

Reinforcing Fundamentals. Building Value.

Annual Report 2013-14



What's Inside

01

Corporate
Information

02

Reinforcing Fundamentals.
Building Value.

04

Chairman's
Communiqué

06

Corporate
Overview

07

The Monnet Approach to
Value Realization

08

Business
Verticals

15

Corporate Social
Responsibility

18

Financial
Highlights

19

Report of the
Directors

27

Management
Discussion and
Analysis

30

Report on Corporate
Governance

45

Standalone
Financial

79

Consolidated
Financial

Corporate Information

BOARD OF DIRECTORS

Chairman & Managing Director

Sandeep Jajodia

Deputy Managing Director

C.P. Baid

Non Executive Independent Directors

Amulya Charan

Amit Dixit

Vikram Deswal

Other Non Executive Director

J.P. Lath

BOARD COMMITTEES

Audit Committee

Amulya Charan	Chairman
Amit Dixit	Member
J.P. Lath	Member
M.P. Kharbanda	Secretary

Stakeholders Relationship Committee

J.P. Lath

C.P. Baid

Nominations & Remuneration Committee

Amulya Charan

Vikram Deswal

J.P. Lath

Corporate Social Responsibility Committee

Sandeep Jajodia	Chairman
Amulya Charan	Member
J.P. Lath	Member

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

State Bank of Mysore

AUDITORS

O.P. Bagla & Company

Chartered Accountants, New Delhi

REGISTERED OFFICE & RAIPUR WORKS

Monnet Marg, Mandir Hasaud, Raipur-492 101

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

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MIEL Corporate Website

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Reinforcing Fundamentals. Building Value.

Building value over the long-term requires the ability to envisage the future and to reinforce competencies, capabilities and capacities to make the most of emerging opportunities. It mandates systemic evaluation and appraisal of core business fundamentals in order to build resilience towards challenging business environment, achieve operational efficiencies, produce superior products and deepen existing relations with customers. In short, a closer look at efficiency, execution and market impact to ensure sustainable growth.

At Monnet Group, building value over long-term is embedded in our corporate culture, thus forming an inseparable part of our fundamentals. Driven by the firm conviction that evolution is vital to sustainability, we have invested significant resources for vertical integration and for business expansion. During the year, we continued to steadily move towards building long-term value through firm and decisive steps in this direction. From innovation and employee engagement to processes and systems, we have relentlessly toiled to direct our energies towards strengthening our operations, maximizing growth and creating value for our stakeholders. In our pursuit of brand value creation, we are leaving no stone unturned to scale up our operations, keep our cost matrix balanced and maximize shareholder value. This shall eventually lead to greater economic prosperity for the nation.

Our far-sighted vision laid the foundation of our dynamic portfolio and formidable business operations. With our core strengths reinforced, we stand reaffirmed to our commitment to deliver on our goal of building lasting value.



Chairman's Communiqué

Dear Shareholders,

I am pleased to reconnect with you at the end of another financial year.

Monnet is a proud, progressive and value-driven Company. Systemically, over the years, we have expanded and integrated our business portfolio to progressively deliver greater value to all our stakeholders. Concurrently, we have continued to reinforce our fundamental strengths, aligning them to the prevailing complex and challenging business environment.

Review of operations in challenging times

Even as global economy made a slow and gradual progress towards recovery during FY14, India saw a second consecutive year of sub 5% growth. This manifested itself in persistent high inflation, high fiscal deficit and low investments in the infrastructure and construction sector. As a natural fallout, industries across all sectors were impacted and the steel sector was no exception.

Under such challenging macro-economic conditions, we reported an increase in total revenue from operations, which increased to ₹ 2267.94 Crores in FY14 from ₹ 1957.43 Crores in the previous fiscal. Commercial operation of steel plant in the second half saw a sudden surge in the variable and fixed expenses which had an impact on the profits of the Company and the same declined to ₹ 97.12 Crores.

A milestone year

The year 2013 will be etched in the timeline of Monnet's business achievements as a momentous year, as it marked the commissioning of its state-of-the-art 1.5 MTPA integrated steel plant at Raigarh. This plant is endowed with world-class facilities and technology for the manufacture of long and flat products used in the infrastructure and construction domain.

With a stable government at the Centre, there is a growing optimism that there will be more decisiveness in government policy formation, as well as greater efficiency in implementation, leading to a revival in growth. With infrastructure development among the key target areas for stimulating economic progress, this is certainly good news for the steel industry.

On track to generate greater value

Building value over the long-term requires delivering on commitments in the short-term while simultaneously keeping a constant vigil on future requirements and developing capacities and competencies to meet the same. In this regard, I would like to share that our pithead thermal power plant project of 1050 MW at Angul, Odisha, to meet the growing energy requirements, both within the Company and externally, is progressing well on track. Once completed, this will give us a sustainable and competitive advantage for long-term growth.

Closer collaboration with customers

Our expansion efforts are clearly aligned to our plans for the future, which is linked to a well-planned business strategy. Sustainable growth, in our view, is a direct deliverable of greater customer connect. The year in review saw Monnet creating the first 'SCM Function' to strengthen the supply chain at Raigarh. The new system will enable the teams involved in the planning and execution of inbound and outbound processes of the supply chain at Raigarh to work as a cohesive unit. More importantly, deployment of this new function will result in timely deliveries, increased capability to handle larger volumes and greater attention to the needs of the customers. This customer-focused approach will undeniably hold us in good stead.

