

**34<sup>th</sup>**  
**Annual Report**  
**2016-2017**



**MONNET INDUSTRIES LIMITED**

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# Corporate Information

## BOARD OF DIRECTORS

### Non-Executive Directors

Jagdamba Prasad Lath  
Amitabh Sharma Mudgal  
Raj Kumar Sachdev  
Babika Goel

### Executive Directors

Mahesh Kumar Sharma

### Company Secretary

Khushboo Sharma

### Chief Financial Officer

Mahesh Kumar Sharma

## BOARD COMMITTEES

### Audit Committee

Babika Goel	Chairman
Raj Kumar Sachdev	Member
Amitabh S. Mudgal	Member

### Nomination and Remuneration Committee

Babika Goel	Chairman
J. P. Lath	Member
Raj Kumar Sachdev	Member

### Stakeholders Relationship Committee

Raj Kumar Sachdev	Chairman
J. P. Lath	Member
Babika Goel	Member

### Executive Committee

J. P. Lath	Member
Amitabh S. Mudgal	Member

## Delisting Committee

J. P. Lath	Member
Amitabh S. Mudgal	Member

## AUDITORS

O.P. Bagla & Co  
Chartered Accountants, New Delhi

## REGISTERED OFFICE

Plot No. 216, Sector-C, Urla Industiral Complex,  
Raipur-493 221 (Chhatisgarh)

## INVESTOR SERVICES CENTRE

Monnet House, 11 Masjid Moth,  
Greater Kailash-II, New Delhi-110 048  
Phone: 011-29218542/ 43/ 44/ 45/ 46  
Fax: 011-29218541

E-mail: [isc\\_mind@monnetgroup.com](mailto:isc_mind@monnetgroup.com)

## CORPORATE OFFICE

Monnet House, 11 Masjid Moth,  
Greater Kailash-II, New Delhi-110 048, India

## CORPORATE WEBSITE

[www.monnetgroup.com](http://www.monnetgroup.com)

# **DIRECTORS' REPORT**

## **TO THE MEMBERS,**

Your Directors have pleasure in presenting the 34<sup>th</sup> (Thirty Fourth ) Annual Report together with the Audited Statement of Accounts of Monnet Industries Limited ("the Company") for the year ended 31<sup>st</sup> March, 2017.

## **1. FINANCIAL SUMMARY**

Particulars	Amount (Rs in lacs.)	
	2016-17	2015-16
Operating income(Net of Excise)	0.00	1219.89
Profit/(Loss) before Depreciation	(2184.39)	(2789.85)
Less: Depreciation	5.05	5.06
Profit/(Loss) for the year before Tax	(2189.43)	(2794.91)
Provision for taxation	0.00	0.00
Profit/(Loss) after Tax	(2190.25)	(3932.41)
Reserves and Surplus	(8905.30)	(6715.05)

## **2. FINANCIAL AND OPERATIONAL PERFORMANCE**

During the year under review your Company's plant was closed. Therefore, operating income was Nil as compared to Rs. 1257.52 Lacs during the previous year. The Company has incurred a loss of Rs. 2190.25/- Lacs as compared to Rs. 3932.41 Lacs during the previous year.

Further, there has been no change in the nature of the business during the period under review.

## **3. DIVIDEND**

In view of loss during the year under review, your directors do not recommend any dividend to the shareholders.

## **4. RESERVES**

In view of loss during the year under review, Company has not transferred any amount to the reserve during the year under review.

## **5. MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments have taken place between the end of financial year of the Company to which balance sheet relates and date of

report, which affects the financial position of the Company.

## **6. PUBLIC DEPOSITS**

Your Company has not accepted any deposits within the meaning of Chapter V of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

## **7. SHARE CAPITAL**

There was no change in the Company's share capital during the year under review.

The Company's paid up share capital is Rs. 18,68,12,620/- (Rupees Eighteen Crore Sixty Eight Lac Twelve Thousand Six Hundred Twenty Only) comprising of 36,81,262 (Thirty Six Lacs Eighty One Thousand Two Hundred Sixty) equity shares of Rs. 10/- (Rupees Ten Only) each and 15,00,000 (Fifteen Lac) 10% Non-Cumulative, Non-Convertible Redeemable Preference shares of par value of Rs. 100 /- (Rupees Hundred Only) each.

