

MONNET ISPAT & ENERGY LIMITED

Annual Report 2007-08

Present Accomplished. Future Ready



Excellence is a moving target.

One achievement leads to the other-one project is the blueprint for the next.

At Monnet, we consider a secure present to be the fuel for a successful future. And we are revving up for Destination Next.

What are the ingredients of our mettle?

Step-by-step planned growth.

Unwavering focus on steel making.

Belief in the strength of forward and backward integration. And most of all, a vision for tomorrow.

The future belongs to the Infrastructure

Sector, and that's where we have spread

our wings. Quite simply, we are

future ready!

Report

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

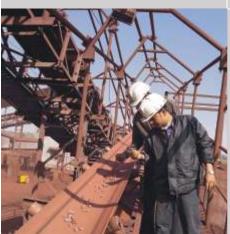
- ► To achieve total integration in operations with global cost & quality standards with the use of latest technology and to be perceived as the "preferred" choice of our customers.
- ➤ To build a team of motivated and dedicated workforce, with high work ethos.
- ▶ To strive to emerge as an ideal corporate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

Executive Vice-Chairman & Managing Director's Message



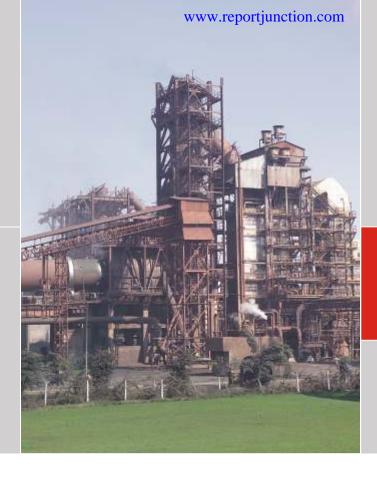
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When you combine a culture of discipline with an ethic of entrepreneurship, you get a magical alchemy of great results.





Dear Shareholder,

It has indeed been a satisfying year for all of us at Monnet... a year that has seen us go forth from toil to fruition, from blueprint to balance sheets! Not only are we ranked as the second largest coal based integrated sponge iron producer, we have achieved a landmark turnover of over Rs. 1000 crores in the current fiscal year.

A quick recap of the year that was brings our ambitious growth plan into sharp focus. While our existing plant in Raipur is delivering as per plan, it is the development at Raigarh that spells exciting times ahead.

Operationalization of Raigarh Plant will usher your company in to the bigger league of companies. Efforts to fully integrate the operations of the company are progressing satisfactorily and the results whereof would be visible with the announcements of the company in the next few months.

The integrated Power Plant in Orissa under the banner of Monnet Power Company Limited is taking off in actual physical mobilization, which will result in your company emerging a major player in the industrial landscape of the country.

Sandeep Jajodia

Corporate Update







Integrated. Improvising. Innovative.

Monnet Ispat & Energy Limited is a concrete example of what foresight, planning and conviction can do. One of the largest coal-based sponge iron producers in India, Monnet has emerged as an integrated Sponge Iron major with captive resources of coal, and captive power.

All operations are interwoven and blend into a holistic spectrum of activities. Integration has enabled the company to enhance margins and withstand cyclical downturns.

Establishing. Consolidating. Expanding.

Monnet has its manufacturing facilities in both Raipur and Raigarh. While the plant in Raipur has been performing impressively right since inception, the company's initiatives at Raigarh are yielding rich dividends as well. The 5 lac TPA Sponge Iron plant and the 90 MW Power Plant are onstream. Monnet will realize the business potential of plate and structural steel as soon





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as its under progress 1.2 MT steel plant becomes operational in the coming fiscal year.

The Rs. 4200 crore, 1050 MW Power Plant being setup at Angul Orissa under the banner of Monnet Power Company Ltd., a subsidiary of MIEL, is progressing as per schedule.

Passion. Performance. Profits.

Every step ahead at Monnet is backed by rational thinking and strategic planning. Maintaining control over raw material resources has always been a priority. Captive power plants having total installed capacity of 150 MW will ensure uninterrupted power. Monnet has acquired coal mines in Orissa to ensure smooth and cost competitive supply of coal to its sponge iron plants. This has enabled the company to capture a major portion of the value chain in mining and power.



