



POWERING GROWTH.



EMPOWERING PEOPLE.



MONNET ISPAT & ENERGY LIMITED

ANNUAL REPORT 2010-11

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

M. S. Gujral

Executive Directors

Sandeep Jajodia, Executive Vice
Chairman & Managing Director
C.P. Baid, Dy. Managing Director
K.K. Khanna, Executive Director

Non Executive Directors

G.C. Mrig
Ajay Relan
Gopal Tiwari
J.P. Lath

BOARD COMMITTEES

Audit Committee

M.S. Gujral, Chairman
G.C. Mrig, Member
Gopal Tiwari, Member
M.P. Kharbanda, Secretary

Shareholders/Investors' Grievance Committee

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

Remuneration Committee

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

Finance Committee

Sandeep Jajodia
C.P. Baid
J.P. Lath

Executive Committee

Sandeep Jajodia
C.P. Baid
J.P. Lath

Share Transfer Committee

J.P. Lath
C.P. Baid
M.P. Kharbanda

COMPANY SECRETARY

M.P. Kharbanda

BANKERS

Axis Bank Ltd.
Bank of Baroda
Punjab National Bank
Bank of Baroda
Oriental Bank of Commerce
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
Central Bank of India
Bank of India
Union Bank of India
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
UCO Bank
Yes Bank Ltd.

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-Tamnara,
Distt. Raigarh, Chhattisgarh

INVESTOR SERVICES CENTRE

Monnet House, 11, Masjid Moth,
Greater Kailash Part-II,
New Delhi-110048.

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MIEL CORPORATE WEBSITE

www.monnetgroup.com



**POWERING GROWTH.
EMPOWERING PEOPLE.**

GROWTH, FOR US, IS NOT JUST THE SUCCESSFUL TRANSLATION OF A POWERFUL BUSINESS STRATEGY. IT IS AN ACHIEVEMENT THAT GOES BEYOND NUMBERS TO IMPACT THE LIVES OF PEOPLE WHEREVER WE GO, IN WHATEVER WE DO. IT IS AN IDEOLOGICAL PHILOSOPHY THAT IS FOCUSED ON ENRICHING LIVES AND EMPOWERING THE COMMUNITIES WE WORK WITH.

Even as we constantly endeavor to foster bigger and better growth, we do it with a concerted focus that extends beyond augmenting revenues and enhancing profits. We do it on the foundation of a belief that business is as much about making the world a better place to live in as it is about making money. It is as much about creating a healthy environment for the future generations as it is about improving life today.

The core of Monnet's growth philosophy is all about building relationships and nurturing trust. It is about enabling upliftment of the society and ensuring sustainable livelihood.

From promoting literacy to protecting health. From ensuring environmental safety to building rural infrastructure. From encouraging sports to spreading smiles.

Growth, then, for us, is the nucleus which builds on the myriad elements that come together to ensure holistic progress of individuals and communities. It is the platform from which we are constantly striving to contribute to nation building by doing our bit for infrastructural development. It is the strategic roadmap through which we are continuously helping empower people to think for themselves and to live for others.

Inside view of Raigarh plant



"MIEL HAS TAKEN A RAPID STRIDE FORWARD FROM GENERATING POWER FOR CAPTIVE CONSUMPTION TO SURGING AHEAD AND ENHANCING POWER GENERATION CAPACITIES FOR MERCHANT SELLING BASED ON ITS CAPTIVE COAL SOURCES."



EXECUTIVE VICE CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It is with great pleasure that I write to you at the end of an operationally efficient year for MIEL. Despite challenging macro-economic conditions, your company registered consistent growth steered by its diversified and de-risked business model thereby enabling it to power growth and empower people.

The numbers bear testimony to its performance, which showed remarkable resilience in the face of immense challenges across both our principal products, namely sponge iron and power generation. The limited impact of the pressures on these two products was a direct result of our prudent policy, focused on strong operational efficiencies, backward and forward integration initiatives and efficient

management of raw material and prices.

FINANCIAL PERFORMANCE

Your company's de-risked business model insulated it from the challenges that prevailed in the year under review and helped it report steady performance. The core business of your company during the fiscal year primarily comprised sponge iron and power. Though the market for merchant power remained challenging on account of falling prices, higher sales realizations from the sponge iron segment improved the overall profitability and profit margins for MIEL. The steel business also witnessed some price volatilities in the middle of the financial year. However, in the last few months, the prices have stabilized and, on an overall basis, the segment reported a healthy spurt in both topline and bottom-line.

OPERATIONAL PERFORMANCE

During the year, your company operationalized its iron ore washery plant at Raigarh and beneficiated low grade iron ore and blended it with sized iron ore to achieve a better cost. This helped us in protecting margins in our steel business significantly.

On the power front, the merchant power rates declined from an average tariff of ₹4.90 per unit in the first quarter to a net realization of ₹3.39 per unit in the quarter. This was primarily due to reduced purchase of power by state utilities and evacuation of power due to capacity constraints of regional links.

Your company having availability of captive coal mines has the capabilities of producing lowest cost power from its power projects. Leveraging this advantage, it has taken a rapid stride

forward from generating power for captive consumption to surging ahead and enhancing power generation capacities for merchant selling through its subsidiary Monnet Power Company Limited (MPCL). This subsidiary, through the installation of a 1050 MW thermal power project in Angul, Orissa at an investment of US\$1.2 billion has achieved financial closure, with Blackstone Capital investing \$60 million for a 12.5% stake in the subsidiary, \$800 million of debt tie-up and internal accruals. The capacity of the project will be further increased by 660 MW taking the total capacity to 1710 MW.

I am happy to say that this partnership with Blackstone, one of the largest private equity investors in the world will add value to MPCL in several ways for the benefit of its shareholders. We will be able to utilize our experience in setting up power plants and developing mines, while leveraging its global linkages and knowledge base.

Your company's coal business also saw a major forward movement during the fiscal under review as MIEL, through its 100% owned subsidiary Monnet Global Limited (MGL), completed the acquisition of Indonesian Coal Company – PT Sarwa Sembada Karya Bumi, at US\$ 24 million in the Jambi province of Sumatra, Indonesia. We have been able to close the deal at a very low cost as the agreement with PT Sarwa was initially executed in 2008 but the process and regulatory procedures for actual transfer took time to finally close the deal.

The acquisition of PT Sarwa is of strategic importance for the Group as

the logistic of the mine is excellent and being located in Sumatra, the shipping cost and low transit time to India will make the coal extremely cost-effective. Further, it will also provide low-cost fuel for our planned coal-based power projects. We plan to mine more coal than required for our captive needs, to enable us to sell in the open market, which will be a long-term source of revenue, as there seems to be good potential for the reserves to go up substantially. The world-wide coal markets are expected to do very well in the coming years and especially India and China would remain strong buyers.

With this acquisition, the prestigious Coal Contract of Works (CCOW) also called (Perjanjian Karya Pengusahaan Pertambangan Batubara) PKP2B, which was awarded to PT Sarwa by the Government of Indonesia, gets transferred to MGL. I am proud to state that this makes MGL amongst the very few Indian companies to have CCOW.

STRENGTHENING OUR BOXING CONNECTION

Your Company with a vision of promoting boxing which is the second most loved sport in India after cricket, extended its support to Indian boxing by becoming the official team & kit sponsors of the Indian boxing team. In fact, your company is closely associated with Indian boxing and has been playing a pivotal role in the promotion of the sport. With this association with Indian Boxing Federation, your company becomes the only corporate & listed company to promote amateur boxing in the country.

The sponsorship deal, which we see as

a serious CSR attempt to adopt a sport, covers the entire Indian team – men's senior, junior and sub junior teams along with the women's senior, junior and sub junior teams.

GOING FORWARD

Having established ourselves as strong players in all the areas of our presence, we are now firmly on track towards expanding and growing our business as we surge towards the future. With the unfolding opportunities in the Indian infrastructure development space, I am confident that our focused strategic thinking shall enable us to usher new levels of progress and shall continue to boost growth.

We are currently in the process of expanding our coal beneficiation operation to achieve upto 50 MTPA capacity and are also in the process of augmenting our capacities in steel through implementation of our ongoing 1.5 MTPA integrated steel plant at Raigarh. The blast furnace, sinter and the re-bar mill projects, which are also a part of 1.5 Integrated Steel Plant, are also expected to be commissioned within this financial year.

ON A CONCLUDING NOTE

The horizon is bright and, with your continued support and cooperation, I am confident we shall make major strides in our growth trajectory, going ahead. I take this opportunity to thank all stakeholders, bankers, partners and employees of the company for the confidence they have steadfastly reposed in the company.

Sandeep Jajodia

The background image shows an industrial facility, likely a steel plant, with large cylindrical tanks and conveyor belts. The sky is clear and blue. The foreground has a blue and red geometric design.

THE MIEL WAY TO POWERING GROWTH

MONNET ISPAT & ENERGY LIMITED (MIEL), A FLAGSHIP COMPANY OF THE MONNET GROUP, IS THE SECOND LARGEST COAL-BASED SPONGE IRON PRODUCER IN INDIA.

Established in 1994 under the dynamic leadership of Mr. Sandeep Jajodia, MIEL's de-risked business portfolio encompasses manufacturing and marketing of Sponge Iron, Steel and Ferro Alloys. MIEL is also engaged in mining of minerals like coal & iron ore, besides generation of power for captive consumption and is now the second largest coal based sponge iron player in the country.

MIEL is currently in the midst of implementing a 1.5 Million Tones Per Annum integrated steel plant to produce plates, HR coils and rebars at its facility at Raigarh to cater to the rapidly growing infrastructure & construction industry.

The technology adopted for this integrated steel plant would considerably reduce its dependency on raw materials like coking coal and iron ore lumps and would use raw material from captive and domestic resources, resulting in becoming one of the most competitive and cost effective steel making facility in the country. This would be further backed by cost effective captive sources of power & ferro alloys. The steel facility is designed to utilize all waste heat and gasses generated in the process, thereby making it a truly energy efficient steel complex. Further setting up of iron ore palletization plant along with the sinter plant as a part of the complex, would enable MIEL to use gainfully cheap and abundantly available iron ore fines.

Conventionally the primary integrated steel plants in India were based on Blast Furnace route requiring expensive imported coking coal/coal resulting in increased costs. To address this concern MIEL'S technology involving a mix of sponge iron and hot metal from Blast furnace would not only reduce costs but would also enable the company to produce high value added steel through electric arc furnace.

On the power generation front, the company has set up a 60 MW power plant at Raipur & a 90 MW power plant in Raigarh for its captive consumption. It has enhanced the power generation capacity at its Raigarh plant from 90 MW to 170 MW thereby taking the total capacity to 230 MW to meet its future captive power requirements. The Group has additional 12 MW in its subsidiary, Rameshwaram Steel & Power Private Limited.

MIEL, through its subsidiary Monnet Power Company Limited (MPCL) is setting up thermal power plant of IPP of 1050 MW backed with captive coal mine in Angul, Orissa. The capacity is further being enhanced to 1710 MW by adding additional 660 MW at the same site. The power generated from this power plant would be sold on merchant basis and would contribute to the ever growing energy demand of the nation. The Group also has plans to further enhance this capacity by 1290 MW to reach its target of being a 3000 MW power producer in coming years.

WE ARE INDIA'S SECOND LARGEST COAL-BASED SPONGE IRON PRODUCER.



OUR SUBSIDIARIES

1. **MONNET POWER COMPANY LIMITED (MPCL):**

A subsidiary of MIEL, MPCL is currently executing a 1050 MW IPP in Orissa, backed by captive coal mines. The project consists of two units of 525 MW to be supplied by BHEL. The project has all its statutory approvals & clearances in place and has achieved financial closure. The capacity would be further enhanced by 660 MW which will increase the total capacity to 1710 MW.

2. **MONNET GLOBAL LIMITED (MGL):**

It is a wholly-owned subsidiary of MIEL with offices in Dubai, Jakarta and Johannesburg (South Africa), through which all global acquisitions and mergers are done.

3. **MONNET DANIELS COAL WASHERY PVT. LIMITED:**

The subsidiary has business operations at Dakra KDH, Khalan near Ranchi. Under this company, the first washery on Build Own Operate (BOO) basis was installed and is in successful operation in Jharkhand with a capacity of 4.2 Million Tonnes for Punjab State Electricity Board (PSEB).

4. **RAMESHWARAM STEEL & POWER PVT. LIMITED:**

The company has sponge iron plants of 60,000 MTPA & 12 MW power generating capacity.

GROUP EXPANSIONS



At Monnet, expansion is a continual process which is manifest from the major investment program the company has embarked on in the short term.

	USD (Million)
Steel Plant expansion at Raigarh, Chhattisgarh	789
Thermal Power Plant at Angul, Orissa	1128
Coal Washing & Beneficiation projects	50
Total Investments	1967



Underground coal mine, Raigarh

WE ARE OPERATING THE SINGLE-LARGEST UNDERGROUND COAL MINE IN THE COUNTRY.

OUR VISION

- To be an industry leader
- To be an employer of choice
- To set benchmarks in international excellence

OUR MISSION

- To be an excellent corporate citizen
- Human resource excellence
- Customer delight and beyond

OUR VALUES

'TRUST' IS THE CORE VALUE.

T - Trust Based on Accountability; Tenacity for Results

R - Respect for People and Resources

U - Unity in Diversity

S - Sense of Achievement, Self-Confidence

T - Team Work; Talent Retention

Integrity and excellence our mantras.

OUR PEOPLE

At Monnet, we invest in our people in a very tangible way. We constantly up-skill and upgrade their competency levels along with developing new ones with robust training programs. We are futuristic and promote on potential.

OUR QUALITY ENDORSEMENTS

ISO 9001:2008 Certificate for Quality Management System

UL DQS Inc. Management Systems Solutions certifies Monnet Ispat & Energy Limited for implementing and maintaining a Quality Management System

THE POWER WITHIN

Operational Efficiencies

De-risked Business Model

Visionary Management

Excellent Manpower





Integrated Operations
(Backward & Forward)

State-of-the-art
Manufacturing Facilities

High-end Equipment

Quality Quotient

MAKING POWERFUL STRIDES

IN THE YEAR THAT WAS



MIEL ACQUIRES INDONESIAN COAL COMPANY, PT SARWA SEMBADA KARYA BUMI, SUMATRA, THROUGH ITS SUBSIDIARY MONNET GLOBAL LIMITED (MGL).

- On part exploration (of 1,500 hectares out of the total 25,000 hectares), the reserves of 65 million tonnes of thermal coal have been established. The company expects these reserves to go up substantially after completing exploration of the total land area.
- MGL gets access to good grade coal with a coal to OB ratio of 1:3.5, having a very low sulphur content of mere 0.14%.
- MGL becomes one of the very few Indian companies to be able to get the prestigious Coal Contract of Works (CCOW) awarded by the Government of Indonesia.
- Plans to use coal for captive needs and also for selling the surplus in the open market which will be a long-term source of revenue for the company.



MONNET POWER COMPANY LIMITED RAISES ₹3,800 CRORE FOR ITS 1,050 MW POWER PROJECT AT ANGUL (ORISSA), POST SUCCESSFULLY RAISING ₹275 CRORE BY GIVING 12.5% STAKE IN MPCL TO BLACKSTONE.

- Total cost of the project is approximately ₹5,000 crore and the funds raised in MPCL will be deployed in implementation of 1,050 megawatts Power Project at Angul.
- Monnet Power Company shall be putting up two turbines of 525 megawatts each, totaling upto 1,050 MW.

BOARD OF DIRECTORS APPROVE EXPANSION AT THERMAL POWER PLANT IN ANGUL, ORISSA

- The board of directors in its meeting held on 8th February 2011 approved the setting up of the additional unit of 660 MW in 1050 MW, taking the total capacity of the power plant to 1710 MW at Angul, Orissa.

MIEL BECOMES THE PROUD SPONSORS OF THE INDIAN BOXING TEAM

- Monnet Ispat & Energy Limited signed an agreement with The Indian Boxing Federation to become the official sponsors of the Indian Boxing team and their kits.

MERGED TO BECOME A STRONGER ENTITY

- Mounteverest Trading & Investment Limited merged with MIEL.



MONNET IN NUMBERS

FINANCIAL HIGHLIGHTS

	₹ in crore				
	2006-2007	2007-2008	2008-2009	2009-2010	2010-11
Equity Capital	34.34	47.99	47.96	54.48	64.36
Sales	637.80	1159.07	1548.73	1480.70	1573.05
EBITDA	198.86	300.30	406.63	477.33	479.12
EBITDA Margin (%)	31.18	25.91	26.26	32.24	30.46
Net Profit after Tax	134.79	166.16	216.00	269.10	281.16
Cash Profit	180.41	238.69	304.41	346.40	364.33
Dividend (%)	45	50	50	50	50
Earning per share (in ₹)	39.36	42.98	44.22	53.64	48.61
Book value per share (in ₹)	166.25	226.85	268.20	307.20	324.78
Shareholders' Funds	570.94	1088.76	1286.26	1673.05	2090.14



THE POWER TO GIVE BACK TO THE SOCIETY

OUR CSR INITIATIVES



“ENRICHING LIVES, SPREADING SMILES”

AT MONNET, WE BELIEVE THAT A COMPANY’S PATH TO SUCCESS LIES AS MUCH IN ITS BUSINESS AND OPERATIONAL STRENGTHS AS IN ITS ABILITY TO THINK BEYOND BUSINESS. IT IS THE CONSTANT ENDEAVOR OF EVERY EMPLOYEE AT MIEL TO GIVE BACK TO THE SOCIETY AT LEAST SOME OF WHAT HE TAKES FROM IT. THUS, CORPORATE SOCIAL RESPONSIBILITY (CSR) AT MIEL IS NOT JUST ANOTHER INITIATIVE; RATHER IT IS THE FULCRUM ON WHICH ITS GROWTH STRATEGY IS BASED.