In terms of Section 47(2) of the Companies Act, 2013, the shareholders holding above referred 10% Non-Cumulative, Non-Convertible Redeemable Preference shares shall have a right to vote on all the resolutions placed before the general meeting.



## **8. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

Your Company has no Subsidiary, Joint venture or Associate Company and disclosure requirements in relation to Subsidiaries, Joint Ventures or Associate Companies is not applicable on the Company. Hence, it is not required to attach Form AOC-1 pursuant to Section 129(3) of the Companies Act, 2013.

## **9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

The Board of Directors of the Company in their meeting held on 07<sup>th</sup> May, 2016 formed an opinion that the Company has become a Sick Industrial Company as per Sick Industrial Companies Act, 1985 (SICA, 1985) and made an Application to Board for Industrial & Financial Reconstruction (BIFR) for revival and rehabilitation under SICA 1985, as company falls under scheduled industry category.

The same was admitted and BIFR asked for further information from the Company. But upon dissolution of BIFR vide notification dated 25<sup>th</sup> November, 2016 issued by Ministry of Finance with effect from 01<sup>st</sup> December, 2016 the Company decided not to transfer such proceeding to National Company Law Tribunal.

Further, there are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## **10. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As per requirements of provisions of Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, during the Financial Year under review, Company has a proper board composition including, Independent Directors, Women Director and other Key Managerial Personnel in terms of Section 203 of Companies Act, 2013.

During the period under review, Mr. Sourabh Khandelwal resigned as Whole-time Director of the Company w.e.f. 07<sup>th</sup> May, 2016

Mr. Mahesh Kumar Sharma was appointed as Additional Director of the Company and designated as Whole-time Director in the Board Meeting held on 07<sup>th</sup>

May, 2016 for a period of five years w.e.f. 07<sup>th</sup> May, 2016. The appointment of Mr. Mahesh Kumar Sharma was also regularized and approved as Whole-time Director and KMP by the shareholders in the Annual General Meeting held on 30<sup>th</sup> September, 2016.

Mr. Rajiv Poddar, Independent Director of the company resigned w.e.f. 30<sup>th</sup> May, 2017.

Further, Mr. Sourav Kumar Pradhan resigned as CFO of the Company w.e.f. 27<sup>th</sup> May, 2016 and Mr. Mahesh Kumar Sharma appointed as CFO of the company w.e.f. 25<sup>th</sup> November, 2016.

Ms. Khushboo Sharma is the Compliance Officer and Company Secretary of the Company.

In accordance with the provisions of the Section 152 of the Companies Act, 2013 and the company's articles of association, Mr. J. P. Lath, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment. The details of the directors seeking appointment/ reappointment are given in the Notice of the aforesaid AGM of the Company.

## **11. STATEMENT ON INDEPENDENCE OF DIRECTORS**

All independent directors have given declarations that they meet the eligible criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015. There are two Independent Directors on the Board of the Company namely Mr. R.K. Sachdev and Ms. Babika Goel.

Further, Mr. Rajiv Poddar, Independent Director of the company resigned w.e.f. 30<sup>th</sup> May, 2017.

Directors of the Company are not related to each other in accordance with section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014

As required under Regulation 26 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 the required details of directors appointed/reappointed in the 34<sup>th</sup> Annual General Meeting (AGM) of the Company is annexed with the Notice of said AGM.

## **12. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Company has taken utmost care in its operations,

compliance, transparency, financial disclosures and financial statements have been made to give a true and fair view of Company. As required under Section 134(5) and Section 134 (3), and based upon the detailed representation, due diligence and inquiry thereof and your Board of Directors assures and confirm as under:

- a) In preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2017, the applicable Accounting Standards and schedule III of Companies Act, 2013 had been followed and there are no material departures from the same;
- b) The directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2017 and of the profit and loss of the Company for the Financial Year ended 31<sup>st</sup> March, 2017;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on going concern basis;
- e) The directors had laid down internal financial controls and same were followed by the Company and that such financial controls were adequate and were operating effectively; and
- f) The directors had devised proper systems to ensure compliance with the provisions of the all applicable laws and that such systems were adequate and operating effectively.

