <u>(3,244,008,861)</u> |
| Net Cash used in investing activities | (9,780,822,947) | (3,244,008,861) |
| C. Cash Flow from Financing Activities | | |
| Proceed from Share Capital | 65,155,804 | 12,521,110 |
| Proceed from Share Warrants | 268,825,000 | 0 |
| Interest Paid | (613,100,965) | (712,237,334) |
| Proceed from Share Premium / Other Reserves | 1,177,279,066 | 384,648,500 |
| Proceeds from Minority Interest | 2,654,607 | 3,214,869 |
| Proceeds from long term borrowings | 3,865,517,167 | 1,615,513,360 |
| Net Cash used in financing activities | 4,766,330,679 | 1,303,660,506 |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | (293,635,734) | (1,242,732,179) |
| Cash & Cash equivalent Opening | 2,497,787,755 | 3,740,519,934 |
| Cash & Cash equivalent Closing | <u>2,204,152,021</u> | <u>2,497,787,755</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 22) 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

ATUL BAGLA
PARTNER

M.S. GUJRAL
CHAIRMAN

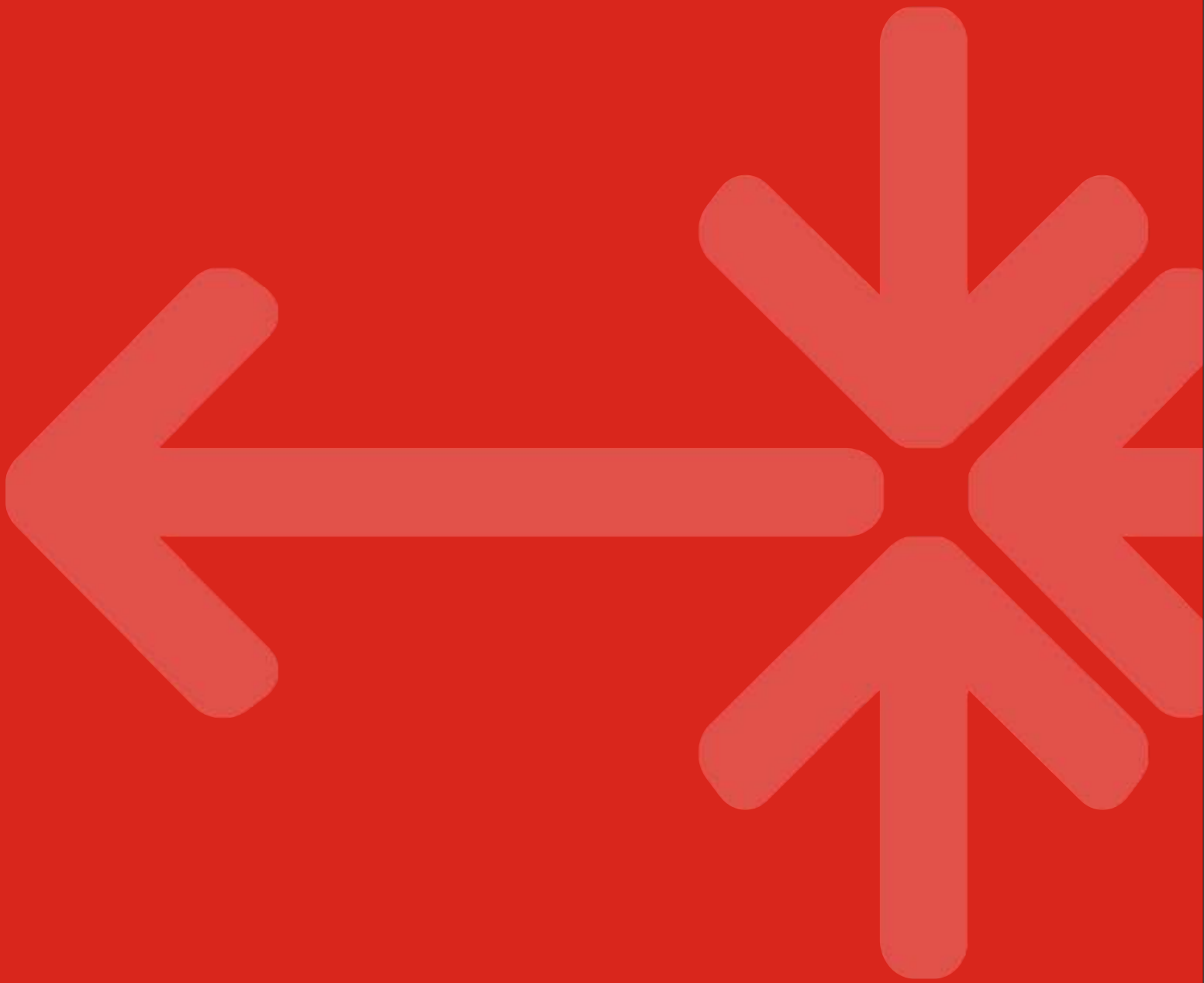
SANDEEP JAJODIA
EX. VICE CHAIRMAN &
MG. DIRECTOR

PLACE : NEW DELHI
DATED : 25.11.2010

V.N. KEDIA
DIRECTOR

J.P. LATH
DIRECTOR

M.P. KHARBANDA
COMPANY SECRETARY



MONNET ISPAT & ENERGY LIMITED

Corporate Office :

MONNET HOUSE, 11, Masjid Moth, Greater Kailash Part-II, New Delhi-110048

Regd. Office :

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