

# The power

# of

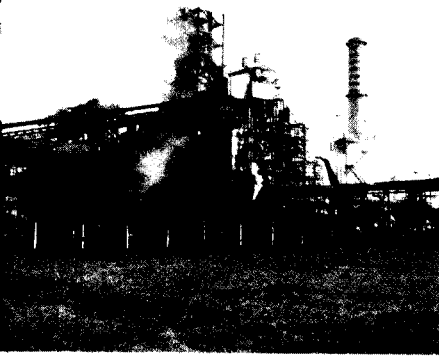


# synergy

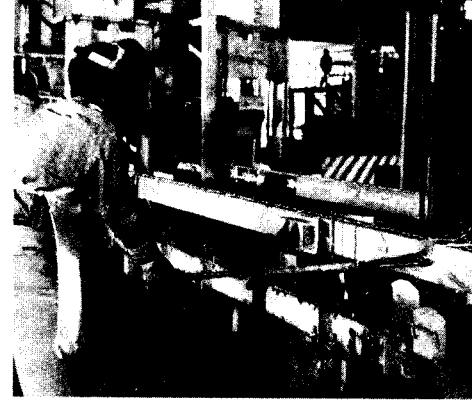
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**MONNET ISPAT LIMITED**



SPONGE IRON



STEEL

# The power

# of

# synergy

Total control over the entire value chain. Complete mastery over the dynamics that impact the bottom-line. And a sharp focus on cost and quality leadership. At Monnet Ispat, the power of synergy is transforming our business model in more ways than one. Today, with a firm grip on everything from captive coal mining and power generation to the production of world class sponge iron, steel and ferro alloys, we are geared for the next big leap - an integrated steel plant, that will raise the benchmark of excellence in steel.

FERRO ALLOYS



POWER



MINNING





**Exec. Vice- Chairman &  
Managing Director's  
Message**

Dear shareholder,

Milestones, they say, are really stepping stones on the path to excellence. Indeed, last year's initiative of synergizing our competencies was a major milestone; it has paved the way for your company's dynamic future growth initiatives.

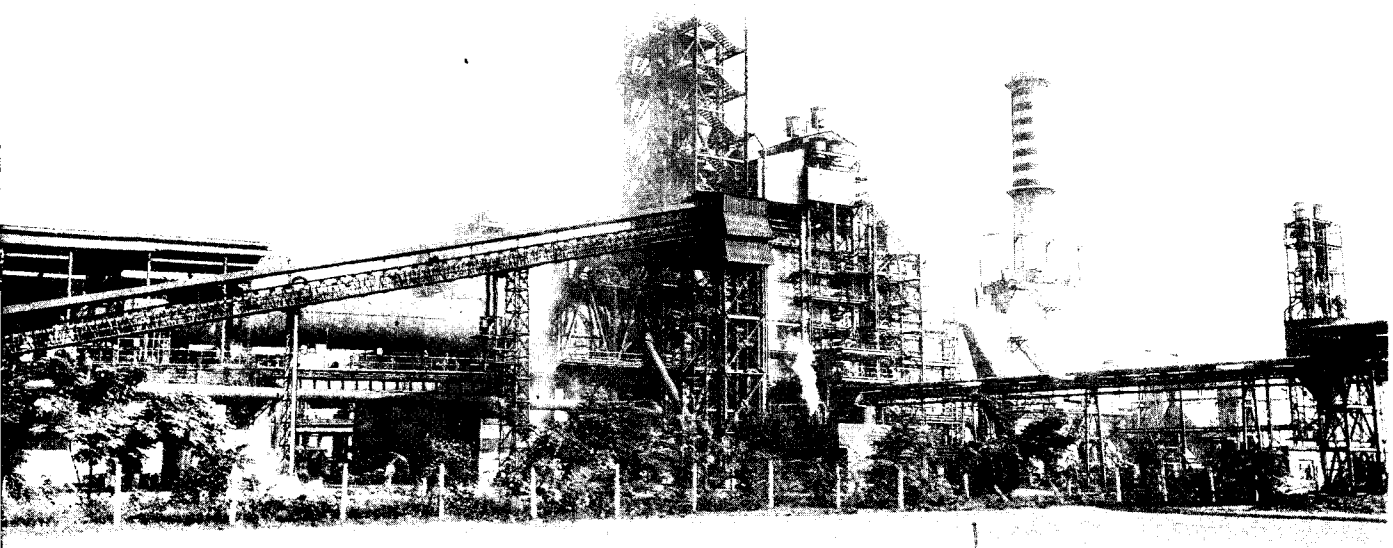
Today, with an integrated plant, your company is in a better position to pursue its long- term leadership vision while at the same time, bringing better value to its customers and stakeholders alike.