Geared for higher performance

As we move into the new fiscal, we are confident that we are on the right track and the strategies we have adopted of customer-focused innovation, simplified operations and better use of technology will enable substantial improvement in performance. Through reconfiguration and re-strengthening of our fundamentals, we are committed to continuing driving costs out of our business and achieving further improvements in the productivity and effectiveness of our manufacturing, selling and administrative activities.

In conclusion, while economic growth has been subdued in the last couple of years, we are encouraged by the signs of improvement in recent months. Steel is among the basic



“**With our core strengths reinforced, we stand reaffirmed to our commitment to deliver on our goal of building lasting value**”

blocks to build, maintain and advance the Indian economy and Monnet is ideally positioned to respond to the challenges and to capitalize on the opportunities that lie ahead. We appreciate the efforts of our employees to achieve the business objectives in the most efficient and effective way possible. On behalf of the Board, I would also like to express my gratitude to our shareholders, investors and bankers for reposing trust in our vision and strategies. Thank you for your continued support as we work to create sustainable value for all our stakeholders.

Sandeep Jajodia
Chairman & Managing Director

A Legacy of Reinforcing Fundamentals & Building Value



Monnet's milestone journey through the years has been a legacy of value-creation steered by well-defined objectives. With a clear approach and a philosophy based on moving steadfastly towards the realization of its goals, Monnet today stands tall as the nation's leading manufacturer of sponge iron, which is one of the most important and the basic raw materials required for the production of various steel/iron-based products. With the commissioning of its 1.5 MTPA integrated steel plant, Monnet is emerging as a significant player in the steel industry.

The history of Monnet goes back to the early nineties, when its first sponge iron plant was set up at Raipur in Chhattisgarh. With a vision going beyond short-term gains, Monnet soon diversified into allied sectors that would reinforce its business model and further strengthen its foundation. From generating power to making steel and from mining coal to providing extensive coal consultancy services, Monnet has indeed come a long way since its inception. With strong upstream and downstream competencies now in place, it has emerged as one of the most reliable manufacturers in the country.

Investing continuously and strategically in people, projects, products and processes is at the core of the business decisions at Monnet, for achieving long-term growth. Co-ordinated efforts towards acquiring state-of-the-art manufacturing capabilities, manufacture of impeccable quality products and expansion of national geographic footprint offer significant opportunities to further scale business and unlock additional value.

Monnet's business success is deeply linked to the society's progress. Through the Monnet Foundation and Monnet Sports Foundation, the Group invests in programs that create measurable and lasting value for the communities around the areas of its operation. Monnet is proud to be the official sponsors of the Indian Boxing Team, in line with its goal to partner the development of sports in the country.

Monnet's story continually evolves, but the commitment to uncompromising integrity and long-term value remains steadfast, paving the way for holistic, long-term growth.

The Monnet Approach to Value Realization

VISION

- To achieve holistic leadership in terms of cost, quality and customer satisfaction in a systematic and planned manner.
- To be a symbol of corporate excellence with a strong focus on benefiting stakeholders and society at large.

TECHNOLOGY PARTNERS

- Nuova Carpenteria Odolese, Italy
- Hallteck Equipment, UK
- EMA-Lysright Pty, Australia
- CLI Corporation, USA
- Daniel Corporation, USA
- J-Coal, Japan

MISSION

- To achieve total integration in operations with global cost and 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.

CERTIFICATIONS

- Quality Protocol: ISO 9001:2008
- Monnet Ispat & Energy Limited, Raigarh is accredited with ISO 9001:2008 & ISO 14001:2004
- Monnet Ispat & Energy Limited is registered with UNFCC for Certified Emission Reductions (CER)

VALUES

- 'TRUST' IS THE CORE VALUE
 - T - Tenacity for Results
 - R - Respect for Environment
 - U - Upholding Integrity
 - S - Service to Community
 - T - Team Work

The First Step towards Value Creation

Reinforcing fundamentals in manufacture of Sponge Iron

Setting the first goal, and going on to translate it into a success story, marked the origin of Monnet's odyssey. The journey began with the Company's foray into manufacturing of superior quality sponge iron, and continues to find strength in its focused reinforcement of this business.



STRATEGY

The vision of becoming a fully integrated steel manufacturer with strong upstream and downstream competencies served as the framework for the Company's sponge iron business.

Committed to delivering excellent products, the Company has continually ensured that the sponge iron facilities are world-class and equipped with the latest technologies. Also, the systematic approach of setting up of beneficiation and pelletization plants in close proximity to existing facilities has enabled the sponge iron business to make gainful use of cheap iron ore fines available in abundance.

OUTCOME

Leveraging the captive availability of raw materials, Monnet has surged forward as the **nation's second largest coal-based sponge iron producer**.

Monnet produces high-grade sponge iron that is consistent in quality as well as unique and superior from competitor products.

Monnet is a cohesive steel producing unit because of its sponge iron business. The high quality sponge iron produced in Monnet's sponge iron kilns is used for internal consumption in its own steel plant as well as for selling.