

MD			BKC	✓
CS	✓		DPY	ND
RO	✓		DEV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

14th
Annual Report
1996-97

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MONNET INDUSTRIES LIMITED

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MONNET INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri O.P. Jindal	Chairman
Shri M.P. Saraf	Director
Shri P.C. Gupta	Director
Shri M.S. Gujral	Director
Shri V.N. Kedia	Whole Time Director
Shri Sandeep Jajodia	Managing Director

BANKERS

Punjab National Bank
Bank of India
Union Bank of India

AUDITORS

M/s. O.P. Bagla & Co.
New Delhi

REGISTERED OFFICE & FERRO ALLOYS DIVISION

Plot No. 216, Sector - C
Urla Industrial Complex
Raipur - 493 221 (M.P.)

SUGAR DIVISION

Block Unn
Distt. Muzaffarnagar
Uttar Pradesh - 247 778.

CORPORATE OFFICE

Mohta Building, 3rd Floor,
4, Bhikaji Cama Place,
New Delhi - 110 066.

INVESTOR SERVICE CENTRE

108, Ansal Bhawan,
16, K.G. Marg,
New Delhi - 110 001.

CONTENTS

Notice	2 - 4
Directors' Report and Its Annexure	5 - 9
Auditors' Report and Its Annexure	10 - 11
Balance Sheet	12
Profit & Loss Account	13
Accounting Policies and Notes on Account	18 - 22
Cash Flow Statement	24

MONNET INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the 14th Annual General Meeting of the Members of the Company will be held on Wednesday the 31st day of December, 1997 at 2.00 P.M. at the Regd. Office, of the Company at Plot No. 216, Sector - C, Uria Industrial Complex, Raipur - 493 221 (M.P.), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 1997 and the Profit & Loss Account for the period ended as on that date and the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri O. P. Jindal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M. S. Gujral who retires by rotation and being eligible offers himself for re-appointment.
4. To declare Dividend on Equity Shares.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being), to mortgage and/or charge the immoveable and moveable properties of the Company both present and future, and the whole of the undertaking of the Company, save and except book debts and subject to the charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for Working Capital requirements in such form and manner and with such ranking and on such terms as the Board of Directors may determine and as required by the Financial Institutions/Banks together with power to take over the management of the business and concern of the Company in certain events to or in favour of the following

The Industrial Finance Corporation of India Limited (IFCI).

to secure :

Rupee Term Loan not exceeding Rs. 630 Lakhs (Rupees Six Hundred Thirty Lakhs only) lent and advanced by the IFCI to the Company together with the interest at the respective agreed rates, compound/additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IFCI in respect of their Loan Agreement and terms and conditions, entered into/to be entered into by the Company, in respect of the said term loan for the purpose of part financing the Company's Sugar Project at Block Unn, Distt. Muzaffarnagar (U.P.).

FURTHER RESOLVED THAT the mortgage/charge, created/to be created and/or all agreements/documents executed or to be executed and all acts done by and with the authority of the Board of Directors be and are hereby confirmed and ratified.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalise with aforesaid Lending Institution the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to above resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that in supersession to the resolution passed by the company in the 12th Annual General



Meeting held on 1st August, 1994, in relation to the exercise of the borrowing power upto Rs. 50 Crores, the Board of Directors of the Company be and are hereby authorised to borrow moneys pursuant to Section 293(1)(d) of the Company's Act, 1956, from time to time upto a limit, not exceeding in the aggregate of Rs. 100 Crores, notwithstanding the fact that the moneys already borrowed or money to be borrowed in future (excluding the temporary loans obtained or to be obtained from the company's banker(s)), will exceed the aggregate of the paid up capital of the company and its free reserves."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:-**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgaging and/or charging subject to the existing charges, immoveable and moveable properties of the Company wheresoever situated, present and future, in such manner as may be decided in consultation with the lending Institutions/Banks/Mutual Funds etc. to and in favour of the Trustees for the Debenture-holders in respect of the Non-Convertible Secured Redeemable Debentures privately placed with LIC, GIC and its subsidiaries, LIC Mutual Funds & other Financial Institutions, Banks & Mutual Funds thereof in order to secure :

