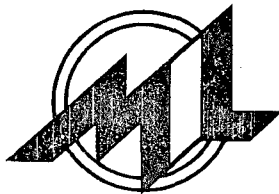


**24<sup>th</sup>**  
*Annual Report*  
**2006-2007**

Report  junction.com



**MONNET INDUSTRIES LIMITED**

**MONNET INDUSTRIES LIMITED****BOARD OF DIRECTORS**

Shri M. P. Saraf	Chairman
Shri M. S. Gujral	Director
Shri J. P. Lath	Director
Shri Amitabh S. Mudgal	Director

**AUDITORS**

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

**REGISTERED OFFICE**

Plot No. 216, Sector-C  
Urla Industrial Complex  
Raipur-493 221 [Chhattisgarh]

**CORPORATE OFFICE**

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

**SHARES LISTED WITH STOCK EXCHANGES**

Bombay Stock Exchange Ltd.  
Madhya Pradesh Stock Exchange  
The Calcutta Stock Exchange Association Ltd.  
The Delhi Stock Exchange Association Ltd.  
The Jaipur Stock Exchange Ltd.  
The Stock Exchange, Ahmedabad

**CONTENTS**

	<b>Page No.</b>
Notice	1
Directors' Report	2 - 3
Declaration by Chief Executive Officer	4
Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	4
Management Discussion and Analysis	5
Corporate Governance Report	6 - 11
Auditors' Report and Its Annexure	12 - 13
Balance Sheet	14
Profit & Loss Account	15
Schedules	16 - 18
Accounting Policies and Notes on Accounts	19 - 20
Balance Sheet Abstract	21
Cash Flow Statement	22

**MONNET INDUSTRIES LIMITED****NOTICE**

**NOTICE** is hereby given that 24th Annual General Meeting of **MONNET INDUSTRIES LIMITED** will be held on Friday, 28th September, 2007 at 5.00 P.M. at Monnet Marg, Mandir Hasaud,, Raipur-492101, Chhattisgarh, to transact the following business :—

**ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31st March, 2007, Profit & Loss Account for the period ended on 31st March, 2007, along with Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri J.P. Lath, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

By order of the Board of Directors

Date : 31st July, 2007  
Place : New Delhi

Sd/-  
**[HARDEEP SINGH]**  
COMPANY SECRETARY

**Registered Office :—**

Plot No. 216, Sector C,  
Urli Industrial Complex,  
Raipur-493221.

**Corporate Office :—**

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

Report  junction.com

**NOTES**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be valid must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. Members desiring any information on the Accounts are requested to write to the Company at least one week before the date of the meeting so as to enable the Management to keep the information ready.
3. The Share Transfer Books of the Company shall remain closed from Friday, 21st September, 2007 to Friday, 28th September, 2007 [both days inclusive].



# MONNET INDUSTRIES LIMITED

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

### FINANCIAL RESULTS

			[Rs. in Lacs]
	2006-07		2005-06
<b>Profit/(Loss) for the year before Interest, Depreciation</b>	<b>49.98</b>		26.39
Less : Financial Charges	0.11		0.02
Depreciation	<b>35.07</b>	<b>35.18</b>	40.73
<b>Profit/(Loss) for the year</b>	<b>14.80</b>		[14.37]
Provision for Tax	1.66		0.00
Income Tax Adjustment	0.03		[0.01]
Provision for FBT	<b>0.09</b>	<b>1.78</b>	0.05
<b>Profit/(Loss) after Tax</b>	<b>13.02</b>		[14.41]
Balance as per last year	<b>[35.64]</b>		[21.23]
<b>Balance carried to Balance Sheet</b>	<b>[22.62]</b>		[35.64]

### OPERATIONS OF THE COMPANY

There have been no operations in the Company during the year under review due to the reasons already stated in our previous reports.

### DIVIDEND

In view of losses, your Directors are not in a position to recommend the dividend.

### DIRECTORS

Pursuant to Section 255 of the Companies Act, 1956, Shri J.P. Lath, Director, being longest in the office, retires by rotation on the day of 24th Annual General Meeting and being eligible offers himself for reappointment.

### RESPONSIBILITY STATEMENT

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

- followed in the preparation of Annual Accounts, the applicable accounting standards, with proper explanation relating to material departures, if any;
- 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 ;
- 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 ;
- prepared the accounts on a 'going concern' basis.

### DEPOSITORY SYSTEM

As on 31st March, 2007, about 95.98% of the shares of your Company have been dematerialized. Since the Securities and Exchange Board of India (SEBI) has made trading in the Company's shares mandatory in dematerialized form, those members who are still holding their shares in physical form are advised to dematerialize their shareholding.

# MONNET INDUSTRIES LIMITED



## STATUTORY DISCLOSURES

- i) All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2006-07. A declaration to this effect signed by the Director of the company is annexed to this report as **Annexure-I**.
- ii) Shri J.P. Lath, Director, has certified to the board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is annexed to this report as **Annexure-II**.

## MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis is given in **Annexure-III** and forms an integral part of this report.

## CORPORATE GOVERNANCE REPORT

Pursuant to clause 49 of the Listing Agreement, necessary measures are taken to comply with the requirements of said clause. A report on Corporate Governance along with a certificate of compliance from the Auditors, is given in **Annexure-IV** and forms an integral part of this report.

## RISK MANAGEMENT

There being no operations in the Company, the Risk Management Policy being pursued is adequate for safeguarding the assets of the Company. However, the Policy will undergo comprehensive review whenever the Company commences business operations.