With the Raipur plant going full steam ahead, we stand on the threshold of the next landmark - our integrated steel complex in Raigarh, with a total capacity of 1 million tones per annum capacity. The Raigarh project will have a capacity of 0.5 Million TPA Sponge Iron, 0.45 Million TPA of Steel, 90 MW of Power and 0.060 Million TPA of Ferro Alloys in the 1st phase. The production from this facility will start rolling by the 1st quarter of FY 06'. Your company is also aggressively pursuing the acquisition of iron ore and manganese ore mines.

In conclusion, I am confident that your company will continue to march towards higher horizons of growth with the same passion and zeal, that has made us a force to reckon with in the steel industry.

Warm regards,

Sandeep Jajodia



## Our Vision

- ▶ To achieve holistic leadership in terms of cost, quality and customer satisfaction in a systematic & planned manner.
- ▶ A symbol of corporate excellence with strong focus for benefitting stakeholders and society at large.

## Our Mission

- ▶ To achieve total integration in operations with global cost & quality standards with the use of latest technology and to be perceived as the “preferred” choice of our customers.
- ▶ To build a team of motivated and dedicated workforce, with high work ethos.
- ▶ To strive to emerge as an ideal corporate citizen.

**SPONGE IRON****STEEL****FERRO ALLOYS****POWER****MINING**

## The Journey of

Monnet Ispat Limited

Monnet Ispat Limited is a key player in the Sponge Iron industry today, owing largely to its use of indigenous technology and sound business model. Starting in 1994 with 1 lac TPA Sponge Iron Plant at Raipur in Chhattisgarh, the company has grown into an Integrated Sponge iron player. Its current spectrum covers 0.3 million TPA of Sponge Iron, over 0.3 million TPA of Steel, Ferro alloys, Coal mining aided by Captive power generation.

The journey from the very outset has been eventful. Monnet's deliberate use of indigenous technology has been strategic to its growth and has proven its effectiveness in the market place.

The company possesses a honed team of the finest technical, financial and administrative skills.

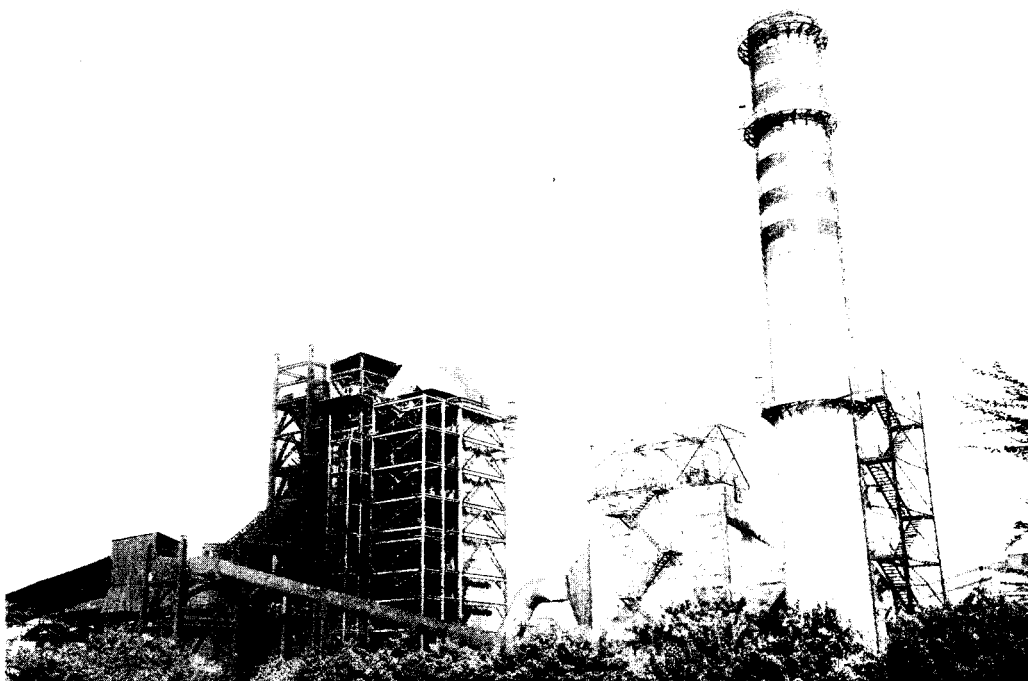
Inspired by the quality standards and cost competitiveness, Monnet has made it the blueprint for its future expansion plans at Raigarh.