In keeping with the CSR spirit, a trust set up by MIEL, **Monnet Foundation**, is continually engaged in taking forward the company’s CSR policy. The CSR policy aims at bringing about a radical transformation in the quality of life of people living in and around the operation areas of the company. Positive interventions in social upliftment programs are a major component of its CSR plank, which spans Health, Education, Women Empowerment, Sustainable Livelihood, Infrastructure Development and promotion of boxing in the country.

HEALTH

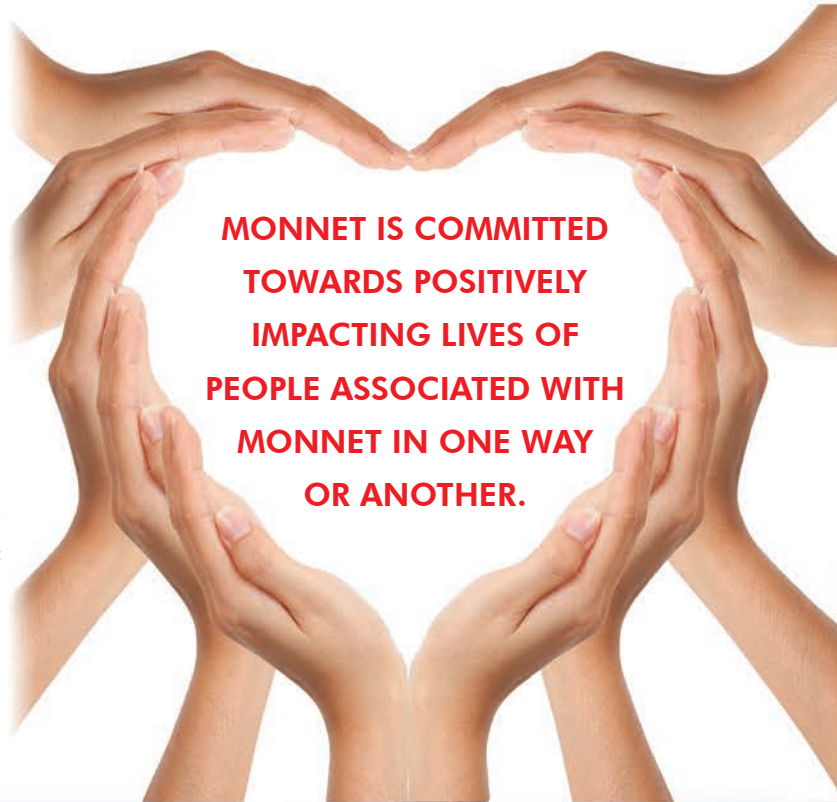
Monnet always values its workers, employees and the community at large as its core assets and believes that it's their effort that is the driving force behind the success of the Group. Acknowledging their contribution, Monnet is committed towards positively impacting lives of people associated with Monnet in one way or another.

Some of the key healthcare initiatives in:

Raipur & Raigarh, Chhattisgarh: Monnet Foundation extends medical support through 15 bedded Maina Devi Hospital in Raipur and a 27 bed hospital in Raigarh, providing financial support for surgical treatments and health awareness programs.

Angul, Orissa : Traditional chulhas emitting excessive smoke responsible for spreading hazardous diseases, have been replaced with smokeless firewood stoves "Jeevan Jyoti" free of cost at all Anganwadi Centres where the mid-day meals of children are cooked.

Both Chhattisgarh & Orissa: Monnet Foundation on a regular basis organizes free health camps under the supervision of specialist doctors for routine checkups and has also been providing financial support for surgical treatments and health awareness programs to the people in and around all project locations. Free Ambulance services in the surrounding areas are offered for basic health check-ups and emergency facilities round the clock.



WOMEN EMPOWERMENT

Monnet Foundation undertook number of measures across spheres to restore empowerment and dignity for women in the villages. With an objective to support women to achieve financial independence, Monnet Foundation has been imparting them training on farming and have plans to engage them in income generation activities like white phenyl making, candle making, backyard poultry farming to name a few.

EDUCATION

Monnet Foundation lays special emphasis on imparting quality education. As, for a nation that aspires to have high standard of living, wants to be amongst the most entrepreneurial countries in the world and wants to add value to everything it does, it needs to ensure highest level of literacy through ensuring each child's right to education.

Monnet DAV Public Schools were setup in Raipur and Raigarh, with a mission of imparting quality education to MIEL's workers' and surrounding villages' children. MIEL believes that education would foster confidence, discipline, and clarity in thought and enhance logical decision-making ability to set and achieve goals. With this vision, Monnet DAV Public Schools are committed towards providing modern education facilities for the over all growth of every child. Literacy campaigns have been taken in the villages of Angul with the mission to obtain 100% literacy.



SUSTAINABLE LIVELIHOOD

The Company's CSR policy also focuses, in a big way, on Sustainable Livelihood by conducting training programs in its CSR target areas for the youth and women in various fields of craft and skills. These programs help youth and women to undertake a profession or trade for earning their livelihood. Monnet Foundation conducts tailoring and embroidery classes, computer classes and imparts know-how on preparing washing powder with the aim of equipping villagers with income generation skills.





PROUD SPONSORS OF THE INDIAN BOXING TEAM



Extending its social responsibility to other facets of life, MIEL has also associated itself with the Indian Boxing Federation by being the Official Sponsors of the Indian Boxing Team. Being the only corporate that has come forward with an aim of promoting boxing as a sport in the country, Monnet Group besides being the Team & Kit Sponsors has also been sponsoring the National Championships which are organised throughout the calendar year and feels proud to appreciate the medal winners through felicitating them.

During the year under review, Monnet Group:

- Honored MC Mary Kom for winning a Gold Medal in the Women Boxing World Championship in Barbados. It presented her with ₹3 lakhs as a token of appreciation and honored her with Monnet 'Woman of Strength' title.
- Felicitated 19th Commonwealth Games medal winning boxers and titled them as 'Monnet Men of Steel'. It recognised performance by giving ₹3 lakhs to Gold Medal winners, ₹2 lakhs to Silver Medal winners and ₹1 lakh to Bronze Medal winners. It also honored the coaches and support staff of the Indian Boxing team.
- Felicitated XVI Asian Games medal winning Indian Boxers and honoured them as 'Monnet Men of Steel' and 'Monnet Women of Power' at a glittering ceremony in Chhattisgarh. Monnet took this initiative to bring the winning boxers to Raipur, capital of Chhattisgarh, which has a high potential of emerging as a sports city. It recognised performance by giving ₹3 lakhs to Gold Medal winners, ₹2 lakhs to Silver Medal winners and ₹1 lakh to Bronze Medal winners.

POST BALANCE SHEET DEVELOPMENTS

During the first quarter of 2011-12, the company undertook shutdown for part of the period of the 2,00,000 tons of Sponge Iron capacity and 45MW capacity in Power Division at Raigarh for process improvement. However, despite production shutdown, the company was able to maintain the sales volume based on available inventories. As prices remained firm during the quarter the overall revenues and profitability of the company remained unimpacted.

The Company has entered into a 50:50 Joint Venture with Ecomaister Co. Ltd. based in Incheon, Korea and has set-up a JVC namely Monnet Ecomaister Enviro Private Limited (MEEPL). In this joint venture Company, Slag Handling Plant will be setup in which Slag Atomizing Plant will be supplied by Ecomaister. The technology developed by Ecomaister seeks to use molten Slag and recycle it to first extract iron content and from the remnant manufacture environment friendly valuable industrial product namely PS Balls. Thus, whereas the disposal of slag has been a serious issue and involved cost, setting up Slag Handling Plant, comprising of Slag Atomizing Plant and Slag Crushing Plant besides other facilities shall be environmentally protective and commercially profitable. The Company is first Indian entity that has entered into the Joint Venture with Ecomaister to use this technology and recycle slag. The iron extracted shall be purchased by the Company and PS Balls will be purchased by Ecomaister. The facility will come up within the existing plant of the Company at Raigarh. Whereas, Slag Atomizing Plant and Slag Crushing Plant is to be supplied by Ecomaister, other auxiliaries shall be obtained locally. MEEPL shall be jointly managed by the Company and Ecomaister.

Directors' Report for the Year Ended 31st March, 2011

Your Directors submit their report for the financial year ended 31st March, 2011.

Sales, Profits, Dividends & Retention

	[₹ in Crores]	
	2011	2010
Sales (Net of Excise) & Other Income	1602.37	1512.45
Profit before Depreciation	435.39	402.97
Depreciation	73.86	71.67
Profit for the year	361.53	331.30
Mat Credit Entitlement	(1.91)	(12.35)
Provision for taxation	72.28	54.74
Provision for deferred taxation	9.30	17.98
Provision for FBT	0.00	0.00
Income Tax Adjustment	0.70	1.83
Profit after taxation	281.16	269.10
Cash Profit	364.32	358.75
Profit brought forward from previous year	806.75	603.66
Balance B/F on Amalgamation	0.00	11.64
Profit available for appropriation	1087.91	884.40
Dividend: 50% (2009-10 : 50%)	32.17	28.59
Differential Dividend on Equity Shares	2.50	0.00
Tax on Dividend	5.22	4.86
Transfer to General Reserve	28.20	27.00
Transfer to Debenture Redemption Reserve	31.50	17.20
Surplus carried to Balance Sheet	988.32	806.75

Company Performance

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

Production	Unit	2011	2010	Increase/(Decrease)
Sponge Iron	MT	692096	710044	-2.53
M.S./S.S. Products	MT	41956	115325	-63.62
Structural Steel	MT	39289	90714	-56.69
Ferro Alloys	MT	8606	0	NA
Coal	MT	951930	1000119	-4.82
Power	Units in '000	969075	1020661	-5.05

During the year, there have been no capacity additions at the plant. The production in all segments of the business were more or less in line with the previous year except steel where the Company chose to sell power rather than making steel. The power sales generated better profitability therefore, the lower production of steel does not manifest a decline in the performance of the Company.

Status of Expansions

Steel

The Steel expansion at Raigarh gearing to make a total capacity of 1.50 million tons is progressing in all the modules viz. additional power capacity of 80 MW, Blast Furnace, Sinter Plant, Rebar Mill, Steel Melting Shop and Plate Mill. The project is

as per the schedule and is likely to be commissioned as per the dates published by the Company on its website.

Power (MPCL)

The work on power plant of 1050 MW being set up in MPCL is also progressing after initial delay owing to delayed receipt of environmental clearance and sorting out of problems in some parcels of the land procurement. The site is mobilized both by BHEL and Indure, the two EPC contractors of the project. The project has also tied up the sale and evacuation of the power. The progress on the mines which will supply the coal to the power plant is satisfactory and the mines are expected to be ready well before the commercial operation of the power project.

New Joint Venture

Your Company has formed a Joint Venture Company namely Monnet Ecomaister Enviro Private Limited with Ecomaister Co., Ltd. of Korea having 50:50 partnership. A Slag Handling Plant is being setup within Company's Plant. This facility will be environmentally protective and commercially profitable. Using molten slag which is otherwise a waste by-product, the technology will first recover metal content from the slag and the remainder will be converted into a valuable industrial product that finds variety of uses in Korea and European Countries.

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 has twelve subsidiary companies including subsidiaries of subsidiaries. The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. For further details of these subsidiaries, please refer Note 22 (A) (1) (i) of Consolidated Financial Statements on page 79. The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled. The information in accordance with para (iv) of the circular dated 8th February, 2011 is appended at the

beginning of Consolidated Financial Statements on pages 67 and 68. Further, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at Company's Head Office in Delhi and at the head offices of subsidiary companies concerned.

Allotments and Conversions

During the year under review, the Company has allotted 2657255 equity shares upon conversion of FCCBs. The second tranche of warrants were converted and 4700000 equity shares were allotted to the holders thereof. During the year, the merger of Mount Everest Trading & Investment Limited was completed and 4722539 equity shares were allotted to the shareholders thereof in terms of Scheme of Amalgamation.

Dividend

The Board of Directors recommends a dividend of ₹5/- per share on 64337807 equity shares of ₹10/- each for the financial year ended 31st March, 2011 subject to approval of the shareholders in the ensuing Annual General Meeting. The total outgo on account of dividend including corporate dividend tax and differential dividend works out to ₹39.89 crores as against ₹33.45 crores in the previous year.

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

Awards

Star Brands (India), a research oriented summation across industries from Indian consumers to select strongest brands on each industry, has reckoned your company among top 200 companies that have created huge brand recall amongst the business consumers.

Depository System

As on 31st March, 2011, about 99.31% of the shares of your Company are held in dematerialized form.

The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India - NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE743C01013. The annual custody fee for the financial year 2011-12 has been paid to NSDL and CDSL, the Depositories.

During the year, 186390 shares of the Company, covered in 1161 requests and constituting 0.29% of the paid-up Share Capital of the Company, were dematerialised. As on 31st March, 2011, 63830947 shares of the Company constituting 99.21% of the issued and subscribed share Capital stand dematerialised. The Company's market capitalisation stood

at 3287 crores on 31st March, 2011.

Directors

During the period beginning after the date of last Directors' Report, Shri V.N. Kedia and Shri P.L. Nene resigned from the Board w.e.f. 18-1-2011 and 24-3-2011 respectively. The Board places on record its appreciation of valuable guidance rendered by Shri V.N. Kedia and Shri P.L. Nene during their tenure of appointment. Further, Shri Gopal Tiwari was inducted as additional director on the Board of the Company w.e.f. 29-3-2011 through a resolution passed by circulation 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 ₹ 500/-. The Company is in the process of making further appointments in the Board.

Pursuant to Section 255 of the Companies Act, 1956, Shri G.C. Mrig, Director, retires by rotation on the day of ensuing Annual General Meeting of the Company and, being eligible, offers himself for re-election. As per Clause 49 (IV) (G) of the Listing Agreement, the details of above directors are given in Annexure-V.

Responsibility Statement

In terms of Section 217 (2AA), your directors confirm having:

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

Management Discussion & Analysis

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

Corporate Governance Report

Pursuant to clause 49 of the Listing Agreement with stock

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

Statutory Disclosures

- i) A declaration signed by Executive Vice Chairman & Managing Director as required under Clause 49 (I) (D) of the Listing Agreement is enclosed as Annexure-IV.
- ii) The Executive Vice Chairman & Managing Director and Chief Financial Officer have given a certificate to the Board of Directors, as required under Clause 49 (V) of the Listing Agreement, for the year ended 31st March, 2011.

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 G.C. Mrig and Shri Gopal Tiwari 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 21st Annual General Meeting and are eligible for reappointment. A Certificate from the auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Fixed Deposits

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

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

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

Personnel

Information as per Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary at the Corporate Office of the Company for a copy.

Acknowledgments

Your Directors take this opportunity to offer their sincere

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

For and on behalf of Board of Directors

Place: New Delhi
Date : 20th August, 2011

(M.S. Gujral)
Chairman

Annexure to the Directors' Report

Information as per Section 217[1][e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2011.

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 application of BFD in WHRB -1
 - Optimization of Elimination of one I.D. Fan, P.A., F.D. and CEP in WHRB-2, AFBC-2 & TG-III
 - Strict control of Quality inputs, resulting in less slag generation, thus saving electricity consumption
 - Utilization of Ignite Oil in place of LDO in SID
 - Utilization of all size fractions of coal
 - Minimization of handling losses
 - Automation of RMHS Circuit by operating through PLC
 - Reduction of power consumption of Kilns by installing VVVF Drive for LOB compressors and CB Fans of kilns
 - Implimentation of online oversize Coal recirculating system in DRI to reduce HSD Consumption and Ground wash
- b] Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.
 - VFD installation for WHRB-3&4 ID fan, AFBC-1, ID, FD and FD fan of AFBC-2 propped
- 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	188.66 Crores
- Earned	83.12 Crores

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY

	Current Year (2010-2011)	Previous Year (2009-2010)
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY		
a] Purchased		
- Units	43274106	4355385
- Total Amount (₹ in lacs)	1790	864
- Rate/Unit (₹)	4.14	19.84
b] Own Generation		
(i) Through Diesel Generator		
- Units (in KWH)	13456908	5046848
- Unit per ltr. of Diesel Oil	3.13	2.79
- Cost/Unit (₹)	13.00	11.11
(ii) Through Steam Turbine		
- Units (in KWH)	1036496183	1020661149
- Unit per MT of Gas	243	241
- Cost/Unit	2.14	2.22
2. COAL		
Quantity (in Mts)		
Sponge Iron	999794	1025226
Power Plant	885839	988779
Ferro Alloys Plant	9311	0.00
Total Cost (₹ in lacs)	30465	32023
Average rate (₹ per ton)	1607.68	1590.00
3. FURNACE OIL/LDO		
Quantity (k. Ltrs)	5867880	6868893
Total Cost (₹ in lacs)	2171	2064
Average rate (₹ per Ltrs.)	37.00	30.04
4. OTHERS/INTERNAL GENERATION	NIL	NIL
B. CONSUMPTION PER MT OF SPONGE IRON		
Electricity (in KWH)	84	80.31
Furnace Oil (in kilo Litres)	NIL	NIL
Coal (in Mts.)	1.44	1.44
Others	NIL	NIL
C. CONSUMPTION PER MT OF MILD STEEL INGOTS		
1) Electricity (KWH)	0	897

	Current Year (2010-2011)	Previous Year (2009-2010)
D. CONSUMPTION PER MT OF MILD STEEL BILLET		
1) Electricity (KWH)	938	888
E. CONSUMPTION PER MT OF FERRO ALLOYS		
1) Electricity (KWH)	4715	0
F. CONSUMPTION PER MT OF STRUCTURAL STEEL		
1) Electricity (KWH)	71	68

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 :	N.A.	N.A.

