



# Annual Report

## 2015 - 16



**Monnet Ispat & Energy Limited**

# what's inside

**01**

Corporate Information

**02**

Director's Report

**30**

Management Discussion  
and Analysis Report

**33**

Corporate Governance  
Report

**53**

Standalone  
Financial

**94**

Consolidated  
Financial

# Corporate Information

## BOARD OF DIRECTORS

### Chairman & Managing Director

Sandeep Kumar Jajodia

### Deputy Managing Director

C. P. Baid

### Non Executive Independent Directors

Amit Dixit

Bhavna Thakur

Suman Jyoti Khaitan

### Nominee Director- IDBI Bank

Suresh Kishinchand Khatanhar

### Other Non Executive Director

J. P. Lath

### Chief Financial Officer

Raj Kumar Ralhan

### Company Secretary

Hardeep Singh

## BOARD COMMITTEES

### Audit Committee

Suman Jyoti Khaitan

Amit Dixit

J. P. Lath

Hardeep Singh

Chairman

Member

Member

Secretary

### Stakeholders Relationship Committee

J. P. Lath

C. P. Baid

Hardeep Singh

Chairman

Member

Member

### Nomination & Remuneration Committee

Suman Jyoti Khaitan

J. P. Lath

Amit Dixit

Chairman

Member

Member

### Corporate Social Responsibility Committee

Sandeep Kumar Jajodia

J. P. Lath

Suman Jyoti Khaitan

Chairman

Member

Member

### Finance Committee

Sandeep Kumar Jajodia

C. P. Baid

J. P. Lath

### Allotment Committee

C. P. Baid

J. P. Lath

## Executive Committee

Sandeep Kumar Jajodia

C. P. Baid

J. P. Lath

## Share Transfer Committee

J. P. Lath

C. P. Baid

Hardeep Singh

## BANKERS

IDBI Bank Limited

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Patiala

State Bank of Mysore

## AUDITORS

O.P. Bagla & Company

Chartered Accountants, New Delhi

## REGISTERED OFFICE & RAIPUR WORKS

Monnet Marg, Mandir Hasaud, Raipur,

Chhattisgarh - 492101.

## Raigarh Works

Village Naharpali, Tehsil Kharsia, Distt. Raigarh,

Chhattisgarh

## Investor Services Grievance Centre

### Hardeep Singh (Compliance Officer)

Monnet House, 11, Masjid Moth,

Greater Kailash Part - II,

New Delhi - 110 048, India

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E-mail : isc\_miel@monnetgroup.com

## CORPORATE OFFICE

Monnet House, 11, Masjid Moth,

Greater Kailash Part - II,

New Delhi - 110 048, India

## Corporate Website

www.monnetgroup.com

# DIRECTORS' REPORT

To the Members,

Your Directors hereby submits the Twenty-Sixth Annual Report on the business and operations of your Company, along with the Audited Financial Statements, for the financial year ended 31<sup>st</sup> March, 2016 (year under review).

## 1. FINANCIAL SUMMARY

The Financial summary and performance Highlights of your Company, for the year under review are as follows:

(₹ in crores)

PARTICULARS	Standalone		Consolidated	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Gross Sales and other Income	1,901.78	3,258.41	1,906.12	3,306.82
Profit before Interest, Depreciation Tax & Exceptional item	(294.87)	198.52	(379.18)	148.6
Depreciation and amortization	359.10	281.44	365.07	288.41
Interest	939.65	652.87	1,039.17	670.46
Profit/ (Loss) from Operations	(1,593.62)	(735.80)	(1,783.42)	(810.27)
Exceptional Items	89.75	252.91	83.97	252.92
Provision for Tax	(0.14)	(192.83)	(0.71)	(193.88)
Share of loss transferred to minority	-	-	10.35	12.38
Profit/ (Loss) After Tax	(1,683.23)	(795.88)	(1,856.33)	(856.93)
Balance of Profit / (Loss) brought forward	655.1	1,450.98	516.75	1,373.69
Amount available for appropriation	-	-	-	-
Balance of Profit carried forward to next year	(1,028.14)	655.1	(1,339.58)	516.76
Reserves and Surplus	439.05	1,776.85	297.31	1,825.7

Previous year's figures have been regrouped/ rearranged wherever considered necessary.

## 2. FINANCIAL AND OPERATIONAL PERFORMANCE

During the year under review, your Company's gross turnover and net turnover was ₹ 2025.02 Crores and ₹ 1901.78 Crores respectively. Further, in the Financial Year ended 31<sup>st</sup> March, 2016, the profit before tax (PBT) was negative and stands at ₹ (-) 1683.37 crore as against ₹ (-) 988.70 crore in the previous year and profit after tax (PAT) was ₹ (-) 1683.23 crore against ₹ (-) 795.87 crore in the previous financial year.

