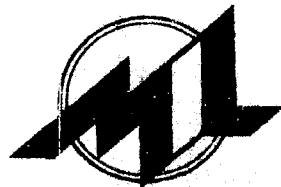


8th Annual Report 1997-98

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MONNET ISPAT LIMITED

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MONNET ISPAT LIMITED**BOARD OF DIRECTORS****Shri O.P. Jindal****Chairman**

Shri O.P. Vaish

Shri H.C. Bhasin

Shri M.S. Gujral

Shri G.C. Mrig

Shri M.L. Lath

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 - 492 101 (M.P.)

CORPORATE OFFICE

Mohta Building, 3rd Floor,

4, Bhikaji Cama Place,

New Delhi - 110 066

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MONNET ISPAT LIMITED**NOTICE**

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Monnet Ispat Limited will be held on Wednesday, the 30th September, 1998 at 11.00 A.M. at Registered Office & Works, Chand Khuri Marg, Mandir Hasaud, Raipur - 492 101 (M.P.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the period ended 31st March, 1998 & the Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri H. C. Bhasin who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri M. S. Gujral 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 thought fit to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, if any, the Articles of Association of the Company be altered as follows :

- (a) To delete the existing Article 3 of the Articles of Association and substitute the following Article in its place :

3 - BUY BACK OF SHARES

Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary with a power to reissue these shares or securities, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law. I

- (b) In Article 131 of Articles of Association substitute the words "any Director or Secretary or any other person" in place of "any two Directors or one Director and the Secretary or one Director and such other person".

6. To consider, and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT if and when permitted by the law and subject to all applicable provisions of the law and subject to such consents and such other approvals as may be required and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any committee thereof or as may be prescribed or imposed while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to purchase such number of Equity Shares or other Securities specified by the Government, of the Company as may be thought fit from the holders of the equity Shares or other Securities of

MONNET ISPAT LIMITED

the Company, with a power to reissue these Shares/Securities in such proportion and manner as may be permitted by the law not exceeding such percentage of the capital of the Company as may be permitted by law from such funds of the Company as permitted to be used for this purpose or out of the proceeds of any issue made by the Company on such terms and subject to such conditions as may be prescribed by the law"

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase/reissue of Equity Shares or other Securities."

"RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any shareholder to offer, or any obligation on the company or the Board, to buy-back any Equity Shares or Securities."

By Order of the Board

[A. B. CHUGH]

**Sr. Vice President-Finance
& Company Secretary**

Place : New Delhi
Date : 31st July, 1998

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 16th September, 1998 to 30th September, 1998 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 at least 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**

- [a] The present law prohibits the Company to purchase its own shares, therefore, Article 3 of the Articles of Association of the Company also prohibits the same. Now it is likely that the law may be amended to authorise the Company to buy back its own shares subject to the certain terms and conditions. Therefore, it is proposed to amend the article to authorise the Company to purchase its own shares and reissue the same, as and when it is permissible by the law.

None of the Director is interested in this item. Your board recommends the adoption of this resolution.

- [b] Article 131 of the Articles of Association of the Company authorises for affixation of Common Seal in the presence of two Directors or one Director and Secretary or one Director or any other person as authorised by the Board. It is now proposed to amend the existing article so as to authorise affixing of common seal in the presence of any Director or Secretary or any other person singly as may be authorised by the Board.

This proposal requires amendment in the Article 131 of the Articles of Association of the Company. None of the Director is interested in this item. Your Board recommends the adoption of this resolution.

ITEM NO. 6

The Companies Act, 1956, presently prohibits a Company from purchasing its own shares and securities. However, it is anticipated that the law may be amended in the near future to permit a company to buy back its own securities [buy-back of securities].

Subject to the buy back of securities being legally permissible, it is proposed to enable the Company to buy back its Equity Shares not exceeding such percentage of the capital of the Company as may be permitted by the law from the Members of the Company, from the open market or from the holders of odd lots with a power to reissue these shares or securities as permitted by the law. The buy back of shares or securities would be at the rate and from such funds as permitted by the law as are set out in the Resolution.

The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit as laid down by the law.

None of the Director is interested in this item. Your Board recommends the adoption of this resolution.

Place : New Delhi
Date : 31st July, 1998

By Order of the Board

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

MONNET ISPAT LIMITED**DIRECTORS' REPORT****To the Members**

Your Directors have pleasure in presenting the 8th Annual Report together with Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

		1997-98		[Rs. in Lacs] 1996-97
Gross Profit before				
Interest and depreciation		1489.48		1381.90
Less : Interest		664.19		828.14
Depreciation	353.68		749.46	
Less : Transfer from General Reserve	-	353.68	397.73	351.73
Profit before tax		451.61		402.03
Less : Provision for tax		48.00		0.75
Profit after tax		403.61		401.28
Add : Balance of Profit brought forward from previous year	867.81		1112.53	
Less : Transfer to General Reserve	500.00	367.81	600.00	512.53
		771.42		913.81
Less : Appropriations				
Transfer to Debenture Redemption Reserve		129.33		46.00
Balance carried to Balance Sheet		642.09		867.81

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 85286 MT of Sponge Iron & 15812 MT of Mild Steel/Stainless Steel Ingots as against production of 78485 MT of Sponge Iron & 21720 MT of Mild Steel Ingots in the immediately preceding year. The production of Sponge Iron has been improved in the year under review as compared to the preceding year due to better utilization of resources. However, the production of Mild Steel Ingots have been reduced due to higher power tariff and increasing costs of inputs without corresponding increase in the sales rates.

OUTLOOK FOR 1998-99

There is an overall downtrend in the economy, and steel industry in general is passing through a recessionary phase. However, due to gap in overall demand & supply of metallics, the outlook of Sponge Iron Industry is promising and the demand will also far exceed the supply. Further, some large gas based Sponge Iron plants have implemented forward integration projects due to which their production of sponge iron will not be available in the market. Keeping all this in view, your Directors have decided to double the capacity of Sponge Iron plant from 1 Lac tonnes per annum to 2 Lac tonnes per annum, the cost of which is proposed to be funded partly by term loans & partly out of internal accruals. With the promising outlook and the inherent advantage of low capital cost and consequent low impact of interest and depreciation and the measures taken by the company for reduction in costs on all fronts, your Directors expect that the company will continue to perform better.

DIRECTORS

During the year, Dr. H. S. Vachha a Nominee of the Industrial Credit & Investment Corporation of India Limited ceased to be Director of the Company. The Board places on record its appreciation of the valuable guidance received from Dr. H. S. Vachha during his tenure as Director of the Company.

Shri H. C. Bhasin & Shri M. S. Gujral Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

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 appointment, if made, will be in accordance with provisions of section 224(1B) of the Companies Act, 1956.