Management Discussion and Analysis

Industry Structure and Development/ Risks & Concerns

India is the largest producer of DRI in the world as per the production figures till December, 2010 and it has held the said position since 2002. The growth of DRI in India is mainly attributable to domestic availability of Coal and Iron Ore, the two principal raw materials critical for the viability of sponge iron industry in India is also the 5th largest crude steel producer in the world as per the world steel production of 2010. The world steel production has registered an increase of 15% at 1414 million tons over 2009 and India's production of steel has grown from about 63 million tons in 2009 to about 67 million tons in 2010, an increase of 6%. China, the largest producer of steel increased its production from 573 million tons to 626 million tons in 2010, an increase of 9%. While China continues to be dominant player in the steel industry globally, India is poised to become the 2nd largest steel producer in the world over five years based on the planned steel capacities in the country and will overtake the countries like Japan, U.S.A. and Russia currently before India.

The key factors for the development of India's sponge iron as well as steel industry remains the domestic USP of raw material availabilities. The development and commercialization of mining sector in India will play a crucial role in the positioning of Indian steel industry not only in domestic market but also in the global scene, in the next few years. The joint thrust of the Government and private sector in this regard will play a pivotal role. Besides, the Government is taking necessary steps including R & D to promote the per capita consumption of steel in the domestic market. In the global snap-shot, the industry will see a paradigm shift of steel production from countries which are devoid of mineral resources to locations and regions which have the advantage of these natural resources. India is in a unique position in the global hemisphere in this regard and has a distinct edge to capitalize this opportunity.

Opportunities and Threats / Outlook

India's thrust on the development of the infrastructure is the basic ingredient for the development of the steel industry. The growth in the industry over the next few years is correlated to the growth in the GDP backed by a strong investment cycle in the industrial and infrastructure space. The acceleration in the economic environment will also boost personal consumption particularly in the utility sector. Therefore, it creates a strong climate for the steel industry both for the long as well as the flat products.

However, a strong administrative and legislative action in respect of appropriate policy pronouncements and procedures is required to push the investments in infrastructure and resultantly in the steel sector. Any lag in providing the policy actions will have the potential of dragging the growth in the sector. Besides, the mining activity needs to respond both at the Government level and development level for productive and profitable development of the sector.

The overall outlook on the sector assuming a consistent performance of economy looks quite encouraging. The steel companies with own resource base are essentially in a secured corridor in terms of the future growth. The capacity expansions are required to be driven by the availability of captive resources. The sector has become more dependent on raw material source than the market performance of the industry.

Segment wise Product wise Performance and Discussion on Financial Performance with respect to Operational Performance

During the year, there have been no capacity additions at the plant. The production in all segments of the business were more or less in line with the previous year except steel where the Company chose to sell power rather than making steel. The power sales generated better profitability therefore, the lower production of steel does not manifest a decline in the performance of the Company.

In terms of the revenues, the company registered a modest increase of 6% to 1573 crores from 1481 crores and registered an almost similar increase in the profitability at 281 crores compared to 269 crores in the previous year.

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.

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.

Report on Corporate Governance

Your Directors present the Company's Report on Corporate Governance for the financial year ended on 31st March, 2011.

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 eight directors, i.e. an Independent & Non-executive Chairman, an Executive Vice Chairman & Managing Director, Dy. Managing Director, an executive 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 Board Meetings attended during 2010-11	Whether attended AGM held on 30th December, 2010	No. of Directorships in other public companies ^{1, 2}		No. of Committee Memberships in other Companies ^{1, 3}	
				Chairman	Member	Chairman	Member
Shri M.S. Gujral (Chairman)	Independent Non Executive	6	P	0	6	2	6
Shri Sandeep Jajodia (Exec. Vice Chairman & Managing Director)	Not Independent Executive	6	NP	0	4	0	1
Shri C.P. Baid# (Dy. Managing Director)	Not Independent Executive	2	P	0	1	0	0
Shri K.K. Khanna (Executive Director)	Not Independent Executive	6	P	0	1	0	0
Shri P.L. Nene %	Independent Non Executive	4	NP	0	2	0	1
Shri G.C. Mrig	Independent Non Executive	1	NP	0	6	1	1
Shri J. P. Lath	Not Independent Non Executive	6	P	0	3	0	3
Shri V. N. Kedia *	Not Independent Non Executive	5	NP	0	1	0	0
Shri Ajay Relan	Independent Non Executive	2	NP	0	5	0	1
Shri Gopal Tiwari **	Independent Non Executive	N/A	N/A	0	2	0	0

Notes:

- Other Directorships and Committee Memberships of Directors are as on 31st March, 2011.
 - Directorships in other Companies exclude Private Limited Companies, Foreign Companies, Membership of Associations etc./Professional Bodies and Alternate Directorship.
 - Committee Membership is in respect of Audit Committee and Investors Grievance Committee of Indian Public Limited Companies.
- # Appointed as Dy. Managing Director w.e.f. 08-11-2010
 % Resigned from the Directorship w.e.f. 24-03-2011.
 * Resigned from the Directorship w.e.f. 18-01-2011.
 ** Appointed as Additional Director w.e.f. 29-03-2011.

Details of Board Meetings during Financial Year

During the financial year ended 31st March, 2011, six meetings of the Board were held as follows:-

Sl. No.	Date	Board Strength	No. of Directors Present
1	10th May 2010	7	6
2	9th August 2010	7	6
3	28th October 2010	8	7
4	8th November 2010	8	5
5	25th November 2010	9	7
6	8th February 2011	8	7

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 G.C. Mrig and Shri Gopal Tiwari are given in Annexure-V.

Committees of the Board

Currently, there are six Committees of the Board, i.e. Executive Committee, Finance Committee, Audit Committee, Remuneration Committee, Investors/Shareholders Grievance Committee and Share Transfer Committee. These Committees have defined terms of reference. However, occasionally, the Board assigns certain matters. The Board also forms Committee for a specific purpose after which these Committees cease to exist.

Audit Committee

Your Company has in place a qualified and independent Audit Committee as prescribed in Clause 49 (II) (A) and has been delegated powers specified in sub-clause (C) and performs role as defined in sub-clause (D). It also reviews the information as per sub-clause (E) and meets at least four times in a year and not more than four months elapse between two meetings as prescribed in sub-clause (B) of the aforesaid Clause 49 (II). The Audit Committee also meets the requirements contained in Section 292A of the Companies Act, 1956.

Composition

The Audit Committee comprises of three Independent Non Executive Directors and one 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 Gopal Tiwari and Shri C.P. Baid are the other Members of the Committee.

Attendance

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

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

Name	No. of Audit Committee Meetings held during the tenure of the Members	No. of Audit Committee Meetings Attended
Shri M.S. Gujral	5	5
Shri P.L. Nene	5	4
Shri G.C. Mrig	5	1
Shri V.N. Kedia	4	4
Shri Gopal Tiwari	0	0
Shri C.P. Baid	0	0

During the year 5 Audit Committee Meetings were held. The detail of these Meetings and attendance thereat is given below: -

Sl. No.	Date	Committee Strength	No. of Members Present
1	10th May, 2010	4	3
2	9th August, 2010	4	3
3	28th October, 2010	4	3
4	25th November, 2010	4	3
5	8th February, 2011	4	2

Remuneration Committee

The Remuneration Committee comprises of Shri M.S. Gujral (Chairman), Shri G.C. Mrig and Shri J. P. Lath. The terms of reference of this Committee cover the matters specified for Remuneration Committees under clause 49 of the Listing Agreement. 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
8th November, 2010	Shri M.S. Gujral	1	1	3	2
8th November, 2010	Shri G.C. Mrig	1	0	3	2
8th November, 2010	Shri J.P. Lath	1	1	3	2

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	10th May, 2010	3	3
2	09th August, 2010	3	3
3	28th October, 2010	3	3
4	8th February, 2011	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, 2011 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	20	20
Shri V. N. Kedia	Director	15	15
Shri C.P. Baid	Dy. Managing Director	4	4
Shri M.P. Kharbanda	Company Secretary	20	20

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

Details of Remuneration to Managing Director

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

(₹ in lakhs)

Name Position	Shri Sandeep Jajodia Exec. Vice Chairman & Managing Director	Shri C.P. Baid Dy. Managing Director	Shri K.K. Khanna Executive Director
Salary (₹)	240.00	44.46	29.7
Commission/Allowance (₹)	NIL	NIL	NIL
Perquisites (₹)	29.50	2.72	0.39
Total (₹)	269.50	47.18	30.09
Stock Option Granted (Nos.)	NIL	NIL	NIL
Service Contract	5 years from 1-4-2010 to 31-3-2015	5 years from 8-11-2010 to 07-11-2015	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 (₹)	ESOP granted (No. of Shares)
Shri M.S. Gujral	40,000	NIL
Shri P.L. Nene	28,000	NIL
Shri G.C. Mrig	7,000	NIL
Shri J. P. Lath	30,000	NIL
Shri V. N. Kedia	33,000	NIL
Shri Ajay Relan	10,000	NIL
Shri Gopal Tiwari	0	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, 2010 to 31st March, 2011.

Particulars	No. of Complaints
Number of complaints received from the investors (including the opening Balance as on 01.04.2010) 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	208
Regulatory/Statutory Bodies and those related to court/consumer forums.	
Number of complaints resolved	184
Complaints Pending as at 31st March, 2011	24
Number of shares pending for transfer as at 31st March, 2011.	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
2009-10	20th AGM	30th December 2010	Monnet Ispat & Energy Ltd. Monnet Marg, Mandir Hasaud, Raipur - 492101, Chhattisgarh	3.00 p.m.	One Special Resolution u/s 31/ Two Ordinary Resolutions passed through Postal Ballot u/s 293 (1)(a) and 293(1)(d)
2008-09	19th AGM	30th September 2009		3.30 p.m.	One Special Resolution u/s 31
2007-08	18th AGM	30th September 2008		3.30 p.m.	No

No special resolution was passed through postal ballot last year and 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. 24 of Schedule - 21 (B) to the Notes on Accounts on Balance Sheet and Profit and Loss Account for the year ended 31st March, 2011.
- (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), Hindu Business Line (All Editions), Navbharat Times, Financial Times and Business Standard
Whether it also displays official news releases and Presentations made to institutional investors or to analysts	N.A.
Whether M D & A is a part of annual report or not	Yes

General Shareholder Information

1. Annual General Meeting

Date	30th September, 2011
Venue	Monnet Ispat & Energy Limited Monnet Marg, Mandir Hasaud, Raipur-492101, Chhattisgarh
Time	11.30 a.m.

Book Closure Date	Saturday, 24th Sept., 2011 to Friday, 30th Sept., 2011 (both days inclusive)
Dividend Payment Date	Within 30 days from the date of approval by shareholders in AGM. Dividend shall be payable to those members whose name appears in the Register of Members as on 24-09-2011 after giving effect to all the transfers received on or prior to 23-09-2011.

2. Financial Calendar for : 2011-12 (Tentative)

Financial Year 2011-12

Financial year ending	31st March
First Quarter Results	On 2nd August, 2011
Half Yearly Results	On 14th November, 2011
Third Quarter Results	On or before 14th February, 2012.
Fourth Quarter Unaudited Results / or Audited Results	On or before 15th May, 2012 / or 30th May, 2012

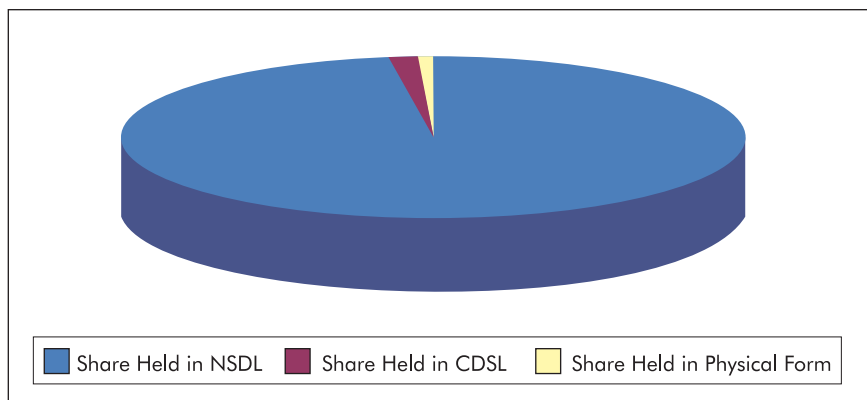
3. Regd. Office & Works : Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh- 492101

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.

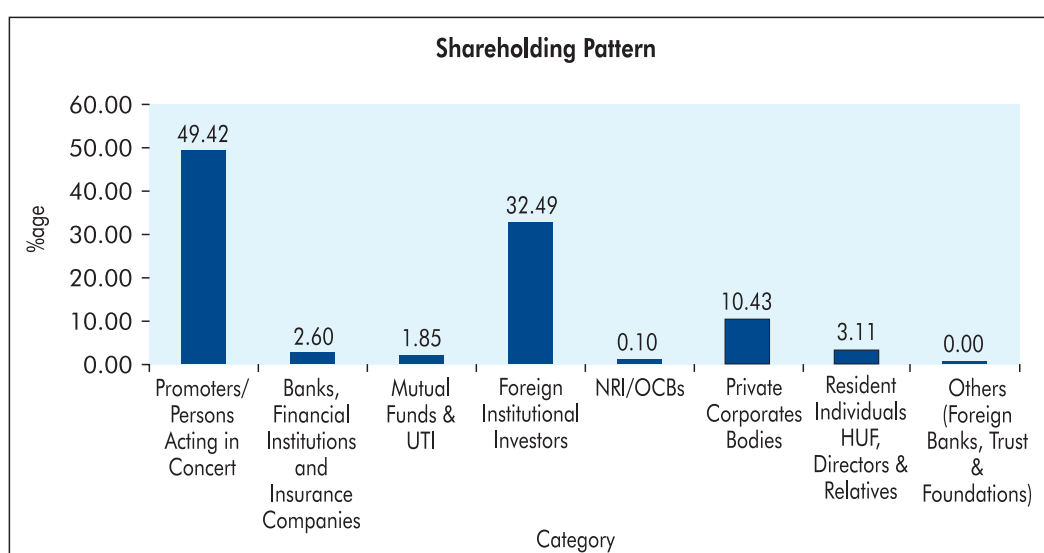
Stock Exchange	Stock Code
National Stock Exchange of India Ltd. 'Exchange Plaza', Bandra Kurla Complex, Bandra (E), Mumbai- 400051. e-mail : ignse@nse.co.in ; website : www.nseindia.com	MONNETISPA
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 e-mail : is@bseindia.com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

5. Shares held in Dematerialized and Physical form as on 31st March, 2011



6. Shareholding pattern as on 31st March, 2011:

Category	No. of Shares held	% of Shareholding
Promoters / Persons Acting in Concert	31796241	49.42
Banks, Financial Institutions and Insurance Companies	1673032	2.60
Mutual Funds & UTI	1187672	1.85
Foreign Institutional Investors	20906189	32.49
NRI/OCBs	62813	0.10
Private Corporate Bodies	6708776	10.43
Resident Individuals, H.U.F, Directors & their Relatives	2001084	3.11
Others (Foreign Banks, Trusts & Foundations)	2000	0.00
Total	64337807	100.00



7. Distribution of Shareholding as on 31st March, 2011:

Range of Holding of Shares	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 - 500	3477	8869	12346	94.48	411502	780057	1191559	1.85
501 - 1000	22	256	278	2.13	17600	207218	224818	0.35
1001 - 2000	8	144	152	1.16	12400	221100	233500	0.36
2001 - 3000	1	61	62	0.47	2100	153752	155852	0.24
3001 - 4000	0	29	29	0.22	0	102868	102868	0.16
4001 - 5000	0	28	28	0.21	0	128783	128783	0.20
5001 - 10000	0	46	46	0.35	0	350206	350206	0.54
Above 10000	0	127	127	0.97	0	61950221	61950221	96.29
Total	3508	9560	13068	100.00	443602	63894205	64337807	100.00

8. Stock Price Data (for the period April, 2010 to March, 2011)

Year	Month	BSE High (₹)	BSE Low (₹)	NSE High (₹)	NSE Low (₹)
2010	April	462.70	406.65	461.90	422.10
2010	May	439.00	350.60	437.00	354.30
2010	June	411.80	356.05	411.50	356.05
2010	July	504.00	396.75	505.30	395.10
2010	August	541.00	448.50	541.00	448.00
2010	September	558.00	483.50	558.80	480.65
2010	October	654.70	502.40	750.00	512.55
2010	November	682.00	540.10	640.00	537.10
2010	December	599.90	490.05	584.90	490.00
2011	January	621.25	541.10	621.05	532.00
2011	February	595.00	516.00	595.00	524.95
2011	March	579.80	506.10	576.00	505.35

