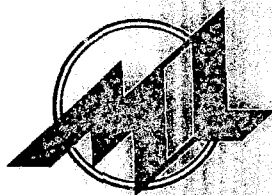


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

7th Annual Report 1996-97

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MONNET ISPAT LIMITED



MONNET ISPAT LIMITED**BOARD OF DIRECTORS**

Shri O.P. Jindal	Chairman
Shri O.P. Vaish	Director
Shri H.C. Bhasin	Director
Shri M.S. Gujral	Director
Shri G.C. Mrig	Director
Shri M.L. Lath	Director
Dr. H.S. Vachha	Nominee Director-ICICI
Shri Sandeep Jajodia	Managing Director

Sr. VICE PRESIDENT- FINANCE & COMPANY SECRETARY

Shri A.B. Chugh

BANKERS

Punjab National Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala

AUDITORS

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

REGISTERED OFFICE & WORKS

Chand Khuri Marg,
Mandir Hasaud,
Raipur - 493 101 (M.P.)

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.

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MONNET ISPAT LIMITED

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of Monnet Ispat Limited will be held on Tuesday, the 30th September, 1997 at 2.30 P.M. at Registered Office & Works, Chand Khuri Marg, Mandir Hasaud, Raipur - 493 101 (M.P.) to transact the following business :

AS AN ORDINARY BUSINESS

SEN - 21/4/97

1. To receive, consider and adopt the Profit & Loss Account for the period ended 31st March, 1997 & the Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri O.P. Vaish who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri M.L. Lath who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if through fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to section 260 of the Companies Act, 1956 Shri G.C. Mrig be and is hereby appointed as Director of the Company, whose term of office shall be determined for retirement by rotation in respect of whom a notice u/s 257 of the Companies Act, 1956 has been received."

6. To consider and, if through fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 269, 311 and 316 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to the provision of Articles of Association of the Company, the consent of the company be and is hereby accorded for the re-appointment of Shri Sandeep Jajodia as Managing Director of the Company for a period of 5 years commencing from 16th June, 1997. The terms and conditions of re-appointment and remuneration etc. are as follows :-

Remuneration

- a) Salary : Rs. 50,000/- per month with an annual increase of Rs. 7,500/- per month due on 1st April every year.
- b) Commission : One per cent of the net profits of the Company.
- c) Perquisites : These shall be restricted to an amount equal to the annual salary or Rs. 6,00,000/- per annum whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A' 'B' and 'C' as follows:

Category 'A'

1. Medical Reimbursement : Expenses incurred for self and family subject, to a ceiling of one month salary in a year or three month's salary over a period of three years.
2. Leave Travel Concession : For self and family once in a year incurred in accordance with the rules specified by the company.
3. Club Fee : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
4. Personal Accident Insurance : Premium not to exceed Rs. 1,000/- p.a.

For the purpose of category 'A' "Family" means the spouse, the dependent children and dependent parents.



Category 'B'

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
2. Gratuity payable shall not exceed half month's salary for each completed years of service.
3. Encashment of Leave at the end of Tenure as per the Company rule.

Category 'C'

1. Provision of car for use of the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Sandeep Jajodia.

In the event of absence or inadequacy of profits in any case of the company, the remuneration as aforesaid shall be restricted as per the provisions of Schedule XIII of the Companies Act, 1956.

7. To consider and, if though fit, to pass with or without modification, the following resolution as an Special Resolution :-

"RESOLVED that in the existing Article No. 95 of the Articles of Association of the Company the words "a fee not exceeding Rs. 1000/- (Rupees One Thousand)" be substituted by the words "a fee as may be prescribed by the Central Government from time to time."

By Order of the Board

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[A.B. CHUGH]
Sr. Vice President - Finance &
Company Secretary

Place : New Delhi

Date : 29th August, 1997

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed in all respects should reach at the Registered office of the Company not later than 48 hours before the time of the meeting.
3. The Register of Members and the Register of Share Transfers of the Company will remain closed from 25th September, 1997 to 30th September, 1997 both days inclusive.
4. Members are requested to inform changes, if any, in their Registered Address alongwith Pin Code Number to the Company at the Registered office of the Company.
5. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall. Attendance at the Annual General Meeting will not be allowed without production of attendance slip duly signed.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
7. Members desiring any information on the Accounts are requested to write to the company atleast one week before the date of the meeting so as to enable the Management to keep the information ready.