### **13. INTERNAL CONTROLS & INTERNAL FINANCIAL CONTROLS**

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s Krishan Rakesh & Co., Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides bench marking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal Control systems and suggests improvements to strengthen the same. The Company has a robust Management information System which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors and the Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

### **14. LISTING OF SHARES**

The Company's Equity Shares are presently listed at BSE Limited (Phiroze Jeejeebhoy Towers, Mumbai-400 001). The Listing Fees for the financial year 2017-18 has been paid to BSE Limited.

The Company has made application to The Calcutta Stock Exchange Ltd.(7, Lyons Range, Kolkata-700001) for delisting of its equity shares. Pending this application the Stock Exchange suspended listing of securities of the Company and asked the Company to update the compliance status before acceptance of delisting application.

Further, as per letter no ASEL/376 dated 19/01/2017 received by the Company from Ahmedabad Stock Exchange (ASE), it is undergoing exit under SEBI Circular No. CIR/MRD/DSA/14/2012 dated May 30, 2012 and accordingly, no further compliance with respect to ASE is required

The Further details in relation to listing of shares are given the Corporate Governance Report attached with the Board Report.

### **15. BOARD EVALUATION**

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the board was evaluated by the board after seeking inputs from all the directors on the



basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc. The performance evaluation of the Executive Directors and Non-Executive Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

## 16. NUMBER OF MEETING OF THE BOARD

During the year, Six (6) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## 17. COMMITTEES OF THE BOARD

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Executive Committee
5. Delisting Committee

The details of the Committees along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report which forms part of this Annual Report. Further, during the year under review, the board has accepted all the recommendations of the Audit Committee.

## 18. CORPORATE SOCIAL RESPONSIBILITY

The Company, at present, does not fall in any of the criteria(s) as provided under section 135 of the Companies Act, 2013 and Rules made there under. Hence the provisions of Corporate Social Responsibility are not applicable on the Company.

## 19. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis. Further, there have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives.

In this regard, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 form part of the report as **Annexure-1**.

As required under Regulation 23(1) of the Listing Regulation, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. <http://www.monnetgroup.com> and at the Weblink: [http://www.monnetgroup.com/pdfs/mil/policy/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.monnetgroup.com/pdfs/mil/policy/Policy_on_Related_Party_Transactions.pdf).

## 20. AUDITORS

### i) Statutory Auditor

The Auditors report is without any qualifications and notes to the accounts as referred in the Auditors Report are self-explanatory and therefore, do not call for any further comments or explanations.

At the Annual General Meeting held on September 27, 2014, M/s. O.P. Bagla & Co., Chartered Accountants (Firm Registration No. 000018N) were appointed as the Statutory Auditors of the Company to hold the office till the conclusion of Annual General Meeting to be held in the calendar year 2017, subject to the ratification of shareholders at every Annual General Meeting.

Further, pursuant to the provisions of section 139 and other applicable provisions, if any of the Companies Act, 2013 and rules thereunder as amended time to time, the term of M/s O.P. Bagla & Co. expires at the ensuing AGM. Pursuant to recommendation of Audit Committee of the Board of Directors, M/s APAS & Co., Chartered Accountants (Registration No.000340C), be and hereby proposed to be appointed as Auditors of the Company, to hold such office from conclusion of ensuing Annual General Meeting until conclusion of 39<sup>th</sup> Annual General Meeting, (subject to ratification of the appointment by the members at every AGM held after this AGM) to conduct audit.

Comments/Qualificationsof the Statutory Auditors in their report and the notes forming part of the Accounts are self-explanatory and needs no further explanation/ comments.

### ii) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, New Delhi, as the Secretarial Auditor of the Company to conduct the Secretarial Audit of the Company for FY 2016-2017. The Report of Secretarial Auditor (Form MR-3) for the FY 2016-2017 is annexed to the report as **Annexure-2**.