9. Dividend History:

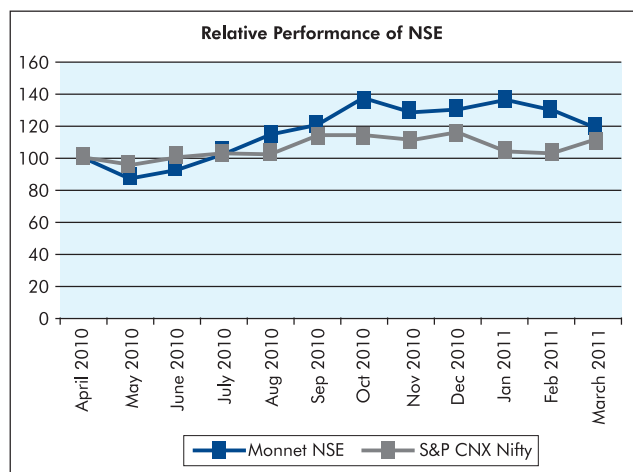
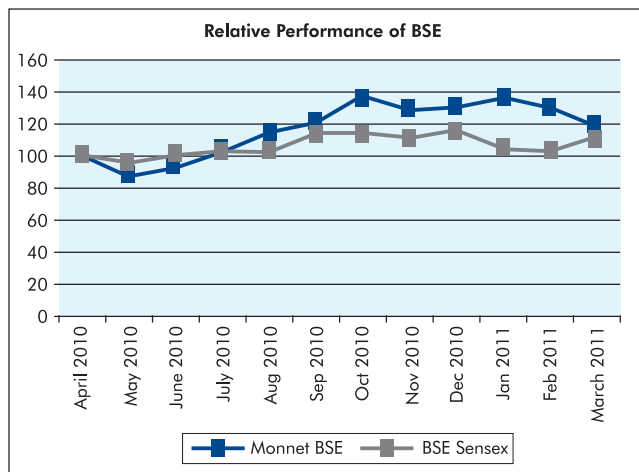
Type	Financial Year	Date of Declaration	Dividend %	Dividend (₹ Per share*)
Final Dividend**	2010-11	30-09-2011	50	5.00
Final Dividend	2009-10	30-12-2010	50	5.00
Final Dividend	2008-09	30-09-2009	50	5.00
Final Dividend	2007-08	30-09-2008	25	2.50
Interim Dividend	2007-08	28-04-2008	25	2.50
1st Interim Dividend	2006-07	30-10-2006	20	2.00
2nd Interim Dividend	2006-07	15-03-2007	25	2.50
1st Interim Dividend	2005-06	27-10-2005	30	3.00
2nd Interim Dividend	2005-06	30-06-2006	15	1.50
1st Interim Dividend	2004-05	22-10-2004	25	2.50
2nd Interim Dividend	2004-05	30-04-2005	35	3.50
1st Interim Dividend	2003-04	20-10-2003	15	1.50
2nd Interim Dividend	2003-04	17-04-2004	10	1.00
Final/Annual Dividend	2002-03	03-09-2003	12	1.20

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

** Subject to the approval of the shareholders in 21st 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 2011, 99.21% of equity capital was held in Electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). Normally, requests for dematerialization of shares are processed and confirmed within 15 days of receipt to NSDL and CDSL.

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

14. Outstanding Convertible Instruments:

As on 31st March, 2011, 1308750 FCDs convertible into 2094000 equity shares on or before 20th May, 2011 were outstanding.

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. The ECS Mandate form can be downloaded from Company's website.

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.

17. 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

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, 2011, 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
M. No. 91885
Firm Regd. No. 000018N
Place: New Delhi
Date : 20th August, 2011

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)
Executive Vice Chairman & Managing Director

Place: New Delhi
Date : 20th August, 2011

Details of Directors seeking appointment/reappointment in 21st Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Gopal Tiwari	Shri G.C. Mrig
Brief Resume	Aged about 69 years, Mr Gopal Tiwari holds a Bachelor's Degree in electrical engineering from Bhagalpur College of Engineering, Bihar. Started his career as Asstt. Engineer in MPEB in 1965 and retired in 2000 as Executive Director. He was invited to join CSEB as member and later as Chairman. He received various awards from Central & State Government acknowledging his contribution.	Aged about 74 years, Shri G.C. Mrig a 1st class first Pickering Gold medalist. An AISM (Mining) from Indian School of Mines, Dhanbad and B.Sc. (Hons.) (Mining Engineering) from Bihar University. Shri G.C. Mrig has been the Chairman - cum - Managing Director of South Easter Coalfields Ltd. and of Bharat Coaking Coal Ltd. After superannuation, he set up his own coal washery and has grown his businesses to Sponge Iron, Steel, Power and coal washery equipments.
Expertise in specific functional area	During this period, he also held the position of Managing Director in Rural Electrification Co-op Society and accomplished rural electrification in big scale. He was instrumental in infrastructural innovation in generation, transmission and distribution of electricity and implemented Frequency Based Tariff.	Shri Mrig's managerial skills can be witnessed from the fact that he turned the above heavily loss making companies into profitable ventures during his tenure. He has indigenized some crucial equipments used in coal washeries like Barrel Washer (earlier Imported from UK), Jig (earlier imported from South Africa) and Dewatering Screens (mainly from USA) saving millions in foreign exchange. He has also been able to cater to the demand of Heavy Media Baths, Thickeners, Conveyors etc. used in coal washery equipments.
List of Other Companies in which Directorship held (excluding foreign Companies, Private Limited Companies & Section 25 Companies)	1. Jindal Power Trading Company Limited	1. Sindhu Trade Links Limited 2. Pragati Vanijiya Limited 3. Sainik Finance & Industries Limited 4. Connoisseur Resources Limited 5. ACB (India) Limited 6. ACB (India) Power 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	Chairman of Audit Committee of Sindhu Trade Links Limited
Details of shareholding (both own or held by/ for other persons on a beneficial basis), if any, in the Company	NIL	NIL

Auditors' Report

To,
The Members of
MONNET ISPAT & ENERGY LIMITED

We have audited the attached Balance Sheet of **MONNET ISPAT & ENERGY LIMITED** as at 31st March, 2011 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, 2011 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, 2011.
 - 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

Place : New Delhi
Dated : 20.08.2011

M.No. 91885
Firm Regd. No. 000018N

Annexure Referred to in Paragraph 1 of the Auditors' Report on Accounts for the Year Ended 31st March, 2011

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 two Companies covered in the registers maintained under section 301 of the Companies Act, 1956. The balance amount outstanding at the year end was ₹29244 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) (₹ in lacs)	Forum where appeal is pending
1.	Sales Tax	95.14	Deputy Commissioner of Sales Tax (Appeals)
2.	Entry Tax	642.33	Deputy Commissioner of Sales Tax (Appeals)
3.	Central Excise	51.39	Commissioner Appeals (Central Excise)
4.	Central Excise	763.94	CESTAT
5.	Income Tax	2952.00	Commissioner Income Tax (Appeals)

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. In our opinion, and according to information and explanations given to us, proper records have been maintained of the transactions and contracts relating to investments in shares and other securities and debentures. These investments have been held by the company, in its own name, except certain investments made under portfolio management schemes.
18. During the year, the Company has made preferential allotment of 65.13 lac shares of ₹10 each to parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has created security / charge in respect of debentures issued.
20. Since the Company has not raised money by way of Public Issue during the year, paragraph 4 (xx) of the order is not applicable.
21. 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, 2011.
22. Other clauses of the order are not applicable to the Company for the year under report.

For **O.P. Bagla & Co.**
Chartered Accountants

(Atul Bagla)
Partner

Place : New Delhi
Dated : 20.08.2011

M.No. 91885
Firm Regd. No. 000018N

Balance Sheet as at 31st March, 2011

		(₹)	
Particulars	Schedules	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	1	643,550,484	544,785,934
b) Subscription Against Share Warrants		0	268,825,000
c) Reserves & Surplus	2	20,257,805,529	15,916,860,397
		20,901,356,013	16,730,471,331
Loan Funds			
a) Secured Loans	3	19,328,739,825	12,509,229,901
b) Unsecured Loans	4	7,389,865,655	2,440,605,547
		26,718,605,480	14,949,835,448
Deferred Tax Liability	5	1,412,382,096	1,319,332,994
Total		49,032,343,589	32,999,639,773
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	6	14,768,678,754	14,391,293,879
b) Less : Depreciation		3,831,546,879	3,108,123,293
c) Net Block		10,937,131,875	11,283,170,586
Capital Work In Progress		15,127,362,951	7,212,131,953
		26,064,494,826	18,495,302,539
Investments	7	5,500,091,128	5,454,038,748
Current Assets, Loans & Advances			
a) Inventories	8	3,604,252,692	2,188,050,912
b) Sundry Debtors	9	1,897,967,789	1,288,661,376
c) Cash & Bank Balances	10	6,881,100,455	2,052,422,993
d) Loans & Advances	11	8,534,258,318	5,898,310,301
		20,917,579,254	11,427,445,582
Less : Current Liabilities & Provisions			
a) Current Liabilities	12	2,372,271,669	1,803,037,747
b) Provisions	13	1,077,549,950	758,317,559
		3,449,821,619	2,561,355,306
Net Current Assets		17,467,757,635	8,866,090,276
Miscellaneous Expenditure			
Foreign Currency Monetary Item Translation Difference Account		0	184,208,212
Total		49,032,343,589	32,999,639,774
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

Place : New Delhi
Dated : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Profit and Loss Account for the Year Ended 31st March, 2011

Particulars	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sales/Operational Income		20,084,155,462	20,379,388,488
Less : Inter Division Transfers		3,135,375,696	4,710,607,998
		16,948,779,766	15,668,780,490
Less : Excise Duty on Sales		1,218,286,484	861,828,216
		15,730,493,282	14,806,952,274
Other Income	14	293,217,203	317,501,275
		16,023,710,485	15,124,453,549
EXPENDITURE			
Material, Manufacturing and Others	15	13,251,081,439	13,212,906,242
Less : Inter Division Transfers		3,135,375,696	4,710,607,998
		10,115,705,743	8,502,298,244
IncRease/Decrease in Stocks	16	(436,952,935)	218,960,854
Salaries, Wages & Amenities	17	746,286,380	733,031,378
Repair & Maintenance	18	119,369,656	91,789,072
Administrative, Selling & Other Exp.	19	688,147,319	620,835,804
Financial Charges	20	437,207,331	927,884,981
Depreciation		738,638,106	716,655,305
		12,408,401,600	11,811,455,638
Profit Before Tax		3,615,308,885	3,312,997,911
Provision For Tax			
Current Tax / Mat Payable		722,800,000	547,400,000
Mat Credit Entitlement		(19,125,089)	(123,543,793)
Deferred Tax Expense		93,049,100	179,810,846
Income Tax Adjustment		7,008,239	18,287,055
Total Tax Expenses		803,732,250	621,954,108
Profit After Tax		2,811,576,635	2,691,043,803
Balance As Per Last Year		8,067,514,099	6,036,553,393
Balance B/F On Amalgamation		0	116,427,216
Profit Available For Appropriation		10,879,090,734	8,844,024,412
Appropriations			
Transfer to General Reserve		282,000,000	270,000,000
Transfer to Debenture Redemption Reserve		315,026,053	172,048,961
Dividend			
- Proposed DividEnd on Equity Shares		321,689,035	285,876,620
- Differential Dividend on Equity Shares (Refer Note No. 30)		25,030,355	0
- Corporate Dividend Tax		52,186,004	48,584,732
Balance Carried to Balance Sheet		9,883,159,287	8,067,514,099
		10,879,090,734	8,844,024,412
Basic Earnings Per Share (₹)		48.61	53.64
Diluted Earnings Per Share (₹)		46.91	47.73
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

Place : New Delhi
Dated : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Schedules

Particulars	As at 31.03.2011	(₹) As at 31.03.2010
1 SHARE CAPITAL		
Authorised		
13,20,00,000 Equity Shares of ₹ 10/- each	1,320,000,000	1,320,000,000
Issued & Subscribed		
65,634,066 (Previous Year 52,269,609) Equity Shares of ₹ 10/- each	656,340,660	522,696,090
Paid Up		
6,43,37,807 (Previous Year 52,259,609) Equity Shares of ₹ 10/- each fully paid up in cash	643,378,070	522,596,090
Add : Shares Forfeited	172,414	172,414
Less : shares bought back	0	(15,960)
64337807 (Previous year 52258013) Equity shares of ₹10/- each fully paid up in cash	643,550,484	522,752,544
Add : Equity Share Suspense Account	0	22,033,390
Note : 4,722,539 (previous year nil) equity shares of ₹ 10 each were allotted as fully paid up for consideration other than cash to pursuant to scheme of amalgamation of M/s Mounteverest Trading & Investment Limited with the Company as per order dated 19.11.2010 passed by Honourable High Court of Chattigarh. 6932647 (previous year 6932647) equity shares of ₹ 10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of M/s Monnet Power Limited with the Company as per order 24.09.2004 passed by Honourable High Court of Chattisgarh.	643,550,484	544,785,934
2 RESERVES & SURPLUS		
Share Premium Account		
Balance b/f	5,588,492,733	4,757,509,578
Add : Addition during the year	1,920,434,611	823,450,000
Add : Transferred on Amalgamation	0	7,550,000
Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956	0	(16,845)
Capital Redemption Reserve		
Balance b/f	12,862,590	12,861,630
Transferred from General Reserve	0	960
Capital Reserve		
Balance b/f	769,816,618	769,816,618
Add : Transferred on Forfeiture of Warrants	7,839,281	0
Capital Reconstruction Reserve		
Transferred on Amalgamation	196,801,760	196,801,760
General Reserve		
Balance b/f	1,019,073,546	749,074,506
Add : Transferred from Profit & Loss Account	282,000,000	270,000,000
Less : Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act,1956 on buy back of equity shares	0	(960)
Debenture Redemption Reserve		
Balance b/f	229,248,961	57,200,000
Transferred from Profit & Loss Account	315,026,053	172,048,961
Amalgamation Reserve		
Transferred on Amalgamation	33,050,090	33,050,090
Profit & Loss Account	9,883,159,287	8,067,514,099
	20,257,805,530	15,916,860,397

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
3 SECURED LOANS		
a. Term Loans		
From Banks	3,272,619,640	2,595,156,971
b. Working Capital Facilities		
From Banks	2,692,508,011	2,841,524,022
c. Against Hire Purchase		
From Banks	3,465,296	7,816,318
From Limited Companies	1,341,901	2,127,035
d. External Commercial Borrowing (Ecb)	10,358,800,001	4,062,600,000
e. Non Convertible Debenture	3,000,004,976	3,000,005,555
	19,328,739,825	12,509,229,901

Notes :

- (a) Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from financial institutions/ Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities are further guaranteed by the Managing Director of the company.
- (b) Loans shown above include new Loans taken during the year for which security documents have been executed.
- Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. These working capital loans are further guaranteed by Managing Director of the company.
- Loans from Limited Companies/Banks against hire purchase are secured by hypothecation of the respective assets purchased on hire purchase basis.
- Short term loan from PNB is secured by 1st charge on current assets of the Company alongwith working capital banks.