- An amount in the aggregate not exceeding Rs. 10.00 Crores (Rupees Ten Crores Only) subscribed for the Non-Convertible Secured Redeemable Debentures by private placement .
- The interest, compound / Additional interest, commitment charge, premia on redemption, costs, charges, expenses and all other monies payable by the Company to the Debenture-holders/Trustees in terms of their letter of sanction/memorandum of terms and conditions entered into by the Company in respect of the said debenture.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalise with the Debenture-holders/ Trustees, the documents for creation of the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

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By order of the Board
for MONNET INDUSTRIES LTD.

DATE : 29th NOVEMBER, 1997
PLACE : NEW DELHI.

ANIL KR. MITTAL
COMPANY SECRETARY

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business as set out in the Notice at Item No(s). 6 to 8 is annexed hereto.
3. Dividend recommended by the Board of Directors, if approved by the shareholders at the 14th Annual General Meeting will be paid within the prescribed period to those shareholders whose names stand on the Register of Members as on 31st December, 1997.
4. The Register of Member and Share Transfer Books of the Company will remain closed from 23rd December, 1997 to 31st December, 1997 (both days inclusive).
5. Members are requested to intimate to the Company, changes, if any in their registered address alongwith Pincode No., quoting their folio No's at the earliest so as to avoid mismailing of the Dividend Warrants.

MONNET INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS AS STATED IN THE NOTICE IS APPENDED BELOW :

ITEM NO. 6

The Term Lending Institution, The Industrial Finance Corporation of India Ltd. (IFCI) has extended Term Loan to the Company's Sugar Project at Block Unn, Distt. Muzaffarnagar (U.P.) to the extent of Rs. 6.30 crore. The said facility is to be secured by a Mortgage/Charge on all or any of the immoveable properties both present and future save and except book debts, subject to the charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for the Working Capital Requirements, in such manner and with paripassu ranking as agreed among the Company, IFCI and other existing Term Lending Commercial Banks and Financial Institution.

Since the mortgage and/or charge by the Company on its immoveable properties in favour of the Lending Institutions requires specific approval of the shareholders to the Board of Directors in terms of Section 293(1)(a) of the Companies Act, 1956, the Directors recommend the resolution for shareholders' approval.

None of the Directors is in any way concerned or interested in the resolution. A copy of the IFCI sanction letter is available for inspection at the Registered Office of the Company.

ITEM NO. 7

The Company is involved in two diversified manufacturing activities viz. Sugar and Ferro Alloys which may involve heavy Capital Expenditure. To enable the Company to raise the moneys by way of Term Loan for such diversified Projects, it is considered necessary to increase the borrowing powers of the Board of Directors. The Company's Board was authorised to Borrow to the extent of Rs. 50 crore by the Shareholders resolution dated 1st August, 1994. Now, the limit is required to be enhanced from the existing Rs. 50 Crores to Rs. 100 Crores.

None of the Directors may be deemed to be interested in this Resolution.

ITEM NO. 8

The Company has to privately place Non-Convertible Secured Redeemable Debentures for an aggregate value of Rs. 10.00 Crores with the LIC, GIC and its subsidiaries, LIC Mutual Fund, other Financial Institutions, Banks & Mutual Funds with a view to augment the long term working capital resources and Normal Capital expenditure to be secured by way of first charge ranking pari-passu with the existing charge holders on such immoveable and moveable properties of the Company, present and future as may be decided in consultation with the lending Institutions/ Banks/Mutual Funds etc. The debentures to be allotted is to be redeemed in three annual instalments. Since the creation of security by way of mortgage/ hypothecation of Company's assets requires the approval of the shareholders in terms of Section 293(1)(a) of the Companies Act, 1956. The resolution is put for approval of the shareholders. Your Directors commend the resolution for your approval.

None of the Directors is in any way concerned or interested in this resolutions.

By order of the Board
for MONNET INDUSTRIES LTD.

DATE : 29th NOVEMBER, 1997
PLACE : NEW DELHI.