Further, there has been no change in the nature of business during the year under review.

## 3. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The steel industry worldwide has been facing unprecedented adverse market conditions with product prices declining continuously for the past two

years. In view of unfavorable demand supply scenario and dumping from China, CIS, Japan and Korea, steel product prices are prevailing at the levels not seen in past two decades. Consequent to above, financial performance of the Company, in tandem with the entire steel industry in the country, has been adversely affected in the last two years, which led to significant decline in the operating profits and consequently cash flow mismatch. Hence, the Company was not able to honour its commitments to Lenders. The Lenders had accordingly, in September 2014, formed a Joint Lenders' Forum ("JLF") and formulated a corrective action plan ("CAP") for the Company in terms of the Master Circular - *Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances* bearing reference no. DBOD.BP.BC.No.97/21.04.132/2013-14 dated 26<sup>th</sup> February 2014 ("RBI Circular") as issued by the Reserve Bank of India ("RBI") in order to resolve the stress in the account of the Company. However, due to continued mayhem in steel markets globally, the Company's performance continued to deteriorate and it could not meet the performance milestones set

under CAP.

JLF, finally decided to invoke the provisions of strategic debt restructuring (SDR) in terms of the RBI Circular reference no. DBR.BP.BC.No.101/21.04.132/2014-15 dated June 08, 2015, with August 22, 2015 as Reference Date. In terms of the provisions of SDR, the Lenders, have since (December 31, 2015) converted a part of their outstanding debt into equity share capital of the Company so as to collectively hold 51% equity share capital of the Company. Lenders are running the process of divesting their stake in favor of new investor. Time line fixed by SBI CAPS approved by lenders suggest the power to culminate the transfer of holding to a new investor over by February 2017.

There has been no further material change and commitments occurred, between the end of the financial year of the Company i.e. 31st March, 2016 and the date of this report affecting financial position of the Company.

#### 4. SHARE CAPITAL

Company's Issued, Subscribed and paid-up equity share capital as on 31<sup>st</sup> March, 2015 was ₹ 2,40,84,29,224/- (Rupees two hundred forty crores eighty four lacs twenty nine thousand two hundred and twenty four only) divided into 6,58,25,681 (Six crores fifty eight lacs twenty five thousand six hundred eighty one) Equity Shares of ₹ 10/- (Rupees ten only) each and 1,75,00,000 (one crore seventy five lacs) 6.5% Cumulative Non-Convertible redeemable preference shares of ₹ 100/- (Rupees hundred only) each.

During the year under review, your Company has allotted 102,391,803 (ten crore twenty three lac ninety one thousand eight hundred three) Equity shares of face value of ₹ 10/- (Rupees Ten only) at a premium of ₹ 24.20/- (Rupees twenty four and twenty paise) per share upon conversion of loan to lenders of the Company under Strategic Debt Restructuring (SDR) and 32,550,758 (three crore twenty five lacs fifty thousand seven hundred fifty eight) Equity shares of face value of ₹ 10/- (Rupees ten only) at a premium of ₹ 30/- (Rupees thirty only) per share to the promoters / non-promoters under Corrective Action Plan (CAP) of Joint Lenders Forum (JLF).

Consequently, the Issued, Subscribed and paid-up share capital of the Company as on 31<sup>st</sup> March, 2016 was ₹ 3,75,78,54,834/- (Rupees three hundred seventy five Crore seventy eight lac fifty four thousand eight hundred thirty four only), divided into 20,07,68,242 (twenty Crore seven lacs sixty eight thousand two hundred forty two) equity shares of ₹ 10/- (Rupees Ten only) Each and preference share at 1,75,00,000 (one crore seventy five lacs), 6.5% Cumulative Non-Convertible redeemable preference shares of ₹ 100/- (Rupees hundred only) each.

#### 5. NON-CONVERTIBLE DEBENTURES

The company has 9200 Secured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- (Rupees Ten Lacs only) each aggregating to ₹ 920.00 Crores, the details of NCDs are given in the Note No 46(a) of the Standalone Financial Statement.

#### 6. CREDIT RATING

As on March 31, 2016, your Company's credit rating was rated as "CARE D" for the long-term debt/facilities/NCDs rated by Credit Analysis & Research Ltd. (CARE) and "BWR D" rated by Brickwork Ratings India Pvt. Ltd.

#### 7. DIVIDEND AND RESERVES

In view of the losses incurred by the Company, Board has not recommended any Dividend for the year under review. Accordingly, the Company has not transferred any amount to reserve.