# mettle

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The new Sponge Iron plant with 0.5 million TPA capacity will establish Monnet as the second largest coal based sponge iron manufacturer in India and one of the largest in Asia. It is also implementing steel capacity of 0.450 million TPA and captive power of 90MW besides upgrading the capacity of mines. Work on the project is under completion. Apart from its primary activity, Monnet is also consolidating its presence in the mining sector which includes iron ore and manganese ore.

Driven by the increased emphasis on total control, Monnet is now meeting its entire Coal requirement from its own mines. The completion of the Raigarh project will lead to a quantum leap in size of the company. The potential of the future is waiting to explode!



# Board of Directors

<p>Shri M.S. Gujral</p> <p>Shri P.L. Nene</p> <p>Shri G.C. Mrig</p> <p>Shri Ajay Relan</p> <p>Shri Hari Pandey</p> <p><b>Shri Sandeep Jajodia</b></p>	<p>Chairman</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p><b>Exec. Vice-Chairman &amp; Managing Director</b></p>	<p><b>Bankers</b></p> <p>State Bank of India</p> <p>Punjab National Bank</p> <p>State Bank of Patiala</p> <p>State Bank of Bikaner &amp; Jaipur</p>
<p><b>Registered Office</b> Monnet Marg, Mandir Hasaud, Raipur - 492101 (Chhattisgarh)</p>		<p><b>Auditors</b> M/s. O.P. Bagla &amp; Co. New Delhi</p>
<p><b>Works</b></p> <p><b>Raipur Plant</b> Monnet Marg, Mandir Hasaud, Raipur - 492 101 (Chhattisgarh)</p> <p><b>Raigarh Plant</b> Village - Naharpali, Tehsil Kharsia, Dist. Raigarh Chhattisgarh</p>		<p><b>Shares Listed with Exchange</b></p> <p>National Stock Exchange of India Ltd.</p> <p>Bombay Stock Exchange Limited</p> <p>Madhya Pradesh Stock Exchange</p>
<p><b>Corporate office</b> Mohta Building, 3rd Floor, 4, Bhikaji Cama Place, New Delhi-110066</p>		



# Directors' Report

## TO THE MEMBERS

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

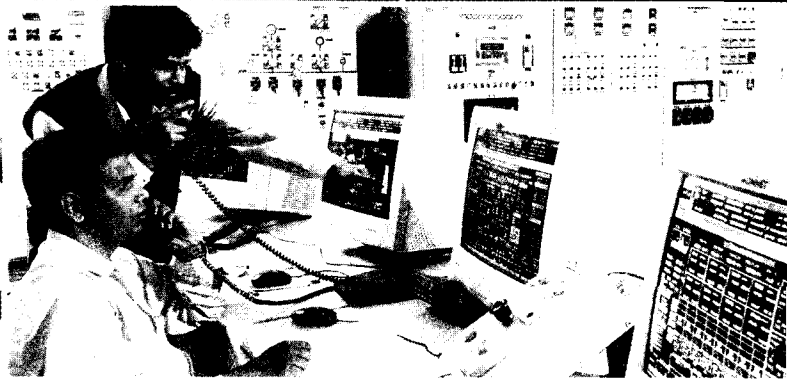
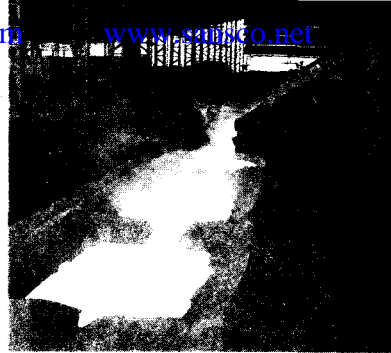
## FINANCIAL RESULTS