The Secretarial Audit Report for the financial year ended March 31, 2017 does not contain any adverse remark and it is self-explanatory

### iii) Internal Auditor

Pursuant to Section 138 of the Companies Act, 2013, the Company has appointed M/s. Krishan Rakesh & Co. (Firm Registration No. 009088N) as internal auditor of the Company in its Board Meeting held on 08<sup>th</sup> August 2016 for the financial year 2016-17

## 21. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report and annexed to the report as **Annexure-3**.

## 22. 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 framework also defines the risk management approach across the enterprise at various levels. Risk management is embedded in our critical business activities, functions and processes. The risks are reviewed for change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risk and future action plans.

The internal audit team periodically visits the divisions and carries out audit. The findings are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

## 23. DISCLOSURES-

### EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the extract of the annual return in Form No. MGT – 9 is annexed as **Annexure-4** here to and forms a part of this report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In accordance with the provisions of Section 186 of the Companies Act, 2013, details of Loans, Guarantees and Investments covered under the provisions of Section

186 of the Companies Act, 2013 for the year are given in the notes to the financial statements.

## NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and their remuneration as well as policy on other employees remuneration. The Brief terms of policy is stated on the website [http://www.monnetgroup.com/pdfs/others/mil/Policy\\_Nomination\\_Remuneration\\_and\\_Board\\_Diversity.pdf](http://www.monnetgroup.com/pdfs/others/mil/Policy_Nomination_Remuneration_and_Board_Diversity.pdf).

## AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Details of the same are given in the Corporate Governance Report. The same has also been displayed on the website of the Company and the link for the same is [http://www.monnetgroup.com/pdfs/mil/policy/policy\\_no\\_Vigil\\_Mechanism\\_and\\_whistle\\_blower.pdf](http://www.monnetgroup.com/pdfs/mil/policy/policy_no_Vigil_Mechanism_and_whistle_blower.pdf).

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on Gender Equality, Gender Protection, Prevention of Sexual Harassment and Redressal System in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No complaints pertaining to sexual harassment were received during FY 2016-17.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1)/(2)/(3) of the Companies (Appointment and Remuneration of Managerial





Personnel) Rules, 2014 are annexed to this report as **Annexure-5**.

## CORPORATE GOVERNANCE REPORT

Your Company has complied with requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on the Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms part of this report and annexed as **Annexure-6**.

## 24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information under Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014 is given below:

**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 ferro alloys 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 and the Company had not made any major capital investment on energy conservation equipments.

### B. Technology Absorption-

- i. Efforts in brief made towards technology absorption  
As technologies change rapidly, your Company recognizes the need to invest in new emerging technologies to leverage them for improving productivity, quality and reach to new customers. It is essential to have a technology infrastructure that is at par with the best in the world. Your Company thus follows a practice of upgrading computing equipment on an ongoing basis.
- ii. Benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- iii. In case of imported technology (imported during the last three financial year reckoned from the beginning of the financial year)
  - (a) Technology Imported: NIL
  - (b) Year of Import: NIL

(c) Whether the technology has fully been absorbed: NIL

(d) If not fully absorbed, area where absorption has not taken place and reason thereof: NIL

- iv. Expenditure incurred on Research and Development: NIL

**C. Foreign Exchange Earnings And Outgo-** Not Applicable

## 25. ACKNOWLEDGMENT

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.

**By Order of the Board  
For Monnet Industries Limited**

**(Jagdamba Prasad Lath)**  
Director  
DIN: 00380076

**(Mahesh Kumar Sharma)**  
Whole-time Director & CFO  
DIN: 07504637

**Place: New Delhi**  
**Dated: 09<sup>th</sup> August, 2017**



**Form No. AOC-2**

***(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)***

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

(a) Name(s) of the related party and nature of relationship	N.A
(b) Nature of contracts/ arrangements/ transactions	
(c) Duration of the contracts/arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transaction including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions'	
(f) Date of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

**2. Details of material contracts or arrangements or transactions at arm's length basis**

(a) Name(s) of related party and nature of relationship	N.A
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts/arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Date(s) of approval by the Board, if any	
(f) Amount paid as advances, if any:	

**By Order of the Board  
For Monnet Industries Limited**

**Date: 09<sup>th</sup> August, 2017  
Place: New Delhi**

**(Jagdamba Prasad Lath)  
Director  
DIN:00380076**

**(Mahesh Kumar Sharma)  
Whole-time Director & CFO  
DIN:07504637**