

COMMITTED TO OUR PRIORITIES

Annual Report 2012-13



02

Chairman's
Communiqué

04

Corporate Overview

06

Sponge Iron Unit
– The First Stride in
our Odyssey

08

Extending Value
Through Steel –
Making Facilities

10

Energizing our
Progression with
Power Generation

12

Conquering
Frontiers through
our Mining Business

14

Going Deeper
with Mineral
Beneficiation.
Reaching Higher.

16

Scaling New
Heights by Offering
Coal Consulting

17

Integrated Strength
of Ferro-Alloys

18

Providing a Rock
Solid Foundation
through Our
Products

20

CSR towards
Inclusive Growth

26

Financial Highlights

27

Report of the
Directors

34

Management
Discussion and
Analysis

37

Report on Corporate
Governance

49

Standalone Financial

83

Consolidated
Financial

BOARD OF DIRECTORS

Chairman & Managing Director

Sandeep Jajodia

Executive Directors

Dy. Managing Director

C.P. Baid

Non Executive Independent Directors

G.C. Mrig

Amit Dixit

Ajay Relan

Vikram Deswal

Other Non Executive Directors

J.P. Lath

BOARD COMMITTEES

Audit Committee

G.C. Mrig - Chairman

Ajay Relan - Member

J.P. Lath - Member

M.P. Kharbanda - Secretary

Shareholders'/ Investors'

J.P. Lath

C.P. Baid

Remuneration Committee

G.C. Mrig

Vikram Deswal

J.P. Lath

Finance Committee

Sandeep Jajodia

C.P. Baid

J.P. Lath

Executive Committee

Sandeep Jajodia

C.P. Baid

J.P. Lath

Share Transfer Committee

J.P. Lath

C.P. Baid

M.P. Kharbanda

BANKERS

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Patiala

IDBI Bank Limited

COMPANY SECRETARY

M.P. Kharbanda

AUDITORS

O.P. Bagla & Company

Chartered Accountants, New Delhi

REGISTERED OFFICE & RAIPUR WORKS

Monnet Marg, Mandir Hasaud,

Raipur - 492101

RAIGARH WORKS

Village Naharpali, Tehsil Kharsia,

Distt. Raigarh, Chhattisgarh

COALMINE

Village Milupara, Block-Tamnar,

Distt. Raigarh, Chhattisgarh

INVESTOR SERVICES CENTRE

Monnet House, 11, Masjid Moth,

Greater Kailash Part-II,

New Delhi - 110048.

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CORPORATE OFFICE

Monnet House, 11, Masjid Moth,

Greater Kailash Part-II,

New Delhi - 110048

MIEL Corporate Website

www.monnetgroup.com

CORPORATE INFORMATION

CHAIRMAN'S COMMUNIQUÉ



Dear Shareholders,

It is indeed a pleasure to reconnect with you at the end of another financial year wherein your Company, through its mantra of “looking beyond challenges”, is trying to navigate through the slow economic environment. With our 1.5 MTPA integrated steel manufacturing facility at Raigarh, Chhattisgarh and upcoming pit head thermal power plant of 1050 MW (2 units of 525 MW each) in Angul, Odisha, we are looking at a new phase of growth for the Company.

The economic growth during the year, ended at an extremely disappointing level of 5%. The expected growth and investment in infrastructure such as roads, highways, airports, ports and manufacturing facilities was slow thereby resulting in considerable low demand for steel.

Having said that, your Company demonstrated strong nimbleness and resilience to face challenges head-on, as evident from our satisfactory levels of profitability under tough prevailing circumstances. We embarked on proactively realigning our business to adjust to current market conditions, enabling us to maintain revenue from operations to ₹1979.62 Crores in FY 13, up from ₹1897.38 Crores in the previous fiscal. However, profit decreased from the earlier level of ₹288.86 Crores to ₹250.32 Crores in the year under review due to pressures on margins in the industry.