MONNET ISPAT LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. G.C. Mrig was appointed as an Additional Director of your Company in the Board Meeting held on 30.6.1997 to hold office upto the ensuing 7th Annual General Meeting. Your company has received a notice in writing from a member of the company signifying their intention to propose the names of Shri G.C.Mrig for the office of Director. Shri G.C. Mrig is a former Chairman of Bharat Coking Coal Limited and is a man of proven ability and vast experience. The company would be immensely benefited by his experience.

None of the Directors, except Shri G.C. Mrig is interested or concerned in the proposed resolution. The Board recommends adoption of the resolution.

ITEM NO. 6

Shri Sandeep Jajodia was appointed as Managing Director of your company for a period of five years with effect from 16.6.1992. The existing term of appointment of Shri Sandeep Jajodia as Managing Director expired on 15th June, 1997. Your Directors in their meeting held on 30th June, 1997 have reappointed Shri Sandeep Jajodia as Managing Director of the Company for a further period of 5 years on modified terms and conditions as detailed in the item no. 6 of Notice notwithstanding that he is also Managing Director of Monnet Industries Limited. This may be treated as notice to members pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Shri Sandeep Jajodia is interested or concerned in the proposed resolution. The Board recommends the adoption of the resolution.

ITEM NO. 7

Article 95 of the Articles of Association of the Company authorises payment of sitting fees to Directors not exceeding Rs. 1,000/- (Rupees One Thousand) per meeting of the Board or a Committee of the Board attended by each of them. Your Board now recommends to enhance the said limit of sitting fees to such higher amount as may be prescribed by the Central Government from time to time.

This proposal requires amendment in the Article 95 of the Articles of Association of the Company. All the Directors other than Mr. Sandeep Jajodia, Managing Director, who is not entitled to receive the sitting fees, may be deemed to be interested in this item. Your Board recommends the adoption of this resolution.

By order of the Board

[A.B. CHUGH]

Sr. Vice President-Finance
& Company Secretary

Place : New Delhi

Date : 29th August, 1997



DIRECTOR'S REPORT

To the Members

Your Directors have pleasure in presenting the 7th Annual Report together with Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

		1996-97		[Rs. in Lacs] 1995-96
Gross Profit before interest and depreciation		1381.90		1523.59
Less: Interest		628.14		691.63
Depreciation	749.46		197.02	
Less: Transfer from General Reserve	397.73	351.73	—	197.02
Profit before tax		402.03		634.94
Less: Provision for tax		0.75		—
Profit after tax		401.28		634.94
Add: Balance of Profit brought forward from previous year	1112.53		523.59	
Less: Transfer to General Reserve	600.00	512.53	—	523.59
		913.81		1158.53
Less: Appropriations				
Transfer to Debenture Redemption Reserve		46.00		46.00
Balance carried to Balance Sheet		867.81		1112.53

DIVIDEND

Your Directors have decided to conserve the resources for the operations of the company. As such, the Board has not recommended any dividend for declaration.

OPERATIONS

During the year under review your company produced 78485 MT of Sponge Iron & 21580 MT of Mild Steel Ingots and achieved a sales of Rs. 6784.14 Lacs as against production of 89009 MT of Sponge Iron, 27129 M.T. of Mild Steel Ingots and sales of Rs. 7992.65 Lacs in the immediately preceding year. The production & sales have been marginally less in the year under review as compared to the preceding year due to overall recession in the steel industry in the International Market in general and Indian Market in particular.

OUTLOOK FOR 1997-98

The International prices of steel have started going up and stabilising, with the result the situation in the Indian Steel industry will improve. Therefore, the outlook for 1997-98 is promising for Sponge Iron industry. Due to mild depreciation in the value of rupee, the imported scrap which is a direct substitute of Sponge Iron will become more costly. Hence the price realisation of Sponge Iron is likely to increase. Moreover, due to inherent advantage to the company due to low capital cost and consequent low impact of fixed costs, better productivity and overall improvement in the performance, your directors expect that the company will continue to achieve improved results.

DIRECTORS

Shri O.P. Vaish & Shri M.L. Lath, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Shri Sandeep Jajodia, Managing Director of the Company has been re-appointed with effect from 16.6.97 for a term of five years, subject to approval of the shareholders in the ensuing Annual General Meeting.

AUDITORS

M/s O.P. Bagla & Co., Chartered Accountants, New Delhi hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. A Certificate has been received from the auditors to the effect that their reappointment, if made, will be in accordance with provisions of section 224(1B) of the Companies Act, 1956.