4 UNSECURED LOANS		
Foreign Currency Convertible Bonds	0	862,174,000
0% Fully Convertible Debentures	392,625,000	525,000,000
Loan From Banks	6,997,240,655	1,053,431,547
	7,389,865,655	2,440,605,547
5 DEFERRED TAX LIABILITY		
As at 1st April 2010	1,319,332,994	1,139,522,148
Additional adjustment for current year	93,049,102	179,810,846
	1,412,382,096	1,319,332,994

6 FIXED ASSETS

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2010	Acquired on Amalgamation	Additions	Adjustments 31.03.2011	As at 31.03.2011	Up to the year	Acquired on Amalgamation	Additions	Adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land & Site Development	253,688,145	0	1,409,912	0	255,098,057	0	0	0	0	0	255,098,057	253,688,145
Lease Hold Land (Mining)	95,003,388	0	0	0	95,003,388	7,217,171	0	1,563,321	0	8,780,492	86,222,896	87,786,217
Railway Siding	181,077,121	0	197,758	0	181,274,879	13,902,438	0	8,606,415	0	22,508,853	158,766,026	167,174,683
Building	1,567,423,853	0	80,561,652	0	1,647,985,505	219,735,785	0	53,127,524	0	272,863,309	1,375,122,196	1,347,688,068
Plant & Machinery	12,079,238,480	0	293,831,504	8,689,967	12,364,380,017	2,801,976,790	0	657,043,735	7,192,345	3,451,828,180	8,912,551,837	9,277,261,690
Furniture & Fixtures	67,014,762	0	3,193,030	0	70,207,792	12,563,740	0	4,413,030	0	16,976,770	53,231,022	54,451,022
Vehicle	147,848,130	0	17,887,613	11,006,627	154,729,116	52,727,368	0	14,452,796	8,590,889	58,589,275	96,139,841	95,120,761
Current year	14,391,293,879	0	397,081,469	19,696,594	14,768,678,754	3,108,123,293	0	739,206,821	15,783,234	3,831,546,879	10,937,131,875	11,283,170,586
Previous 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

7. INVESTMENTS

(₹)

Name Of Scrip	31.03.2011			31.03.2010		
	No. of Share/Units	Face Value Per Share/ Unit	Amount	No. of Share/Units	Face Value Per Share/ Unit	Amount
LONG TERM						
A. Equity Shares in Subsidiary Companies - Unquoted, fully paid up						
Monnet Global Ltd	183,786	1,117.51	205,382,257	183,786	1,117.51	205,382,257
Monnet Overseas Ltd	22,695	1,242.09	28,189,287	4,345	1,261.75	5,482,287
Monnet Power Co Ltd	308,287,020	10.00	3,082,870,200	308,287,020	10.00	3,082,870,200
Monnet Cement Ltd	1,249,400	10.00	12,494,000	1,249,400	10.00	12,494,000
Rameshwaram Steel & Power Pvt Ltd	4,152,273	10.00	362,150,871	4,152,273	10.00	362,150,871
Chattel Constructions Pvt Ltd	9,999	10.00	99,990			
Chomal Exports Pvt Ltd	48,654	40.00	1,946,160			
Monnet Daniel Coal Washeries Pvt Ltd	10,721,500	10.00	107,215,000	10,721,500	10.00	107,215,000
Monnet Enterprises PTE LTD.	1	45.00	45			
			3,800,347,810			3,775,594,615
B. Other Shares - Unquoted, fully paid up Equity Shares						
Monnet Engineering & Infrastructure P Ltd	4,000	10.00	40,000	4,000	10.00	40,000
Mandakini Coal Company Ltd	33,299,800	10.00	332,998,000	5,199,800	10.00	51,998,000
MP Monnet Mining Company Ltd	980,000	10.00	9,800,000	980,000	10.00	9,800,000
Urtan North Mining Company Ltd	333,300	10.00	3,333,000			
Business India Publications Ltd	100,000	10.00	5,500,000	100,000	10.00	5,500,000
Preference Shares						
Tirumala Balaji Ferro Alloys Ltd	140,000	100.00	14,000,000	140,000	100.00	14,000,000
			365,671,000			81,338,000
C. Non Convertible Debentures & Bonds						
NCD-TATA MOTORS FINANCE LTD	-		-	200.00	500,000.00	100,000,000
Indusind Bank Bond	5	1,000,000.00	5,000,000	5	1,000,000.00	5,000,000
			5,000,000			105,000,000
D. QUOTED INVESTMENTS						
Units of Mutual Fund						
Reliance Growth fund	-		-	547,745	10.00	30,000,000
DSPM L Tiger Fund	1,608,236	10.00	35,000,000	1,608,236	10.00	35,000,000
SBI MF Magnum Multicap Fund	187,637	10.00	7,945,508	589,675	10.00	83,659,499
Prudential Ilici-Fusion	-		-	1,500,000	10.00	15,000,000
Icici Prud Eq&Deri Fund	-		-	1,032,632	10.00	10,586,797
DSP Merrill Lynch Equity Fund	-		-	551,038	10.00	31,714,129
DSMPL Balanced Fund	-		-	236,200	10.00	10,000,000
SBI Infrastructure Fund	2,000,000	10.00	20,000,000	2,000,000	10.00	20,000,000
Sbi Cap Protect Orient	302,000	10.00	3,020,000	302,000	10.00	3,020,000
Sundaram Bnp Paribas	-		-	994,782	10.00	21,297,000
Sbi Mutual Fund Mmps-93	-		-	29,182	10.00	2,500,000
Uti Nifty Index Fund	-		-	267,610	10.00	7,285,744
Reliance Natural Resour	-		-	244,499	10.00	2,500,000
Hsbc Equity Fund	-		-	237,712	10.00	10,000,000
MIRAE ASSET INDIA FUND	-		-	391,007	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	250,000	10.00	2,500,000
JM Contra Fund	-		-	977,995	10.00	10,000,000

(₹)

Name of Scrip	31.03.2011			31.03.2010		
	No. of Share/Units	Face Value Per Share/ Unit	Amount in ₹	No. Of Share/Units	Face Value Per Share/ Unit	Amount in ₹
Equity Shares						
Reliance MediaWorks Ltd	30,000	10.00	21,541,770	30,000	10.00	21,541,770
Reliance Broadcast Network Ltd	30,000	5.00	150,000	30,000	5.00	150,000
IFSL	1,300,000	1.00	2,434,217	1,300,000	1.00	2,434,217
Nutek India Ltd	480,000	5.00	30,000,000	480,000	5.00	30,000,000
XL Telecom Ltd	166,808	10.00	18,250,450	166,808	10.00	18,250,450
RPG (Pharma) Life Science Ltd	60,000	10.00	4,740,000	60,000	10.00	4,740,000
Kamanwala Housing Construction Ltd	63,343	10.00	-	63,343	10.00	-
Indiabulls Real Estate Ltd	25,000	10.00	16,402,643	25,000	10.00	16,402,643
Bellary Steel Ltd.	803,243	1.00	5,103,277	803,243	1.00	5,103,277
Pioneer Investment Ltd.	23,392	10.00	13,308,318	23,392	10.00	13,308,318
Sujana Towers Ltd	25,000	10.00	4,366,783	25,000	10.00	4,366,783
Orrisa Sponge Iron & Steel Ltd.	2,990,000	10.00	797,703,662	2,990,000	10.00	797,703,662
Amtek India Ltd	50,000	2.00	3,980,484			
Ashok Layland Ltd	100,000	1.00	5,504,029			
			991,951,142			1,238,064,289
E. Capital Contribution in Partnership Firm			4,076,539			4,411,225
SHORT TERM						
F. Equity Shares Through Portfolio Management Schemes			333,044,637			249,630,619
Total			5,500,091,128			5,454,038,748

(Aggregate Market Value of quoted investments, including PMS, ₹10200 Lacs, previous year ₹17,687 lacs)

NOTE :

- 1 Due to voluminous nature of transactions, scrip wise details have not been provided in case of Investments in PMS Schemes.
- 2 50% of the Company's investment in Monnet Power Company Limited comprising of 154143510 Equity Shares of ₹10/- each has been pledged with M/s IDFC vide share pledge agreement dated 13.08.2010.

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
8 INVENTORIES		
(As certified by the Management)		
Raw Material	1,915,667,202	1,113,979,501
Stores and Spares	494,762,072	428,329,314
Finished Goods	997,386,373	570,252,294
Semi Finished Goods	8,516,727	4,964,136
Trading goods	3,405,336	3,405,336
Work-in-Progress	18,533,166	12,266,900
Material in Transit	165,981,816	54,853,430
	3,604,252,692	2,188,050,911
9 SUNDRY DEBTORS (UNSECURED)		
Outstanding for a period exceeding six months		
- Considered Good	345,472,992	273,950,568
- Considered Doubtful	23,032,029	21,562,024
Other Debts		
- Considered Good	1,552,494,797	1,014,710,808
	1,920,999,818	1,310,223,400
Less: Provision for Doubtful Debts	23,032,029	21,562,024
	1,897,967,789	1,288,661,376
10 CASH AND BANK BALANCES		
Cash in hand and imprest	13,722,865	4,613,789
Balance with Scheduled Banks		
- in current accounts	567,349,226	508,493,494
- in deposit accounts		
In India	2,862,759,105	1,534,203,006
Overseas	3,059,135,108	2,577,722
Balance with Foreign Banks		
- in current accounts	378,134,151	2,534,982
	6,881,100,455	2,052,422,993
11 LOANS & ADVANCES		
(Unsecured Considered Good unless stated otherwise)		
Loans		
- To Subsidiary Companies	2,924,428,500	1,458,473,400
- To Others	354,063,852	328,549,006
Advances recoverable in cash or kind or for value to be received		
- From Subsidiary Companies	614,895,683	843,190,204
- From Others	2,976,048,060	2,201,908,983
(Includes ₹ 32.28 lacs doubtful, previous year NIL)		
Balance with Excise Department	352,037,892	142,200,454
Security Deposits		
- With Govt. Deptts.	107,749,542	114,477,321
- With Others	132,685,783	131,869,203
Prepaid Expenses	28,742,600	65,959,776
MAT Credit Entitlement	142,668,882	123,543,793
Advance Income Tax	900,937,524	488,138,161
	8,534,258,318	5,898,310,301

Particulars	(₹)	
	As at 31.03.2011	As at 31.03.2010
12 CURRENT LIABILITIES		
Sundry Creditors- Micro, Small & Medium Enterprises	0	0
- Others	1,544,962,925	1,200,259,011
- Capital Projects	362,408,659	291,237,176
Other Liabilities	134,911,322	85,230,123
Security Deposits	176,707,980	101,189,264
Advances against sales	71,422,385	69,192,248
Unclaimed Dividend	10,792,379	9,409,584
Interest. accrued but not due	71,066,019	46,520,341
	2,372,271,669	1,803,037,747
13 PROVISIONS		
Provision for Taxation	703,674,911	423,856,207
Proposed Dividend	321,689,035	285,876,620
Corporate Dividend Tax	52,186,004	48,584,732
	1,077,549,950	758,317,559
14 OTHER INCOME		
Miscellaneous Income	10,133,303	14,403,646
Dividend Received	15,481,688	31,343,982
Rent Received	10,836,449	5,032,584
Profit on sale of Investments	55,055,672	141,668,030
Interest Received	200,917,569	122,670,330
Hire Charges Received	0	600,000
Insurance Claim Received	792,522	1,782,703
	293,217,203	317,501,275
15 MATERIAL, MANUFACTURING AND OTHERS		
Raw Material Consumed	12,081,740,702	11,724,069,082
Goods Purchased for Resale	11,243,217	121,489,478
Stores and Spares Consumed	309,716,098	395,616,052
Power and Fuel	812,010,684	973,267,730
Excise Duty on Stocks	36,370,738	(1,536,100)
	13,251,081,439	13,212,906,242

(₹)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
16 INCREASE/DECREASE IN STOCKS		
Opening Stock As on 01.04.2010		
Work-in-Process	12,266,901	14,941,259
Semi Finished Goods	4,964,136	4,964,136
Goods in Transit/Trading goods	3,405,336	45,964,097
Finished Goods	570,252,294	646,367,567
(A)	590,888,667	712,237,059
Stock Transferred from Raw Material (B)	0	97,612,461
Closing Stock As on 31/03/2011		
Work-in-Process	18,533,166	12,266,900
Semi Finished Goods	8,516,727	4,964,136
Goods in Transit/Trading goods	3,405,336	3,405,336
Finished Goods	997,386,373	570,252,294
(C)	1,027,841,602	590,888,666
GRAND TOTAL (A + B - C)	(436,952,935)	218,960,854
17 SALARIES, WAGES & AMENITIES		
Salaries, Wages and Allowances	667,945,288	664,729,197
Staff Welfare	28,115,510	26,150,187
Employer's Contribution to P.F. etc.	50,225,582	42,151,994
	746,286,380	733,031,378
18 REPAIRS & MAINTENANCE		
Machinery	96,412,400	65,711,868
Building	14,358,463	16,399,412
Others	8,598,793	9,677,792
	119,369,656	91,789,072

(₹)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
19 ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing and Stationery	6,731,001	6,056,203
Rent	3,635,905	3,306,151
Rates & Taxes	3,738,421	1,883,818
Vehicle Expenses	56,022,588	95,532,230
Communication Expenses	9,368,325	8,989,457
Travelling & Conveyance	26,279,674	24,168,881
Insurance Charges	46,520,922	61,826,547
Legal & Professional Charges	47,541,120	33,482,102
Directors Sitting Fees	178,000	189,000
Auditors' Remuneration		
- As Audit Fees	2,000,000	1,650,000
- For Certification & Other Co. Law Matters	1,526,561	1,531,575
- For Quarterly Review	422,060	422,060
- For Tax Matters	767,500	73,236
- Reimbursement of Expenses	311,647	326,825
Miscellaneous Expenses	83,636,915	55,094,945
Lease Rent & Hire Charges	10,712,047	10,093,377
Share Transfer Expenses	240,910	1,549,339
Internal Audit Fees & Expenses	3,438,636	1,968,361
Loss from Partnership Firm	964,861	4,469,377
Provision For Doubtful Debts	1,814,507	1,724,976
Loss on Sale of Fixed Assets	1,055,166	49,451
Distribution & Marketing Expenses	381,240,554	306,447,893
	688,147,319	620,835,804
20 FINANCIAL CHARGES		
Interest Paid		
- On Term Loans	236,823,042	404,098,544
- Others	69,537,376	172,432,306
Loss on Derivatives/ Exchange fluctuation	107,509,134	311,386,819
Bank Charges	19,746,148	29,281,000
Other Service Charges	3,591,631	10,686,312
	437,207,331	927,884,981

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. Depreciation on improvement to leasehold premises is provided based on tenure of lease.

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

- 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.
- 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.
- Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs are capitalized in the respective qualifying assets.

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

(₹ in lacs)

	Current Year	Previous Year
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	46,597.19	42,373.68
2. Letters of Credit opened in favour of Inland/Overseas Suppliers	7,940.30	7,269.42
3. Guarantees		
Counter guarantees issued to Bankers in respect of guarantees issued by them	1,239.13	1,305.43
Guarantees issued on behalf of a Limited Company	2,393.00	2,026.00
4. Contingent Liabilities not provided for *		
- In respect of disputed Excise Demands	815.33	1084.82
- in respect of disputed Sales Tax Demands	95.14	1121.58
- in respect of disputed Entry Tax Demands	642.33	494.96
- in respect of disputed Income Tax Demands	2952.00	0.00
- in respect of disputed Demands for water charges by Water Resources Division.	402.44	279.68
- Other claims against the Company not acknowledged as debt.	336.10	110.18
- In respect of electricity Duty on generation of power	1870.58	549.17
* Does not include matters dealt with elsewhere in the Notes on Accounts.		
5. Salary includes following remuneration paid to Directors	(In ₹)	(In ₹)
Mr. Sandeep Jajodia (Managing Director)		
- Salary	24,000,000	10,800,000
- Perquisites	2,949,922	1,352,080
Mr. K.K. Khanna (Director)		
- Salary	2,970,000	1,081,250
- Perquisites	39,000	13,500
Mr. C. P. Baid (Dy. Managing Director)		
- Salary	4,445,789	–
- Perquisites	272,363	–

(₹ in Lacs)

			Current Year	Previous Year
6. Details of Licenced and Installed Capacities & Production				
A.	* Installed Capacity at Raipur			
-	Sponge Iron	MT	300000	300000
	M.S. / S.S. Products			
a)	Ingots & Billets	MT	300000	300000
b)	- Structural Steel	MT	200000	200000
	- Ferro Alloys **	MT	58400	58400
	- Power	MW	60	60
	* Installed Capacity at Raigarh			
-	Sponge Iron	MT	500000	500000
-	Power	MW	90	90
B.	Production			
-	Sponge Iron	MT	692,096	710,044
-	M.S./S.S. Products	MT	41,956	115,325
-	Structural Steel	MT	39,289	90,714
-	Ferro Alloys	MT	8,606	0
-	Coal	MT	951,930	1,000,119
-	Power	'000Units	969,075	1,020,661

* 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 :

7. Details of Raw Material Consumed :					
	Unit	2010-2011		2009-2010	
		Qty	Value (₹)	Qty	Value (₹)
SPONGE IRON					
Iron Ore	MT	1144748	6001787365	1261272	4412979308
Coal	MT	185953	778340692	289697	985522542
Coal Captive	MT	813841	0	735530	0
Coal Captive (Freight)		-	265792118	-	188240048
Dolomite	MT	17449	12637305	17203	11533620
Others			352895260		193026254
MS / SS PRODUCT					
Iron Scrap & Others	MT	1006	19201364	5360	149467067
Sponge Iron Captive	MT	48062	0	130021	0
M.S./S.S. Runner/ Riser Captive	MT	1432	0	3345	0
Others			34883216		17419811
Structural Steel					
M.S. Billets Captive	MT	39990	0	92667	0
M.S. Billets	MT	-	0	-	0
Others	--		5279047	-	11002511
FERRO ALLOYS					
Manganese Ore	MT	15153	126599906	-	0
High MnO Slag	MT	7298	59208834	-	0
Coal & Coke	MT	6456	46888251	-	0
Coal & Coke Captive	MT	2855	0	-	0
Others	--		16879313	-	14345267
POWER					
Flue Gas Captive	100 Nm3	40277319	0	40592316	0
Coal	MT	733859	1060397360	742579	1037481094
Coal Captive	MT	152094	0	263805	0
Coal Captive (Freight)		-	69153899	-	116710253
Char/ Others		-	80227022	-	103288894
Coal Division (Direct Cost)		-	390157045	-	393021227