Progressing into the next fiscal, we are extremely optimistic about enhancing our profitability. Our 1.5 MTPA integrated steel plant at Raigarh will produce structural steel, longs (TMT Bars) and flats (Plate Mill Plates – PMPs) to cater to the rapidly growing infrastructure & construction industry. The integrated facility would reduce cost and would help in optimizing operations very competitively. We would also be for the first time entering the consumer markets and would be introducing our rebar under “Monnet Steel TMT” brand. The branded steel is expected to improve margins further.

Additionally, in line with our business strategy to diversify business operations and strengthen position, the Company through its subsidiary Monnet Power Company Limited (MPCL) is building its power generation capabilities as an Independent Power Producer. The expansion of the 1050 MW power project at Angul, Odisha is well on track. This power project, envisaged as amongst the lowest cost generating units in India, makes us optimistic about generating robust profitability from our power operations.

BUSINESS STRATEGY

By systematically approaching the value proposition in every aspect of what we do, we at Monnet leverage our competitive advantages and maximize our value to all our stakeholders.

A key element of our business strategy is to operate as a low cost producer in a highly competitive business environment. At our plants and sites we employ the latest equipment and technology and advanced manufacturing facilities to achieve efficient production rates and conversion costs. We remain sharply focussed on driving shareholder value by concentrating on sound operational performance, strategic growth initiatives and balanced capital allocation. We also continue to be disciplined in pursuing additional acquisition opportunities that are highly synergistic and meet our return on capital requirements while maintaining a stable financial position.

OUTLOOK

As we look forward, we remain encouraged by the long-term macroeconomic fundamentals supporting our businesses. We expect the economy to return on the path to recovery thereby pushing investments in the infrastructure and construction sector and generating increased demand for steel. Through further investments in technology to improve efficiencies and through acquisitions to expand our footprint, we are optimistic about enhancing our profitability and maximizing returns to our stakeholders.

CSR

Being a part of the community is prime to our business at Monnet. Through Monnet Foundation, we continued investing funds for local community initiatives and social infrastructure in and around areas of our operation. Our solidarity to the game of boxing remains unchanged and by providing impetus to the game and the players both at grassroot and higher levels, we aspire to create many more sporting icons who will definitely bring glory to the nation. Earlier in the year, Monnet felicitated Olympic Bronze medallist MC Mary Kom and the entire boxing contingent for having put up one of India's best performance ever in boxing at the Olympics. Under the aegis of our commitment of infrastructure development, we have taken up the assignment of beautification and landscaping of airports in Bhubaneswar, Kolkata and Raipur.

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THE COMPANY**

CONCLUSION

Monnet is ideally positioned to respond to the challenges and capitalize on the opportunities that lie ahead. We appreciate the efforts of our employees and their on-going commitment to meet the challenges that are inherent in our highly competitive business. On behalf of the Board, I would also like to take this opportunity to express my gratitude to our investors, bankers and stakeholders for the trust they have shown in our capabilities. Monnet is confident of scaling greater heights in the years ahead and we look forward to your support in this journey.

Sandeep Jajodia

Chairman & Managing Director

CORPORATE OVERVIEW

We are the nation's second largest coal-based sponge iron producer and we are the only private company to operate the single largest underground coal mine in India.

Established in 1994, Monnet was incorporated to manufacture and market sponge iron. The goal thereafter was to develop an integrated model by diversifying into other allied sectors that will render strength and value to the Company's operations. Over the years, Monnet has built a diversified de-risked business portfolio encompassing integrated manufacturing facilities of Sponge Iron, Pig Iron, Steel and Ferro Alloys. The Company is also engaged in

power generation for both captive use and as an Independent Power Producer (IPP).

Adding impetus to this is our low-cost structure, logistics infrastructure, skilled workforce and sophisticated information systems which enable us deliver superior performance metrics consistently.

Leveraging the competitive advantages of forward and backward integration enabling cost leadership, the goal is now to tap new opportunities and expand business horizons.

Yes, we do shape and meet the critical demands of our industry. However, at Monnet, enterprise is not limited to business profitability.