## AUDIT COMMITTEE

The Audit Committee of Board of Directors constituted in terms of Clause 49 of the Listing Agreement and pursuant to Section 292A of the Companies Act, 1956 consists of Shri M.P. Saraf as Chairman, Shri M.S. Gujral and Shri Amitabh S. Mudgal, 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 the ensuing 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

In view of no operations in the Ferro Alloys Division, no report under the Companies [Disclosure of Particulars in the report of Board of Directors] Rules, 1988 is being given.

## PERSONNEL

Since none of the employee is drawing salary in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956 read with Companies [Particulars of Employees] Rules, 1975 as amended up-to-date, the same are not applicable.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity to offer their sincere thanks to all concerned for their continued valued assistance and support.

For and on behalf of Board of Directors

Place : New Delhi  
Date : 31st July, 2007

Sd/-  
**(M.P. SARAF)**  
CHAIRMAN

MONNET INDUSTRIES LIMITED



Annexure - I

## DECLARATION BY CHIEF EXECUTIVE OFFICER

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

Place : New Delhi  
Date : 31st July, 2007

Sd/-  
(J.P. Lath)  
Director

Annexure - II

## CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

I, J.P. Lath, Director, certify that :—

1. I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2007 and that to the best of my knowledge and belief:—
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify the identified deficiencies, and
4.
  - i) There has not been any significant changes in internal control over financial reporting during the year under review;
  - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) I am not aware of any instance during the year of significant fraud with involvement therein of management or an employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi  
Date : 31st July, 2007

Sd/-  
(J.P. Lath)  
Director

MONNET INDUSTRIES LIMITED



Annexure - III

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The majority of ferro alloys units in India are dependant on market demand swings. Increase in consumption of stainless steel is the key driver for the demand. The countries like China, India, Russia and other developing economies will be the major demand driver. The growth of Ferro Alloys Industry is directly or indirectly linked with the growth of Iron & Steel Industry.

### OPPORTUNITIES AND THREATS

The availability of raw-material and power is the major areas of threats in the ferro alloys industry and will continue to play the vital role in the survival and profitability of any ferro alloys unit. Therefore, the company's plant is being operated run by Monnet Ispat & Energy Ltd. (MIEL) on lease basis which has its own captive Power which is crucial for Ferro Alloys operations.

### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE/OUTLOOK

Since there are no operations in the Company, no data is being given.

### RISKS AND CONCERNS

The ferro alloys industry is primarily dependent upon the steel sector and the Power in particular and ore will continue a challenge for the industry.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In view of no operations being conducted by the Company, your company does not require extensive control systems. However, your Company has adequate internal control systems in place and can be commenced whenever the need arises for the same.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

There is no data pertaining to financial performance in view of no operations in the Company.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

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

### 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 in terms of the future performance and outlook.

## MONNET INDUSTRIES LIMITED



Annexure - IV

## CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PHILOSOPHY

Your Company stands committed to good Corporate Governance, transparency and disclosure to increase the value of the various stakeholders.

## BOARD OF DIRECTORS:

The Board of Directors consists of four directors, i.e. an Independent & Non-executive Chairman and three other Non-executive Directors. Two of these 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.

Present structure of the Board of Directors is as following:—

Name	Category	No. of Directorships in other Companies	No. of Committee Memberships in other Companies
Shri M.P. Saraf	Chairman	2	3
Shri M.S. Gujral	Director	6	7
Shri J.P. Lath	Director	4	3
Shri Amitabh S. Mudgal	Director	4	4

During the year, six Board Meetings were held. The dates on which the Board Meetings were held are as follows:—

30th June, 2006, 26th July, 2006, 31st October, 2006 and 31st January, 2007.

The last Annual General Meeting was held on 29th September, 2006. Following are the details of attendance of Directors at Board Meetings and at the Annual General Meeting held during the year:—

Name	No. of Board Meetings held during the tenure of the Directors	No. of Board Meetings attended	Last AGM attendance
Shri M.P. Saraf	4	4	No
Shri M.S. Gujral	4	4	No
Shri Amitabh S. Mudgal	4	2	No
Shri J. P. Lath	4	4	Yes

Information in cases of appointment or re-appointment of Directors as required under Listing Agreement is given as under: —

## SHRI J.P. LATH

A Graduate, Shri J.P. Lath has a total experience of over 30 years in various fields. Out of these, he is working in a senior managerial position for last 8 years. He has ample experience in making compliance of various statutes applicable to a manufacturing unit of large scale and liaise with various Central/State Government Departments in connection therewith. He also has ample exposure in legal matters. Presently, he is working in the capacity of whole-time director in a group Company.

## AUDIT COMMITTEE:

The Audit Committee comprises solely of Independent Directors. Shri M.P. Saraf is the Chairman of the Committee. Shri M.S. Gujral, and Shri Amitabh S. Mudgal are the other Members of the Committee. The Statutory Auditors are invitees to the meeting. The terms of reference of this Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

## REMUNERATION COMMITTEE:

The Remuneration Committee comprises of Shri Amitabh S. Mudgal as Chairman, Shri M.S. Gujral and Shri M.P. Saraf are members of the Committee. The terms of reference of this Committee cover the matters specified for Remuneration Committees under clause 49 of the Listing Agreement.

## DETAILS OF REMUNERATION TO WHOLE-TIME-DIRECTOR

There are no directors who are drawing any remuneration.