8. Particulars of Sales/Stocks :

	Unit	2010-2011		2009-2010	
		Qty	Value (₹)	Qty	Value (₹)
A. Opening Stock					
Sponge Iron	MT	30970	325037599	23636	339999409
Char	MT	429413	0	269266	0
M.S/S.S Products	MT	2613	51230673	2103	48916444
Coal - At Mine	MT	15437	11948614	15570	9793414
Coal - At Sites	MT	111523	98622333	106259	78812196
Ferro Alloys	MT	1	43358	10	438409
Structural Steel	MT	3680	83369718	6206	168407695
Iron Ore	MT	11978	3405336	37272	45964097
B. Purchase					
Iron Ore	MT	-	11243217	2904.48	8660562
Sponge Iron	MT	-	0	-	0
Coal	MT	-	0	62040.33	84899573
Others		-	0	-	27929343
C. Stock Transfer from Raw Material					
Iron Ore	MT	-	0	56044	97612461
D. Sales					
Sponge Iron	MT	628340	11649587511	572688	8334627946
Sponge Iron - Captive	MT	48062	0	130021	0
Char	MT	108864	3262067	1756	87941
Char - Captive	MT	41391	0	46979	0
Ingots & Billets	MT	825	22409653	20017	470850150
Ingots & Billets - Captive	MT	40838	0	94797	0
Structural Steel	MT	39353	1289363757	90142	2466626562
Structural Steel - Captive	MT	1432	0	3099	0
Coal - Captive	MT	9,65,432	0	994988	0
Coal	MT	--	0	62040	88199561
Ferro Alloys	MT	7438	429587974	-	0
Ferro Alloys - Captive	MT	504	0	9	0
Power	'000 Units	864522	3385447519	852388	4079931366
Power - Captive	'000 Units	104553	0	168273	0
Iron Ore	MT	-	0	78155	173497790
Others		-	169121286	-	58632702
E. Closing Stock					
Sponge Iron	MT	46,664	712010207	30970	325037599
Char	MT	1,26,704	0	429413	0
Ingots & Billets	MT	2,906	77997059	2613	51230673
Structural Steel	MT	2,184	60519936	3680	83369718
Coal - At Mine	MT	7449	6887723	15437	11948614
Coal - At Sites	MT	103865	105917775	111523	98622333
Iron Ore	MT	11978	3405336	11978	3405336
Ferro Alloys	MT	664	34053672	1	43358

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

10. Particulars	%	2010-2011 (₹ In Lacs)	%	2009-2010 (₹ In Lacs)
Value of Imported & Indigenous Raw Material Consumed and the percentage of each to total consumption :-				
- Imported	0	0.00	0	0.00
- Indigenous	100	93203.28	100	76340.38

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 ₹ 758 Lacs (Previous Year ₹ 394 lacs) has been included in the value of inventories as on 31st March, 2011 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 : (₹ in Lacs)

	Current Year	Previous Year
- Capital Goods including Spares etc.	10180.15	682.17
- Raw Material etc.	0.00	100.54

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:-

(₹ in Lacs)

Amount brought forward	20900.02
Incurred During the Year	
Administrative & Other Expenses	4870.72
Financial Charges	13260.47
Total	39031.21
Allocated to Fixed Assets	0
Amount carried over	39031.21

(₹ in Lacs)

	Current Year	Previous Year
15. Expenditure in Foreign Currency		
- Traveling /Others	1370.18	495.85
- Financial Charges	1874.93	1,223.71

16. Earning in Foreign Currency

FOB Value of Exports (₹ In Lacs)	8131.19	4,664.27
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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. Rupee equivalent of export obligation to be completed by 29th March, 2018 under EPCG Scheme as on 31st March, 2011 is ₹ 26728.82 lacs.
20. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to ₹ 2364.99 lacs upto 31st March, 2011 (₹ 1969.42 lacs upto 31st March, 2010). 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.
21. The Company had received risk purchase claims aggregating to ₹3505.90 Lacs during earlier years. The Company has disputed the claims and believes that the claims are untenable. The matter has been referred to arbitration. Necessary adjustment, if any, shall be made on finalization of the matter.

22. 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:

(₹ in Lacs)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	Gratuity For Year Ended		Leave Encashment For Year Ended	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Obligations at period beginning	474	379	490	259
Service Cost	107	96	89	157
Interest on Defined benefit obligation	36	27	35	20
Benefits settled	-44	-16	-105	-62
Actuarial (gain)/loss	33	-11	-252	116
Obligations at period end	607	474	257	490
Change in plan assets				
Plans assets at period beginning, at fair value	378	0	0	0
Expected return on plan assets	30	0	0	0
Actuarial gain/(loss)	-30	0	0	0
Assets distributed on settlements	0	0	0	0
Contributions	193	394	105	62
Benefits settled	-44	-16	-105	-62
Plans assets at period end, at fair value	528	378	0	0

Reconciliation of present value of the obligation and the fair value of the plan assets:	Gratuity For Year Ended		Leave Encashment For Year Ended	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Closing PBO	607	474	257	490
Closing Fair value of plan assets	528	378	0	0
Closing Funded status	-79	-96	-257	-490
Unrecognised actuarial (gains).losses	0	0	0	0
Unfunded net asset/(Liability) recognized in the balance sheet	-79	-96	-257	-490
Expenses recognized				
Service cost	107	96	89	157
Interest cost	36	27	35	20
Expected return on plan assets	-30	0	0	0
Actuarial (gain)/loss	63	-11	-252	116
Net cost	176	112	-127	293
Assumptions				
Interest rate	8.00%	7.00%	8.00%	7.00%
Discount factor	8.00%	8.00%	8.00%	7.60%
Estimated rate of return on plan assets	8.00%	7.00%	N.A.	N.A.
Salary increase	5.00%	5.00%	5.00%	5.00%
Attrition rate	1.00%	1.00%	1.00%	1.00%
Retirement age	65	65	65	65

23. 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 ₹ 7036 lacs has been made on current year profits as per provisions of the Income Tax Act, after deducting MAT credit entitlement of ₹191 lacs.

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 01.04.2010 (₹ In Lacs)	Charge/ credit during the year (₹ in Lacs)	Closing as at 31.3.2011 (₹ in Lacs)
Depreciation	13432.57	724.69	14157.26
Adjustments u/s 43B	-239.24	205.80	-33.44
Net	13193.33	930.49	14123.82

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income -tax during the specified period.

24. 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) Shri C. P. Baid (Dy. Managing Director) Shri K.K. Khanna (Executive Director)
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 Monnet Enterprises PTE LTD. Rameshwaram Steel & Power Pvt Ltd. Chattel Constructions Private Limited Chomal Exports Private Limited
Subsidiary of Subsidiaries	: Pt Monnet Global Monnet Enterprises DMCC Pt. Serwa Sembada Karya Bumi
Joint Ventures	: MP Monnet Mining Company Ltd Mandakini Coal Company Ltd Urtan North Mining Company Limited

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

(₹ in Lacs)

	Key Managerial		Subsidiaries		Joint Ventures		Enterprises where KMP hold significant influence Personnel	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Sale of goods/ services/inputs	-	-	347.75	3634.92	-	-	-	-
Sale of Assets	-	-	12.91	-	-	-	-	-
Loans/Advances Given	-	-	12376.60	3073.60	-	-	-	-
Interest Received	-	-	537.68	-	-	-	-	-
Remuneration Paid	346.77	121.52	-	-	-	-	-	-
Subscription to shares	-	-	247.53	26764.07	2843.33	98.00	-	-
Share Application Money Pending Allotment	-	-	-	-	253.67	-	-	-
Purchase of raw material/finished goods	-	-	362.25	202.85	-	-	-	-
Jobwork Charges Paid	-	-	388.65	116.05	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	8.41

C. Outstanding balance :-

Description	Outstanding Balances	
	Debit (₹ in Lacs) 31.3.2011	Debit (₹ in Lacs) 31.3.2010
Subsidiaries	35393.91	23016.64
Key Management Personnel	-	-
Associates	-	3.00
Joint Ventures	253.67	263.71
Enterprises where KMP hold significant influence	76.35	584.80

25. Segment Reporting

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

26. Share Warrants:

- The Company had, in its EOGM dated 17.6.2009 allotted warrants to promoter companies. Each warrant was convertible into one equity share of ₹10/- each at a premium of ₹191.50 per share as per SEBI guidelines for Preferential issues. Out of the above, 47 lacs warrants were converted into equity shares during the year.
- 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 ₹10/- each at a premium of ₹75.50 per share as per SEBI guidelines for Preferential issues. Out of the above, equity shares were allotted against 1133250 warrants as per exchange ratio passed in the scheme of amalgamation of M/s Mounteverest Trading and Investment Ltd with the Company. The holders of remaining 366750 warrants did not exercise their option for conversion into equity shares and consequently, in the meeting of board of directors held on 8th February, 2011, an amount of ₹78.39 lacs received against these warrants was forfeited and transferred to Capital Reserve.

27. Cash and Bank balances include fixed deposits amounting to ₹20460.55 lacs (previous year ₹13176.75 lacs) in no lien / escrow accounts or kept as margin against LCs / bank guarantees by Company's bankers.

28. 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 on notification by NACAS.

29. Interest in joint venture

The Company has a 33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited & Urtan North Mining Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited. All these 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 31.3.2011 are as follows:

Particulars	MP Monnet Mining Co. Ltd		Mandakini Coal Co. Ltd		Urtan North Mining Co. Ltd
	₹ in Lacs		₹ in Lacs		₹ in Lacs
	31.3.2011	31.03.2010	31.3.2011	31.03.2010	31.3.2011
I Assets					
Fixed Assets/ Capital work in progress	81.01	51.92	3111.55	481.26	0.00
Current assets and loans & advances					
Inventories	0.00	0.00	0.00	0.00	0.00
Sundry Debtors	0.00	0.00	0.00	0.00	0.00
Cash and bank balances	7.63	49.00	154.12	21.57	1.31
Loans and advances	1.33	2.45	9.10	7.47	0.00
II Liabilities					
Secured Loans	0.00	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
Current liabilities and provisions	8.19	21.58	9.93	8.80	0.02
III Income					
Operating Revenue	0.00	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	3.56	2.13	0.00
IV Expenses					
Expenses	0.00	0.00	21.09	14.69	0.00

30. The Company had paid dividend @ ₹5 per share for the year ended 31.3.2010. Dividend (including dividend distribution tax) paid on shares allotted between balance sheet signing date and the record date for dividend amounting to ₹250.30 lacs has been shown as differential dividend on equity shares.
31. Terms and conditions of issue and redemption of Debentures are as under:

No of Debenture	Rate	Amount (₹ 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			
1308750	0%	3926.25	Issued on 21.11.2009 Compulsorily convertible into 1.6 equity shares against each debenture within a period of 18 months.

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

	Year Ended on 31.3.2011	Year Ended on 31.3.2010
Basic Earning Per Share		
Profit attributable to the Equity Shareholders -(A) (₹ in Lacs)	28115.77	26910.44
Basic Weighed average number of Equity Shares outstanding during the year (B)	57844450	50173137
Nominal value of Equity Shares (₹)	10.00	10.00
Basic Earning per share (₹) (A)/(B)	48.61	53.64
Diluted Earning Per Share		
Profit attributable to the Equity Shareholders -as above (₹ in Lacs)	28115.77	26910.44
Interest Paid on Potential Equity Shares net of tax impact (₹ In Lacs)	0	0
Profit considered for Diluted E.P.S. (C)	28115.77	26910.44
Basic Weighed average number of Equity Shares outstanding during the year as above	57844450	50173137
Weighted Average Potential Equity Shares for the Year	2094000	6211233
Total weighted average shares considered for Diluted E.P.S. (D)	59938450	56384370
Nominal value of Equity Shares (₹)	10.00	10.00
Diluted Earning per share (₹) (C)/(D)	46.91	47.73

33. 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 : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. 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.	L02710CT1990PLC009826
State Code	10
Balance Sheet Date	31st March, 2011

II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Private Placement	98,764,550
Bonus Issue	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	52,482,165,208
Total Assets	52,482,165,208

SOURCES OF FUNDS

Paid up Capital	643,550,484
Share Application money / Share Warrants	NIL
Reserves & Surplus	20,257,805,530
Secured Loans	19,328,739,826
Unsecured Loans	7,389,865,655
Deferred Tax Liabilities (Net)	1,412,382,095

APPLICATION OF FUNDS

Net Fixed Assets	10,937,131,875
Capital Work in Progress	15,127,362,951
Investments	5,500,091,128
Net Current Assets	17,467,757,635
Misc. Expenditure	NIL
Accumulated Losses	NIL

IV. PERFORMANCE OF THE COMPANY

Turnover including other incomes	16,023,710,485
Total Expenditure	12,408,401,600
Profit before tax	3,615,308,885
Profit after tax	2,811,576,635
Basic Earning Per Share (₹)	48.61
Diluted Earning Per Share (₹)	46.91
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

Place : New Delhi
Dated : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Cash Flow Statement for the Year 31st March, 2011

	31.03.2011	31.03.2010
A. Cash Flow from Operating Activities		
Net Profit before tax and extra ordinary items	3,615,308,885	3,312,997,911
Adjustment for :		
Depreciation	739,206,821	716,655,305
Profit/Loss on Sale of Fixed Assets	1,055,166	49,451
Interest Received	(200,917,569)	(122,670,330)
Interest Paid	306,360,418	760,739,063
Dividend Received	(15,481,688)	(31,343,982)
	830,223,147	1,323,429,507
Operating Profit before Working Capital Facilities	4,445,532,032	4,636,427,418
Adjustment for :		
Trade & Other Receivable	(2,629,121,766)	1,041,338,745
Inventories	(1,416,201,780)	(343,492,119)
Trade Payable	569,233,922	83,899,459
	(3,476,089,624)	781,746,085
Cash generated from operation	969,442,408	5,418,173,503
Tax Paid	(862,788,898)	(640,957,051)
Dividend Paid	(359,491,707)	(280,542,387)
	(1,222,280,605)	(921,499,438)
Net Cash Flow from operating activities	(252,838,197)	4,496,674,065
B. Cash Flow From Investing activities		
Purchase of fixed assets	(397,081,469)	(733,350,760)
Sale of Fixed Assets	2,858,194	2,150,780
CWIP	(7,915,231,000)	(4,115,326,949)
Purchase of Investments (Net)	(46,052,380)	(3,297,759,737)
Buyback of Shares	0	(17,805)
Interest Received	200,917,569	122,670,330
Dividend Received	15,481,688	31,343,982
	(8,139,107,398)	(7,990,290,159)
Net Cash used in investing activities	(8,139,107,398)	(7,990,290,159)
C. Cash Flow from Financing Activities		
Proceed from Share Issue	98,764,550	65,155,804
Proceed from Share Warrants	0	268,825,000
Interest Paid	(306,360,418)	(576,530,850)
Proceed from Share Premium / Other Reserves	1,659,448,892	1,177,279,066
Proceeds from long term borrowings	11,768,770,033	2,155,461,978
	13,220,623,057	3,090,190,998
Net Cash used in financing activities	4,828,677,462	(403,425,096)
Cash & Cash equivalent Opening	2,052,422,993	2,455,848,089
Cash & Cash equivalent Closing	6,881,100,455	2,052,422,993

NOTES:-

- The above Cash Flow statement has been prepared pursuant to clause No 32 of the listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflow.
- Significant Accounting Policies and Notes on Accounts (Schedule 21) form an integral part of Cash Flow Statement.
- 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

Place : New Delhi

Dated : 20.08.2011

M.S. Gujral

Chairman

Gopal Tiwari

Director

Sandeep Jajodia

Ex. Vice Chairman & Mg. Director

J.P. Lath

Director

C.P. Baid

Dy. Managing Director

M.P. Kharbanda

Co. Secretary

Consolidated Financial

Summary of the Key Financials of Subsidiary Companies

Particulars	Monnet Overseas Ltd.		Monnet Global Ltd.		PT. Monnet Global		Monnet Enterprises Pte Ltd.		Monnet Enterprises DMCC		PT. Sarwa Sembada Karya Bumi		Monnet Daniels Coal Washeries Pvt. Ltd.	Rameshwaram Steel & Power Pvt. Ltd.	Monnet Power Company Limited	Monnet Cement Limited	Chattel Constructions Pvt. Ltd.	Chomal Exports Pvt. Ltd.
	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In USD)	(In ₹)	(In ₹)	(In ₹)	(In ₹)		
1 Capital	27611649	618402	223598136	5007797	4465000	100000	45	1	2433243	54496	4608282	103209	207600000	42809000	341949580	12500000	100000	954000
2 Reserves	(3729611)	(8353)	(43227406)	(968139)	35533	796	-	-	(20180389)	(451968)	-	-	5348539	9386867	615344867	(575798)	(41786)	1151474
3 Total Assets	24993240	559759	1426384882	31945910	9535060	213551	426069	9542	5293763	118561	34367060	769699	1203775808	1029690235	8962902042	20256047	1236003	2148979
4 Total Liabilities	187798	4206	2335622658	52309578	5034527	112755	426024	9541	23040909	516034	29758778	666490	990827270	893012369	4928058595	8331845	1177789	43505
5 Investments	2433246	54496	1089608506	24403326	-	-	-	-	-	-	-	-	-	-	1000	-	-	-
6 Turnover/ Total Income	-	-	6406287	142679	-	-	-	-	-	-	-	-	415390021	184005915	-	-	-	410000
7 Profit before taxation	-	-	(26140196)	(582187)	5699	128	-	-	(13861670)	(308723)	-	-	32270672	(19680289)	2789854	(39093)	(41786)	14522
8 Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	11547284	(5004003)	(3528784)	-	-	2692
9 Profit after taxation	-	-	(26140196)	(582187)	5699	128	-	-	(13861670)	(308723)	-	-	20723388	(14676285)	(738930)	-	(41786)	11830
10 Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes :

1. Exchange rates taken for assets and liabilities is ₹44.65 = 1 USD
2. Exchange rates taken for revenue items is ₹44.90 = 1 USD
3. Any exchange difference arising on conversion is recognized in the exchange fluctuation reserve account.