Our community development work through the Monnet Foundation has impacted innumerable lives with a promise to make their tomorrow better than their today. Proud sponsor to the Indian Boxing Team, we are also committed to nurturing sporting talent through Monnet Sports Foundation to attain the pinnacles of international glory.



VISION

- To be an industry leader
- To be an employer of choice
- To set benchmarks in international excellence

MISSION

- To be an excellent corporate citizen
- Human resource excellence
- Customer delight and beyond

VALUES

'Trust' is the core value.

T - Trust Based on Accountability; Tenacity for Results

R - Respect for People and Resources

U - Unity in Diversity

S - Sense of Achievement, Self-Confidence

T - Team Work; Talent Retention

Trust based on Accountability, Tenacity for Results

We are deeply aware of the trust reposed in us by our stakeholders. Success to us means consistently delivering on that trust and being accountable to each of our stakeholders.

We will go the extra mile to deliver on our promises. Our persistent endeavour would be to exceed stakeholders' expectations and achieve targets ahead of deadline.

Respect for People and Resources

Moving ahead with utmost respect for the people connected directly or indirectly to us and for the resources is a prima facie requisite of all our operations. We are committed to the policy of creating a net positive impact on the environment of where we operate.

Unity in Diversity

At Monnet, we are proud of our culturally diverse workforce, adding a new dimension to our talented workforce. Uniqueness is respected and celebrated, and pulled together for creating laudable success stories at work.

Sense of Achievement, Self Confidence

We lay special emphasis of developing and nurturing leadership talent within the organization by instilling a can-do attitude. Accomplishing business growth by recognizing high performance is a key component of our employee development strategy.

Team Work; Talent Retention

Excellence at business is achieved by hiring, developing and retaining the best talent. Developing camaraderie among the workforce, bringing in operational discipline and enhancing problem solving skills improves the team effort in realizing organizational goals.

Business Verticals

Sponge Iron
Steel Manufacturing
Power Generation
Mining
Mineral Beneficiation
Coal Consulting
Ferro Alloys

Technology Partners

Nuova Carpentaria Odolese, Italy
Hallteck Equipment, UK

Tickers

NSE Ticker: MONNETISPA
BSE Ticker: Monnet Ispat Limited: 513446

Certifications

Quality Protocol: ISO 9001:2008
Monnet Ispat & Energy Limited, Raigarh, is accredited with ISO 9001:2008 & ISO 14001:2004
MIEL is registered with UNFCCC for certified emission reductions (CER).

SPONGE IRON UNIT – THE FIRST STRIDE IN OUR ODYSSEY

Also referred as direct reduced iron, metallized iron or hot briquetted iron, sponge iron is the core material used in the iron and steel industry for the production of steel. Recognizing the vital need for steel for a nation eager to reach high levels of industrialization, Monnet ventured into this segment in the early nineties. Under the flagship company Monnet Ispat & Energy Limited (MIEL), the first sponge iron unit with a capacity of 1 lac Tonnes Per Annum (TPA) was set up at Raipur, Chhattisgarh.

Key Strengths

Captive availability of coal, iron ore and power. This gives a head start in maintaining a low cost base and ensuring competitive advantage through business cycles.

- Use of most advanced technology in the manufacturing process
- The sponge iron exhibits superior quality characteristics
 - » excellent metallic content
 - » impeccable consistency in chemical and physical characteristics
 - » Sulphur and phosphorus which can reduce the strength of steel are maintained at much lower levels than specified
 - » Better production process ensures sponge is free from dust caused during material handling

Key Statistics

- Second largest coal based sponge iron producer in the country



WE ARE THE **SECOND LARGEST** COAL BASED
SPONGE IRON PRODUCER IN THE COUNTRY.



EXTENDING VALUE THROUGH STEEL – MAKING FACILITIES

With a vision to transit the Company from a sponge iron manufacturing facility to a value added steel company, Monnet established the integrated 1.5 MTPA steel making facility at Raigarh. Using productively the upstream competencies, this integrated steel making facility to produce structural steel, longs (TMT Bars) and flats (Plate Mill Plates –PMPs) will establish Monnet as a dominant player in the steel industry.