(Rs. In Crores)

Depor	2004-2005	2005-2006	2006-2007	2007-2008
NGP 51				
Equity Capital	31.49	32.49	34.34	47.99
Sales	518.14	532.27	637.80	1159.07
EBITDA (Profit Before Dep., Int. & Tax)	183.07	147.85	198.86	281.61
EBITDA Margin (%)	35.23	27.77	31.18	24.00
Net Profit after Tax	122.15	105.85	134.79	166.09
Cash Profit	143.75	136.76	180.41	238.61
Dividend (%)	60	45	45	50
Earning per share (in Rs.)	40.87	33.28	39.36	42.98
Book value per share (in Rs.)	94.83	126.19	166.25	226.85
Shareholders' Funds	310.09	410.09	570.94	1088.67

Board of Directors

Shri Mohinder Singh Gujral

Shri P.L. Nene Shri G.C. Mrig Shri Ajay Relan Shri J.P. Lath Shri V.N. Kedia Shri Sandeep Jajodia Chairman

Non Executive Director
Executive Vice-Chairman
& Managing Director

Board Committees

Audit Committee Shri M.S. Gujral, Chairman Shri P.L. Nene, Member Shri G.C. Mrig, Member Shri Ajay Relan, Member Investors' Grievance/
Shareholders Committee

Shri M.S. Gujral Shri Sandeep Jajodia Shri J.P. Lath

Shri M.P. Kharbanda, Secretary

Finance Committee

Shri Sandeep Jajodia Shri Ajay Relan **Executive Committee**

Shri Sandeep Jajodia

Shri J.P. Lath

Remuneration Committee

Shri M.S. Gujral Shri G.C. Mrig Shri J.P. Lath

Shri J.P. Lath

Share Transfer Committee

Shri J.P. Lath Shri V. N. Kedia Shri M.P. Kharbanda

Company Secretary

Shri M.P. Kharbanda

Registered Office

Monnet Marg, Mandir Hasaud, Raipur - 492101 (Chhattisgarh)

Works

<u>Unit-I</u>

Monnet Marg, Mandir Hasaud, Raipur - 492 101 (Chhattisgarh)

Unit-II

Village - Naharpali, Tehsil Kharsia, Dist. Raigarh Chhattisgarh

Coalmine

Village - Milupara, Block-Tamnar, Distt. Raigarh, Chhattisgarh

Corporate Office

MONNET HOUSE,

11, Masjid Moth, Greater Kailash Part-II

New Delhi-110048

MIEL Corporate Website: www.monnetgroup.com

Bankers

Bank of Baroda Barclays Bank PLC Citibank N.A. DBS Bank Ltd. HDFC Bank Ltd.

Hongkong and Shanghai Banking Corp. Ltd.

IDBI Bank Ltd. IndusInd Bank Ltd.

ING Vysya Bank Ltd.

Jammu & Kashmir Bank Ltd. JP Morgan Chase Bank N.A. Punjab National Bank

Standard Chartered Bank State Bank of Bikaner & Jaipur

State Bank of India State Bank of Indore State Bank of Mysore State Bank of Patiala

State Bank of Travancore

Syndicate Bank UCO Bank

<u>Auditors</u>

M/s. O.P. Bagla & Co. Chartered Accountants, New Delhi

Shares Listed with Exchange

National Stock Exchange of India Ltd. Bombay Stock Exchange Limited Madhya Pradesh Stock Exchange

Investor Services Centre (ISC)

MONNET HOUSE 11, Masjid Moth Greater Kailash Part-II New Delhi-110048.

Ph-011-29218542-46, Fax-011-29218541

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Directors' Report

For the financial year ended 31st March, 2008

Your Directors submit their report for the financial year ended 31st March, 2008.

Sales, Profits, Dividends & Retention

		[Rs. in Crores]
	2008	2007
Sales (Net of Excise) & Other Income :	1234.28	685.06
Profit before depreciation	265.26	199.15
Depreciation	44.49	33.05
Profit for the year	220.77	166.10
Provision for taxation	25.18	18.31
Provision for deferred taxation	28.04	12.58
Provision for FBT	0.58	0.42
Income Tax Adjustment	-0.80	-0.01
Profit after taxation	166.17	134.78
Cash Profit	238.70	180.41
Profit brought forward from previous year	322.40	218.74
Profit available for appropriation	488.57	353.52
Dividend	24.31	15.45
Tax on Dividend	4.13	2.17
Transfer to General Reserve	16.70	13.50
Surplus carried to Balance Sheet	443.43	322.40

Company Performance

Your Company has completed yet another year of strong performance and growth. Multiple drivers that are key factors behind top line growth across entire value chain testify the robustness of Corporate Strategy. The year also saw effective utilization of capacities across entire value chain. The current year shall witness utilization of newly installed capacities and would further boost profits and revenues during the year.