[illegible]

Auditors' Report on Consolidated Financial Statements

We have audited the attached Consolidated Balance Sheet of **MONNET ISPAT & ENERGY LIMITED** as at 31st March, 2011 and the Consolidated Profit & Loss Account for the Year Ended 31st March, 2011, 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 2011.
- 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

(Atul Bagla)
Partner

M.No. 91885

Firm Regd. No. 000018N

Place : New Delhi
Dated : 20.08.2011

Consolidated Balance Sheet as at 31st March, 2011

		(₹)	
Particulars	Schedules	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	1	643,550,484	544,785,934
b) Subscription Against Share Warrant		0	268,825,000
c) Share Application Money Pending Allotment		25,305,853	0
d) Reserves & Surplus	2	20,762,827,223	15,873,647,770
		21,431,683,560	16,687,258,704
Minority Interest		509,857,731	97,509,836
Loan Funds			
a) Secured Loans	3	24,474,532,230	12,933,659,808
b) Unsecured Loans	4	7,485,804,419	4,294,335,816
		31,960,336,649	17,227,995,624
Deferred Tax Liability	5	1,378,286,359	1,284,693,979
Total		55,280,164,299	35,297,458,143
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	6	17,364,939,185	15,831,867,274
b) Less : Depreciation		4,001,097,182	3,223,821,494
c) Net Block		13,363,842,003	12,608,045,780
Capital Work in Progress		23,924,143,738	12,327,671,678
		37,287,985,741	24,935,717,458
Investments	7	1,353,672,308	1,846,630,338
Current Assets, Loans & Advances			
a) Inventories	8	3,753,336,055	2,403,618,525
b) Sundry Debtors	9	2,463,335,315	1,467,970,196
c) Cash & Bank Balances	10	7,866,040,257	2,204,152,021
d) Loans & Advances	11	6,374,860,203	5,077,279,528
		20,457,571,830	11,153,020,270
Less : Current Liabilities & Provisions			
a) Current Liabilities	12	2,735,136,010	2,066,594,299
b) Provisions	13	1,087,052,810	758,769,251
		3,822,188,820	2,825,363,550
Net Current Assets		16,635,383,010	8,327,656,720
Miscellaneous Expenditure	14	3,123,240	187,453,627
Total		55,280,164,299	35,297,458,143
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

Place : New Delhi
Dated : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2011

		(₹)	
Particulars	Schedules	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sales/Operational Income		20,624,127,059	20,937,077,945
Less : Inter Division Transfers		3,135,375,696	4,710,607,998
		17,488,751,363	16,226,469,947
Less : Excise Duty On Sales		1,233,209,145	904,844,603
		16,255,542,218	15,321,625,344
Other Income	15	273,779,135	328,274,176
		16,529,321,353	15,649,899,520
EXPENDITURE			
Material, Manufacturing And others	16	13,497,198,732	13,602,428,204
Less : Inter Division Transfers		3,135,375,696	4,710,607,998
		10,361,823,036	8,891,820,206
IncrEase/Decrease in Stocks	17	(392,155,381)	179,376,650
Salaries, Wages & Amenities	18	831,950,845	801,865,367
Repair & Maintenance	19	126,663,422	101,356,590
Administrative, Selling & Other Exp.	20	743,087,331	692,649,096
Financial Charges	21	477,803,703	965,971,724
Depreciation		791,268,601	772,875,788
		12,940,441,557	12,405,915,421
Profit Before Tax		3,588,879,796	3,243,984,099
Provision For Tax			
Current Tax		732,302,692	547,851,692
Mat Credit Entitlement		(19,125,089)	(123,543,793)
Deferred Tax Expense		93,592,381	188,258,660
Income Tax Adjustment		7,147,272	18,518,833
Total Tax Expenses		813,917,256	631,085,392
Profit After Tax (Before Adjustment for Minority Interest)		2,774,962,540	2,612,898,707
Less : Share of Profit Transferred to Minority		9,509,388	(6,200,246)
Profit After Tax (After Adjustment For Minority Interest)		2,765,453,152	2,619,098,953
Balance As Per Last Year		7,942,543,697	5,983,527,841
Balance B/F on Amalgamation		0	116,427,216
Profit Available For Appropriation		10,707,996,849	8,719,054,010
Appropriations			
Transfer to General Reserve		282,000,000	270,000,000
Transfer to Debenture Redemption Reserve		315,026,053	172,048,961
Dividend			
- Proposed Dividend on Equity Shares		321,689,035	285,876,620
- Differential Dividend on Equity Shares		25,030,355	0
- Corporate Dividend Tax		52,186,004	48,584,732
Balance Carried to Balance Sheet		9,712,065,402	7,942,543,697
		10,707,996,849	8,719,054,010
Basic Earnings Per Share (₹)		47.81	52.20
Diluted Earnings Per Share (₹)		46.14	46.45
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

Place : New Delhi
Dated : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Schedules

Particulars	As at 31.03.2011	(₹) As at 31.03.2010
1. SHARE CAPITAL		
Authorised 13,20,00,000 Equity Shares of ₹10/- each	1,320,000,000	1,320,000,000
Issued & Subscribed 65,634,066 (Previous Year 52269609) Equity Shares Shares of ₹10/- each	656,340,660	522,696,090
Paid Up 6,43,37,807 (Previous Year 52259609) Equity Shares of ₹10/- each fully paid up in cash Add : Shares Forfeited Less : shares bought back	643,378,070 172,414 0	522,596,090 172,414 (15,960)
64337807 (Previous year 52258013) Equity shares of ₹10/- each fully paid up in cash Add : Equity Share Suspense Account	643,550,484 0	522,752,544 22,033,390
Note : 4,722,539 (previous year nil) equity shares of ₹10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of M/s Mounteverest Trading & Investment Limited with the Company as per order dated dated 19.11.2010 passed by Honourable High Court of Chattisgarh. 6,932,647 (previous year 6,932,647) equity shares of ₹10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of Monnet Power Limited with the Company as per order dated 24-9-2004 passed by Hon'ble High Court of Chhattisgarh	643,550,484	544,785,934
2. RESERVES & SURPLUS		
Share Premium Account Balance b/f Add : Addition during the year Add : Transferred on Amalgamation Less : Utilized for buy back of shares in accordance with section 77A of the Companies Act,1956	5,606,955,427 2,518,505,751 0 0	4,775,972,272 823,450,000 7,550,000 (16,845)
Capital Redemption Reserve Balance b/f Transferred from General Reserve	12,862,590 0	12,861,630 960
Capital Reserve Balance b/f Add : Transferred on Forfeiture of Warrants	769,816,618 7,839,281	769,816,618 0
Capital Reconstruction Reserve Transferred on Amalgamation	196,801,760	196,801,760
General Reserve Balance b/f Add : Transferred from Profit & Loss Account Less : Transfer to Capital Redemption Reserve in accordance with Section 77A of the Companies Act,1956 on buy back of equity shares.	1,019,073,546 282,000,000 0	749,074,506 270,000,000 (960)
Debenture Redemption Reserve Balance b/f Transferred from Profit & Loss Account Exchange Fluctuation Reserve	229,248,961 315,026,053 59,581,744	57,200,000 172,048,961 63,295,081
Amalgamation Reserve Transferred on Amalgamation Profit & Loss Account	33,050,090 9,712,065,402	33,050,090 7,942,543,697
	20,762,827,223	15,873,647,770

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
3. SECURED LOANS		
A. Term Loans		
From Banks/ Financial Institutions	8,355,426,784	2,960,619,632
B. Working Capital Facilities		
From Banks	2,755,493,272	2,900,306,796
C. Against Hire Purchase		
From Banks	3,465,296	184,472
From Limited Companies	1,341,901	9,943,353
D. External Commercial Borrowing (ECB)	10,358,800,001	4,062,600,000
E. Non Convertible Debenture	3,000,004,976	3,000,005,555
	24,474,532,230	12,933,659,808

Notes :

- (a) Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from financial institutions/ Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities are further guaranteed by the Managing Director of the company.
- (b) Loans shown above include new Loans taken during the year for which security documents have been executed.
- Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. These working capital loans are further guaranteed by Managing Director of the company.
- Loans from Limited Companies/Banks against hire purchase are secured by hypothecation of the respective assets purchased on hire purchase basis.
- Short term loan from PNB is secured by 1st charge on current assets of the Company alongwith working capital banks.

4 UNSECURED LOANS		
Foreign Currency Convertible Bonds	0	862,174,000
0% Fully Convertible Debentures	392,625,000	525,000,000
Loan From Banks	6,997,240,655	2,907,161,816
Loan from Other Bodies Corporate	95,938,764	0
	7,485,804,419	4,294,335,816
5 DEFERRED TAX LIABILITY (Net)		
As at 1st April 2010	1,284,693,978	1,096,435,319
Additional adjustment for current year	93,592,381	188,258,660
	1,378,286,359	1,284,693,979

6 FIXED ASSETS (Consolidated)

Particulars	Gross Block					Depreciation For the Year 31.03.2011					Net Block	
	As at 01.04.2010	Acquired on Amalga- Mation	Additions	Adjustments 31.03.2011	As at 31.03.2011	Up to The Year	Acquired on Amalga- Mation	Additions	Adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land & Site Development	353,828,659	0	2,767,912	0	356,596,571	0	0	0	0	0	356,596,571	355,186,659
Lease Hold Land	95,003,388	0	0	0	95,003,388	7,217,171	0	1,563,321	0	8,780,492	86,222,896	87,786,217
Railway Siding	181,077,121	0	197,758	0	181,274,879	13,902,438	0	8,606,415	0	22,508,853	158,766,026	167,174,683
Building	1,653,673,707	0	92,030,452	0	1,745,704,159	224,597,058	0	55,548,092	0	280,145,151	1,465,559,008	1,429,076,648
Plant & Machinery	12,832,648,550	0	327,987,457	8,986,298	13,151,649,709	2,877,978,676	0	692,401,141	7,207,567	3,563,172,250	9,588,477,459	9,954,669,874
Furniture & Fixtures	71,711,317	0	12,522,287	366,573	83,867,031	13,581,374	0	5,410,841	13,454	18,978,761	64,888,270	58,129,943
Vehicle	447,788,491	0	26,716,290	11,936,496	462,568,285	86,544,775	0	29,557,790	8,590,889	107,511,676	355,056,609	361,243,716
Sub - Total	15,635,731,233	0	462,222,156	21,289,367	16,076,664,021	3,223,821,493	0	793,087,599	15,811,910	4,001,097,182	12,075,566,840	12,411,909,740
Intangible Assets												
Goodwill	191,138,041	0	874,885	0	192,012,926	0	0	0	0	0	192,012,926	191,138,041
Mining Rights	4,998,000	0	1,091,264,237	0	1,096,262,237	0	0	0	0	0	1,096,262,237	4,998,000
Total Current Year	15,831,867,274	0	1,554,361,279	21,289,367	17,364,939,185	3,223,821,493	0	793,087,599	15,811,910	4,001,097,182	13,363,842,003	12,608,045,780
Previous 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	3,223,821,493	12,608,045,780	12,578,524,017

7. INVESTMENTS

Name of Scrip	31.03.2011			31.03.2010		
	No. of Share/Units	Face Value Per Share/Unit	Amount	No. of Share/Units	Face Value Per Share/Unit	Amount
LONG TERM						
A. Equity Shares in Subsidiary Companies - Unquoted, fully paid up						
Chattel Constructions Pvt Ltd	9,999	10.00	99,990			
			99,990			-
B. Other Shares - Unquoted, fully paid up						
Equity Shares						
Business India Publications Ltd	100,000	10.00	5,500,000	100,000	10.00	5,500,000
Preference Shares						
Tirumala Balaji Ferro Alloys Ltd	140,000	100.00	14,000,000	140,000	100.00	14,000,000
			19,500,000			19,500,000
C. Non Convertible Debentures & Bonds						
NCD-TATA MOTORS FINANCE LTD	-		-	200.00	500,000.00	100,000,000
Indusind Bank Bond	5	1,000,000.00	5,000,000	5	1,000,000.00	5,000,000
			5,000,000			105,000,000
D. QUOTED INVESTMENTS						
Units of Mutual Fund						
Reliance Growth fund	-		-	547,745	10.00	30,000,000
DSPM L Tiger Fund	1,608,236	10.00	35,000,000	1,608,236	10.00	35,000,000
SBI MF Magnum Multicap Fund	187,637	10.00	7,945,508	589,675	10.00	83,659,499
Prudential Icici-Fusion	-		-	1,500,000	10.00	15,000,000
Icici Prud Eq&Deri Fund	-		-	1,032,632	10.00	10,586,797
DSP Merrill lynch Equity Fund	-		-	551,038	10.00	31,714,129
DSMPL Balanced Fund	-		-	236,200	10.00	10,000,000
SBI Infrastructure Fund	2,000,000	10.00	20,000,000	2,000,000	10.00	20,000,000
Sbi Cap Protect Orient	302,000	10.00	3,020,000	302,000	10.00	3,020,000
Sundaram Bnp Paribas	-		-	994,782	10.00	21,297,000
Sbi Mutual Fund Mmps-93	-		-	29,182	10.00	2,500,000
Uti Nifty Index Fund	-		-	267,610	10.00	7,285,744
Reliance Natural Resour	-		-	244,499	10.00	2,500,000
Hsbc Equity Fund	-		-	237,712	10.00	10,000,000
MIRAE ASSET INDIA FUND	-		-	391,007	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	250,000	10.00	2,500,000
Canara Robeco Liquid Super						
Daily Dividend				22,908,396	10.00	230,024,205
JM Contra Fund	-		-	977,995	10.00	10,000,000
Equity Shares						
Reliance MediaWorks Ltd	30,000	10.00	21,541,770	30,000	10.00	21,541,770
Reliance Broadcast Network Ltd	30,000	5.00	150,000	30,000	5.00	150,000
IFSL	1,300,000	1.00	2,434,217	1,300,000	1.00	2,434,217
Nutek India Ltd	480,000	5.00	30,000,000	480,000	5.00	30,000,000
XL Telecom Ltd	166,808	10.00	18,250,450	166,808	10.00	18,250,450
RPG (Pharma) Life Science Ltd	60,000	10.00	4,740,000	60,000	10.00	4,740,000
Kamanwala Housing						
Construction Ltd	63,343	10.00	-	63,343	10.00	-
Indiabulls Real Estate Ltd	25,000	10.00	16,402,643	25,000	10.00	16,402,643
Bellary Steel Ltd.	803,243	1.00	5,103,277	803,243	1.00	5,103,277
Pioneer Investment Ltd.	23,392	10.00	13,308,318	23,392	10.00	13,308,318
Sujana Towers Ltd	25,000	10.00	4,366,783	25,000	10.00	4,366,783
Orrisa Sponge Iron & Steel Ltd.	2,990,000	10.00	797,703,662	2,990,000	10.00	797,703,662
Amtek India Ltd	50,000	2.00	3,980,484			
Ashok Layland Ltd	100,000	1.00	5,504,029			
			991,951,142			1,468,088,494

Name of Scrip	31.03.2011			31.03.2010		
	No. of Share/Units	Face Value Per Share/Unit	Amount	No. of Share/Units	Face Value Per Share/Unit	Amount
E. Capital Contribution in Partnership Firm			4,076,539			4,411,225
SHORT TERM						
F. Equity Shares Through Portfolio Management Schemes			333,044,637			249,630,619
TOTAL			1,353,672,308			1,846,630,338

(Aggregate Market Value of quoted investments, including PMS, ₹10200 Lacs, previous year ₹20042 lacs)

NOTE :

- 1 Due to voluminous nature of transactions, scrip wise details have not been provided in case of Investments in PMS Schemes.
- 2 50% of the Company's investment in Monnet Power Company Limited comprising of 154143510 Equity Shares of ₹10/- each has been pledged with M/s IDFC vide share pledge agreement dated 13.08.2010.