ANIL KR. MITTAL
COMPANY SECRETARY



DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors have pleasure in submitting the Fourteenth Annual Report on the Operations of the Company and the Audited Statement of Accounts for the 15th months period ended 30th June, 1997.

FINANCIAL RESULTS :

	<u>1996-97</u>	<u>[Rs. in Lacs]</u> <u>1995-96</u>
SALES TURNOVER & INCOME	5289.86	2821.42
Cash Profit	958.08	651.22
Less: Depreciation	498.28	
Less: Transfer from General Reserve	<u>167.06</u>	<u>45.82</u>
PROFIT BEFORE TAX	626.86	605.40
Less: Provision for tax	—	3.00
PROFIT AFTER TAX	626.86	602.40
Add: Amount B/F from last year	<u>780.49</u>	<u>304.14</u>
PROFIT AVAILABLE FOR APPROPRIATION	1407.35	906.54
Less: General Reserve	800.00	68.00
Proposed Dividend	83.58	58.05
Corporate Dividend Tax	<u>8.36</u>	<u>—</u>
BALANCE CARRIED TO NEXT YEAR's A/C	515.41	780.49

DIVIDEND

Your Directors are pleased to recommend a dividend @ 12.5% on the increased Paid-up Equity Capital of the Company payable on prorata basis. The payment of Dividend will absorb a sum of Rs. 83.58 Lakhs.

OPERATIONS

FERRO ALLOYS DIVISION

During the period under review, your company achieved a production of 8963.91 MT (Previous year 6453.88 MT.) of various type of Ferro Alloys.

SUGAR DIVISION

Your Company successfully implemented the Sugar Project of 2500 TCD with co-generation of power upto 6.00 MW in Distt. Muzaffarnagar in Uttar Pradesh and started commercial operations w.e.f. 27th November, 1996. During the Sugar Season ended May/June, 1997, the Company produced 2,88,942 Bags of good quality sugar including 35362 Bags produced during Trial Runs. However, Sugar being a controlled item, the Company sold 1,57,077 Bags of sugar till date out of the total production.

During the year under review, your Company availed of the Rupee Term Loan of Rs. 6.30 crores from IFCI to finance some balancing equipments so as to increase the existing Cane Crushing Capacity from 2500 TCD to 3125 TCD and also to sell the surplus power of 1.8 MW to the U.P. State Electricity Board (UPSEB) for which the Company has already signed a Power Purchase Agreement (PPA) with them.

PUBLIC DEPOSITS

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

MONNET INDUSTRIES LIMITED**DIRECTORS**

Pursuant to Section 255 of the Companies Act, 1956, Sh. M. S. Gujral and Sh. O. P. Jindal, Director(s) retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

AUDITORS

M/s. O.P. Bagla & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company retires at the conclusion of this meeting and being eligible offer themselves for reappointment. A Certificate has been received from auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

PROMISES PROJECTIONS VERSUS PERFORMANCE

As per clause 43 of the listing agreements executed with Stock Exchanges, your directors give hereunder the comparison of the projections made in the prospectus dated 15.7.1996 for the Public Issue and the actual working results for the period ended 30th June, 1997.

	[Rs. in Lacs]	
	Actuals (1.4.96 to 30.6.97)	Projections (1.4.96 to 31.3.97)
Sales	5289.86	6631.00
Profit before depreciation, Interest & Tax	1566.67	1587.00
Cash Profit	958.08	1079.00

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended forms part of this Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars, may write to the Secretary of the Company.

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 given in Annexure hereto forming part of this report.

ACKNOWLEDGEMENT

Your Director take this opportunity to place on record their sincere thanks to the various Departments of the Central Government, Ministry of Foods & Civil Supplies, State Government of Madhya Pradesh & Uttar Pradesh, Financial Institutions, Bankers to the Company, Customers and suppliers for their continued assistance and support. Your Directors also wish to place on record their sincere appreciation and thanks for the dedicated efforts put in by staff and workers at all levels of the Organisation.

For and on behalf of the Board

DATE : 29th NOVEMBER, 1997
PLACE : NEW DELHI.

O.P. JINDAL
CHAIRMAN