		[Rs. in Lacs]
	2004-2005	2003-2004
Sales (Net of Excise) & Other Income	521.95	247.70
Profit before depreciation	153.79	59.15
Depreciation	21.61	9.42
Profit for the year	132.18	49.73
Provision for taxation	10.37	4.93
Provision for deferred taxation	0.00	16.47
Profit after taxation	121.81	28.33
<b>Cash Profit</b>	<b>143.42</b>	54.03
Income tax adjustment	0.34	(0.19)
Profit brought forward from previous year	50.71	33.22
Profit available for appropriation	172.86	61.36
Dividend 60% (2003-2004 - 25%)	16.91	5.01
Tax on Dividend	2.32	0.64
Transfer to General Reserve	13.50	5.00
Surplus carried to Balance Sheet	140.13	50.72

## ISSUE OF SHARES DURING THE YEAR

- 1 The Company has allotted 6932647 equity shares on 25th December, 2004, to the shareholders of Monnet Power Limited in terms of Scheme of Merger in the ratio of 1 equity share for every 10 shares held in Monnet Power Limited. The Company has also obtained listing and trading approvals in respect of these shares from the Stock Exchanges.
- 2 The Company had allotted 2000000 warrants to the promoters on preferential basis on 3rd June, 2004 out of which 50% were to be converted on or before 15 April, 2005. Accordingly, the Company had converted 1000000 warrants into equal number of equity shares on 31st March, 2005. In respect of these shares also the Company has obtained listing and trading approvals from the Stock Exchanges.



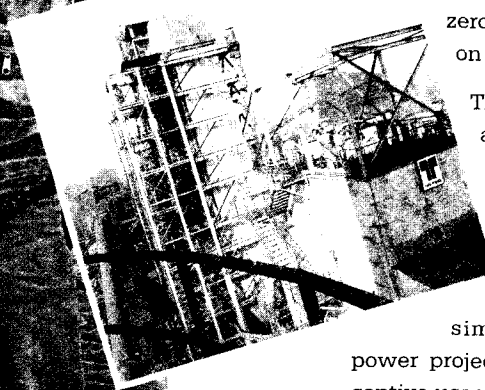


#### OPERATIONAL REVIEW

During the year under review, your Company produced 240133 MT of Sponge Iron, 145109 MT of M.S. Products and 37813 MT of Ferro Alloys as against production of 204248 MT of Sponge Iron, 70682MT of M.S. Products and 9098 MT of Ferro Alloys in the immediately preceding year.

#### PROJECTS UNDER IMPLEMENTATION

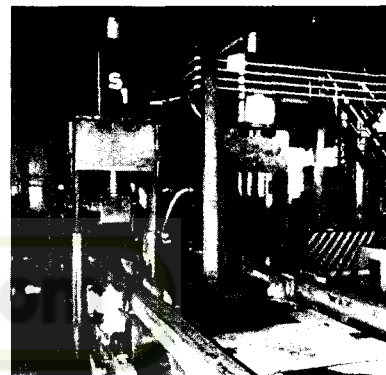
Subsequent to the allotment of land at Raigarh, the company had applied for environment and other clearance. However there was some delay in getting the environment clearance, which is now in place. This has shifted the zero date for implementation of sponge iron project. The extension in zero date will not have any cost impact on the project.



The company has placed orders for all the plant and equipments with long gestation period. The implementation is in progress and the project is expected to come into stream by 1st quarter of 2006-07. The company is simultaneously implementing a power project of 90MW at the same site for captive usage. The power would be generated partly from the flue gases of sponge iron and partly on coal fines and char.

The company is also setting up a steel project and a ferro alloys project at the site. Financial closure for all the projects have already been achieved.

This will be second integrated facility of the company after Raipur with higher capacities. The project will have the advantage of being closer to the coal mine located at Raigarh and sources of iron ore. In the meanwhile, the coal mine has become operational and the complete requirements of coal at Raipur are being met from the mines. The company is working on the mine to gradually ramp-up the capacity to meet the additional requirements coming up at Raigarh site.



#### DIVIDEND

The Board of Directors, in its meeting held on 22nd October, 2004, declared an interim dividend of 25% and in its meeting held on 30th April, 2005, declared another interim dividend of 35% which have been paid to the shareholders. Your directors recommend that interim dividends paid may be treated as final dividend for the financial year 2004-05.

#### DEPOSITORY SYSTEM

As on 31st March, 2005, about 93.10% 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 mandatorily in dematerialized form, those members who are still holding their shares in physical form are advised to dematerialize their shareholding.

#### DIRECTORS

Pursuant to Section 255 of the Companies Act, 1956, Shri G C Mrig, Director, retires by rotation on the day of 15th Annual General Meeting and being eligible offers himself for reappointment.

#### RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have 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