Particulars	As at 31.03.2011	As at 31.03.2010
8. INVENTORIES		
(As certified by the Management)		
Raw Material	1,991,607,377	1,219,508,092
Stores and Spares	533,309,523	458,975,046
Finished Goods	1,031,982,110	648,883,493
Semi Finished Goods	8,516,727	4,964,136
Trading goods	3,405,336	3,405,336
Work-in-Progress	18,533,166	13,028,992
Material in Transit	165,981,816	54,853,430
	3,753,336,055	2,403,618,525
9. SUNDRY DEBTORS (UNSECURED)		
Outstanding for a period exceeding six months		
- Considered Good	641,708,415	274,761,041
- Considered Doubtful	24,536,538	23,066,533
Other Debts		
- Considered Good	1,821,626,900	1,193,209,155
	2,487,871,853	1,491,036,729
Less: Provision for Doubtful Debts	24,536,538	23,066,533
	2,463,335,315	1,467,970,196
10. CASH AND BANK BALANCES		
Cash in hand and imprest	16,716,765	8,807,639
Balance with Scheduled Banks		
- in current accounts	1,369,734,340	542,194,742
- in deposit accounts		
In India	3,031,845,539	1,636,097,361
Overseas	3,059,135,108	2,577,722
Balance with Foreign Banks		
- in current accounts	388,608,505	14,474,557
	7,866,040,257	2,204,152,021

(₹)

Particulars	As at 31.03.2011	As at 31.03.2010
11. LOANS & ADVANCES		
(Unsecured Considered Good unless stated otherwise)		
Loans	354,063,852	328,549,006
Advances recoverable in cash or kind or for value to be received (Includes ₹32.28 lacs doubtful, previous year NIL)	4,145,407,073	3,505,333,477
Balance with Excise Department	357,591,709	165,754,580
Security Deposits		
- With Govt. Deptts.	112,848,424	117,439,331
- With Others	259,647,930	243,582,024
Prepaid Expenses	76,849,534	103,691,637
MAT Credit Entitlement	142,668,882	123,543,793
Advance Income Tax	925,782,799	489,385,680
	6,020,796,351	4,748,730,522
	6,374,860,203	5,077,279,528
12. CURRENT LIABILITIES		
Sundry Creditors- Micro, Small & Medium Enterprises	0	0
- Others	1,788,563,918	1,314,961,045
- Capital Projects	379,079,546	294,559,492
Other Liabilities	233,990,968	237,554,012
Security Deposits	176,709,818	101,189,264
Advances against sales	74,256,271	71,810,145
Unclaimed Dividend	10,792,379	0
Interest accrued but not due	71,743,110	46,520,341
	2,735,136,010	2,066,594,299
13. PROVISIONS		
Provision for Taxation	713,177,771	424,307,899
Proposed Dividend	321,689,035	285,876,620
Corporate Dividend Tax	52,186,004	48,584,732
	1,087,052,810	758,769,251
14. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Balance b/f	2,811,930	1,516,584
Incurred During the year	384,764	1,904,364
Less : 1/5th W/off	(362,444)	(609,018)
Share Issue Expenses		
Balance b/f	433,485	995,730
Incurred during the year	0	0
Less : 1/5th W/off	(144,495)	(562,245)
Foreign Currency Monetary Item Translation Difference A/c	0	184,208,212
	3,123,240	187,453,627

(₹)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
15. OTHER INCOME		
Miscellaneous Income	10,461,671	15,337,879
Dividend Received	30,566,468	31,455,933
Rent Received	11,016,449	5,032,584
Profit on sale of Investments	55,055,672	141,628,030
Interest Received	159,480,066	125,772,416
Hire Charges	6,406,287	7,264,631
Insurance Claim Received	792,522	1,782,703
	273,779,135	328,274,176
16. MATERIAL, MANUFACTURING AND OTHERS		
Raw Material Consumed	12,082,224,901	12,122,741,630
Goods Purchased for Resale	11,243,217	31,232,696
Coal Handling & Washing Charges	188,657,456	35,136,123
Stores and Spares Consumed	349,425,545	416,733,079
Power and Fuel	833,865,690	994,810,227
Excise Duty on Stocks	31,781,923	1,774,449
	13,497,198,732	13,602,428,204
17. INCREASE/DECREASE IN STOCKS		
Opening Stock As on 01.04.2010		
Work-in-Process	13,028,993	15,741,428
Semi Finished Goods	4,964,136	4,964,136
Goods in Transit/Trading goods	3,405,336	45,964,097
Finished Goods	648,883,493	685,376,485
(A)	670,281,958	752,046,146
Stock Transferred from Raw Material (B)	0	97,612,461
Closing Stock As on 31.03.11		
Work-in-Process	18,533,166	13,028,992
Semi Finished Goods	8,516,727	4,964,136
Goods in Transit/Trading goods	3,405,336	3,405,336
Finished Goods	1,031,982,110	648,883,493
(C)	1,062,437,339	670,281,957
GRAND TOTAL (A + B - C)	(392,155,381)	179,376,650
18. SALARIES, WAGES & AMENITIES		
Salaries, Wages and Allowances	747,796,189	728,108,575
Staff Welfare	29,499,385	29,040,407
Employer's Contribution to P.F. etc.	54,655,271	44,716,385
	831,950,845	801,865,367

(₹)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
19. REPAIRS & MAINTENANCE		
Machinery	100,713,443	72,059,972
Building	16,517,790	18,780,210
Others	9,432,189	10,516,408
	126,663,422	101,356,590
20. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing and Stationery	7,807,605	6,751,100
Rent	9,996,868	5,272,022
Rates & Taxes	5,269,241	2,112,443
Vehicle Expenses	62,815,484	101,298,360
Communication Expenses	11,331,789	10,708,783
Travelling & Conveyance	35,995,515	29,506,291
Insurance Charges	48,508,302	63,593,542
Legal & Professional Charges	53,109,368	35,575,882
Directors Sitting Fees	212,000	216,000
Auditors' Remuneration		
- As Audit Fees	3,070,273	2,110,313
- For Certification & Other Co. Law Matters	1,537,077	1,632,841
- For Quarterly Review	422,060	422,060
- For Tax Matters	872,069	110,369
- Reimbursement of Expenses	370,155	408,512
Miscellaneous Expenses	88,121,765	56,757,438
Amount Transferred from Pre-operative Expenses	6,266,379	35,213,081
Miscellaneous Expenditure written off	506,939	1,171,263
Lease Rent & Hire Charges	12,871,511	11,813,035
Share Transfer Expenses	240,910	1,549,339
Internal Audit Fees & Expenses	3,744,816	2,252,481
Loss from Partnership Firm	964,861	4,469,377
Provision for Doubtful Debts	1,814,507	3,229,485
Loss on Sale of Fixed Assets	1,287,254	49,451
Distribution & Marketing Expenses	385,950,583	316,425,628
	743,087,331	692,649,096
21. FINANCIAL CHARGES		
Interest Paid		
- On Term Loans/Cash Credit	327,705,889	437,441,196
- Others	17,954,516	175,659,769
Loss on Derivatives/ Exchange fluctuation	107,545,728	311,428,382
Bank Charges	21,005,939	30,756,065
Other Service Charges	3,591,631	10,686,312
	477,803,703	965,971,724

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:-

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Investment in Associate Companies is 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.
- 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	Imports/Export & Mining	INDONESIA	99%
PT Sarwa Sembada Karya Bumi	Mining	INDONESIA	95%
Monnet Enterprises PTE. Ltd.	All kinds of Business Activities	SINGAPORE	100%
Monnet Power Company Ltd.	Power Generation	INDIA	90.16%
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 & Power Generation	INDIA	97%
Chomal Exports Pvt. Ltd.	Mining	INDIA	51%

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

i) Interest in joint ventures

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

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

(₹ in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	378,522.74	395,381.20
2. Letters of Credit opened in favour of inland /overseas suppliers	9,840.12	7,527.70
3. Guarantees		
Counter guarantees issued to Bankers in respect of guarantees issued by them	13,469.95	8,887.67
Guarantees issued on behalf of a Limited Company	2,393.00	2,026.00
4. Contingent Liabilities not provided for *		
- in respect of disputed Excise Demands	815.33	1,084.82
- in respect of disputed Sales Tax Demand	95.14	1,121.58
- in respect of disputed Entry Tax Demand	1074.28	513.17
- in respect of disputed Income Tax Demands	2952.00	0.00
- in respect of disputed Demands for water charges by Water Resources Division.	402.44	279.68
- Other claims against the Company not acknowledged as debt.	403.53	177.61
- In respect of Electricity Duty on generation of Power.	1870.58	549.17
* Does not include matters dealt with elsewhere in the notes on accounts.		
5. Salary includes following remuneration paid to Directors	(In ₹)	(In ₹)
Mr. Sandeep Jajodia (Managing Director)		
- Salary	24,000,000	10,800,000
- Perquisites	2,949,922	1,352,080
Mr. K.K. Khanna (Director)		
- Salary	2,970,000	1,081,250
- Perquisites	39,000	13,500
Mr. C. P. Baid (Dy. Managing Director)		
- Salary	4,445,789	0
- Perquisites	272,363	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 ₹ 774.91 Lacs (Previous Year ₹ 456.81 lacs) has been included in the value of inventories as on 31.3.2011 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:-

(₹ in Lacs)

Amount b/f

Incurred During the Year

Administrative & Other Expenses	27,456.13
Financial Charges	7,034.93
Total	19,763.36
Allocated to Fixed Assets/ Investments	54,254.42
Transferred to Profit & Loss Account	861.22
	62.66

Amount c/o

53,330.54

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. The Company had paid dividend @ ₹5 per share for the year ended 31.3.2010. Dividend (including dividend distribution tax) paid on shares allotted between balance sheet signing date and the record date for dividend amounting to ₹250.30 lacs has been shown as differential dividend on equity shares.
13. Cash and Bank balances include fixed deposits amounting to ₹20460.55 lacs (previous year ₹13176.75 lacs) in no lien / escrow accounts or kept as margin against LCs / bank guarantees by Company's bankers.
14. Rupee equivalent of export obligation to be completed by 29.3.2018 under EPCG Scheme as on 31st March, 2011 is ₹ 26728.82 lacs.
15. No provision has been made for Cess on Power Generation levied by the State of Chhattisgarh amounting to ₹ 2364.99 lacs upto 31st March, 2011 (₹ 1969.42 lacs upto 31st March, 2010). 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.
16. The Company had received risk purchase claims aggregating to ₹3505.90 Lacs during earlier years. The Company has disputed the claims and believes that the claims are untenable. The matter has been referred to arbitration. Necessary adjustment, if any, shall be made on finalization of the matter.
17. Tax Expense is the aggregate of current year income tax, fringe benefit tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of ₹ 7132 lacs has been made on current year profits as per provisions of the Income Tax Act, after deducting MAT credit entitlement of ₹191 lacs.

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 01.04.2010 (₹ in Lacs)	Charge/ credit during the year (₹ in Lacs)	Closing as at 31.3.2011 (₹ in Lacs)
Deprecation	13674.14	1124.44	14798.58
Adjustments u/s 43B	-110.98	77.54	-33.44
Brought Forward Losses	-716.22	-266.06	-982.28
Net	12846.94	935.92	13782.86

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income -tax during the specified period.

18. Related Party Disclosures

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

A. Relationships

Key Managerial Personnel	:	Shri Sandeep Jajodia (Executive Vice Chairman & Managing Director)
		Shri C. P. Baid (Dy. Managing Director)
		Shri K.K. Khanna (Executive Director)
Enterprise where KMP has significant influence	:	A.P. Coal Washeries Pvt Ltd
Joint Ventures	:	MP Monnet Mining Company Ltd Mandakini Coal Company Ltd Urtan North Mining Company Limited

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

(₹ in Lacs)

	Key Managerial Personnel		Joint Ventures		Enterprises where KMP hold significant influence	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Remuneration Paid	346.77	121.52	0.00	0.00	0.00	0.00
Subscription to shares	0.00	0.00	2843.33	98.00	0.00	0.00
Share Application Money Pending Allotment	0.00	0.00	253.67	0.00	0.00	0.00

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

(₹ in lacs)

Description	Outstanding Balances	
	Debit	
	31.3.2011	31.3.2010
Associates	0.00	3.00
Joint Ventures	253.67	263.71
Enterprises where KMP hold significant influence	76.35	584.80

19. 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

(₹ in Lacs)

REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
Revenue				
Sales And Other Income	125,352	33,863	3,340	162,555
Inter-Segment Sales	403	3,740		-
Total Revenue	125,755	37,602	3,340	162,555
Segment Result/Operating Profit	24,189	16,179	-2,439	37,929
Financial Charges				4,778
Other Income				2,738
Profit Before Tax				35,889
Less : Provision For Tax/ Deferred Tax & FBT				8,139
Profit After Tax				27,750

(₹ in Lacs)

REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
Other Information				
Segment Assets	157,287	57,677	349,694	564,657
Unallocated Assets				26,366
Total Assets				591,024
Segment Liabilities	12,533	5,426	9,393	27,351
Unallocated Liabilities				344,257
Total Liabilities				371,608
Capital Expenditure	2,774	656	12,100	15,530
Depreciation	3,607	3,372	934	7,913
Amortization of Misc. Expenditure				
Non-Cash Expenditure Other Than Depreciation & Amortization	23	0	0	23

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.

20. SHARE WARRANTS:

- The Company had, in its EOGM dated 17.6.2009 allotted warrants to promoter companies. Each warrant was convertible into one equity share of ₹10/- each at a premium of ₹191.50 per share as per SEBI guidelines for Preferential issues. Out of the above, 47 lacs warrants were converted into equity shares during the year.
 - 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 ₹10/- each at a premium of ₹75.50 per share as per SEBI guidelines for Preferential Issues. Out of the above, equity shares were allotted against 1133250 warrants as per exchange ratio passed in the scheme of amalgamation of M/s Mounteverest Trading and Investment Ltd with the Company. The holders of remaining 366750 warrants did not exercise their option for conversion into equity shares and consequently, in the meeting of board of directors held on 8th February, 2011, an amount of ₹78.39 lacs received against these warrants were forfeited and transferred to Capital Reserve.
21. 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 on notification by NACAS.

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

No of Debenture	Rate	Amount (₹ 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			
1308750	0%	3926.25	Issued on 21.11.2009 Compulsorily convertible into 1.6 equity shares against each debenture within a period of 18 months.

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

	Year Ended on 31.3.2011	Year Ended on 31.3.2010
Basic Earning Per Share		
Profit attributable to the Equity Shareholders -(A) (₹ in Lacs)	27654.53	26190.99
Basic Weighed average number of Equity Shares outstanding during the year (B)	57844450	50173137
Nominal value of Equity Shares (₹)	10.00	10.00
Basic Earning per share (₹)-(A)/(B)	47.81	52.20
Diluted Earning Per Share		
Profit attributable to the Equity Shareholders as above (₹ in Lacs)	27654.53	26190.99
Interest Paid on Potential Equity Shares net of tax impact (₹ In Lacs)	0.00	0.00
Profit considered for Diluted E.P.S. (C)	27654.53	26128.99
Basic Weighed average number of Equity Shares outstanding during the year as above	57844450	50173137
Weighted Average Potential Equity Shares for the Year	2094000	6211233
Total weighted average shares considered for Diluted E.P.S. (D)	59938450	56384370
Nominal value of Equity Shares (₹)	10.00	10.00
Diluted Earning per share (₹)-(C)/(D)	46.14	46.45

24. 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 : 20.08.2011

M.S. Gujral
Chairman

Gopal Tiwari
Director

Sandeep Jajodia
Ex. Vice Chairman & Mg. Director

J.P. Lath
Director

C.P. Baid
Dy. Managing Director

M.P. Kharbanda
Co. Secretary

Cash Flow Statement for the Year 31st March, 2011

	31.03.2011	31.03.2010
A. Cash Flow from Operating Activities		
Net Profit before tax and extra ordinary items	3,588,879,796	3,243,984,098
Adjustment for :		
Depreciation	791,268,601	772,875,788
Miscellaneous Expenditure W/off	506,939	1,171,263
Profit/Loss on Sale of Fixed Assets	1,287,254	49,451
Exchange Fluctuation Reserve	(3,713,337)	1,454,785
Interest Received	(159,480,066)	(125,772,416)
Interest Paid	345,660,405	613,100,965
Dividend Received	(30,566,468)	(31,455,933)
Operating Profit before Working Capital Facilities	944,963,328	1,244,516,969
Adjustment for :	4,533,843,124	4,488,501,068
Trade & Other Receivable	(1,653,215,374)	1,325,682,805
Inventories	(1,349,717,530)	(400,660,539)
Miscellaneous Expenditure Incurred During the Year	(384,764)	(1,904,364)
Trade Payable	668,541,711	233,315,025
Cash generated from operation	(2,334,775,957)	1,156,432,927
Tax Paid	2,199,067,167	5,644,933,995
Dividend Paid	(886,977,379)	(643,535,073)
	(359,491,707)	(280,542,387)
Net Cash Flow from operating activities	(1,246,469,086)	(924,077,460)
B. Cash Flow From Investing activities	952,598,081	4,720,856,534
Purchase of fixed assets	(1,554,361,279)	(806,349,046)
Sale of Fixed Assets	4,190,203	2,621,040
CWIP	(11,594,652,806)	(8,344,767,793)
Purchase of Investments (Net)	492,958,030	(789,537,692)
Buyback of Shares	0	(17,805)
Interest Received	159,480,066	125,772,416
Dividend Received	30,566,468	31,455,933
	(12,461,819,317)	(9,780,822,947)
Net Cash used in investing activities	(12,461,819,317)	(9,780,822,947)
C. Cash Flow from Financing Activities		
Proceed from Share Capital	98,764,550	65,155,804
Proceed from Share Warrants / Application Money (Net)	(235,679,866)	268,825,000
Interest Paid	(345,660,405)	(613,100,965)
Proceed from Share Premium / Other Reserves	2,518,505,751	1,177,279,066
Proceeds from Minority Interest	402,838,418	2,654,607
Proceeds from long term borrowings	14,732,341,025	3,865,517,167
Net Cash used in financing activities	17,171,109,473	4,766,330,679
Net Increase/ (Decrease) in Cash and Cash Equivalents	5,661,888,236	(293,635,734)
Cash & Cash equivalent Opening	2,204,152,021	2,497,787,755
Cash & Cash equivalent Closing	7,866,040,257	2,204,152,021

NOTES:-

- The above Cash Flow statement has been prepared pursuant to clause No 32 of the listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outflow.
- Significant Accounting Policies and Notes on Accounts (Schedule 22) form an integral part of Cash Flow Statement.
- 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

C.P. Baid
Dy. Managing Director

Place : New Delhi
Dated : 20.08.2011

Gopal Tiwari
Director

J.P. Lath
Director

M.P. Kharbanda
Co. Secretary

Notes:

This image shows a full page of blank, lined paper. It features approximately 28 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings present.



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