#### 8. PUBLIC DEPOSITS

Your Company has neither accepted nor renewed any deposits during the year under review in terms of Chapter V of the Companies Act, 2013.

#### 9. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

As on March 31, 2016, your Company has 11 subsidiary Companies (including 4 step-down subsidiaries), 4 joint ventures and 1 associate Company. The consolidated financial statements presented by the Company include Financial information of its subsidiaries, Joint Ventures and associate companies and prepared in compliance with applicable Accounting Standards.

For further details of these subsidiaries, joint ventures and associate company, please refer Note 1 [I] of Consolidated Financial Statements. A gist of financial performance of these companies is contained in form AOC-1 and forms the part of this report and annexed as **Annexure 1**

The Annual Accounts of the subsidiary Companies are open for inspection by any Shareholder at the Company's Registered Office situated at Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh -492101 and the Company will make available these documents and the related detailed information upon request by any Shareholder of the Company or any Shareholder of its subsidiaries, Joint ventures and associate Companies who may be interested in obtaining the same. Monnet Danials Coal washeries Limited, former subsidiary of the Company ceased to be the subsidiary of the Company during the year under review.

Further, the Consolidated Financial Statements of your Company and all its subsidiaries, joint ventures and associate Company for the year under review is prepared in compliance with the applicable provisions of the Companies Act, 2013, Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulation, 2015") which forms part of the Annual Report

#### **10. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's operations in future. However, members' attention is drawn to the statement on contingent liabilities in the notes forming part of the Financial Statements

#### **11. INTERNAL FINANCIAL CONTROLS**

Internal Control systems are the integral part of Company's corporate governance. Your Company has effective internal control environment. Control systems have documented policies, checks and balances, guidelines and procedures that are supplemented by robust internal audit processes and monitored continuously by periodical reviews by management which provides reasonable assurance that all assets are safeguarded; transactions are authorized, recorded and reported properly. Your

Company has an independent MIS and Audit Department to oversee the day-to-day functioning of the Company. The Company has proper budgeting system and the actual performance is continuously evaluated and the corrective measures are taken from time to time. The internal control system is designed to ensure that all Financial and other records are reliable for preparing Financial Statements, other data and for maintaining accountability of assets.

#### **12. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

##### **Appointments During the year**

During the period under review, Mr. Suresh Kishinchand Khatanhar was appointed as Nominee Director of IDBI Bank Limited and Mr. Suman Jyoti Khaitan & Ms. Bhavna Thakur were appointed as Additional Director of the Company. Subsequently, the Shareholders of the Company in the Annual General Meeting held on September 30, 2015 approved the appointment of Mr. Suman Jyoti Khaitan as an Independent Director & Ms. Bhavna Thakur as Director of the Company.

Further, Mr. Gurnam Singh, Ex-GM of State Bank of Patiala (SBOP) was appointed as an observer to the Board on behalf of the lenders of the Company w.e.f May 16, 2016.

##### **Directors Seeking Appointment/Re-appointment**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Sandeep Kumar Jajodia (DIN-00082869), Chairman & Managing Director, retires by rotation and being eligible has offered himself for re-appointment.

Further, Your Directors recommends regularization of Mr. Suresh Kishinchand Khatanhar, Nominee Director, as Director of the Company. The brief resume of Directors seeking appointment/re-appointment and other details as required under SEBI Regulations 2015 are provided in the Notice of Annual General Meeting of the Company.

##### **Key Managerial Personnel (KMP)**

Pursuant to the provisions of Section 2(51) & 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Company are:-

1. Mr. Sandeep Kumar Jajodia – Chairman & Managing Director
2. Mr. Chandra Prakash Baid – Whole time Director



3. Mr. Raj Kumar Ralhan – Chief Financial Officer
4. Mr. Hardeep Singh – Company Secretary

Further, Mr. Raj Kumar Ralhan, resigned from the position of Chief Financial Officer w.e.f February 12, 2016 and re joined as Chief Financial Officer on May 30, 2016.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial year 2015-16 and of the profit and loss of the Company for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the annual accounts on a going concern basis;
- e. The Directors have laid down internal Financial controls to be followed by the Company and such internal Financial control are adequate and were operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### 14. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015 the Board has formulated a framework containing *inter-alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and

individual Directors, including Independent Directors

Schedule IV to the Companies Act, 2013 also provides for the performance evaluation of Independent Directors by the entire Board of Directors, excluding the Directors being evaluated.

After performance evaluation of the Independent Directors, the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

The manner in which the evaluation of the Board, its Committees and individual Directors has been carried out is explained in the Corporate Governance Report which forms part of this Annual Report.

### 15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, 4(four) Board Meetings were duly convened and held, the details of which are given in the Corporate Governance Report which forms part of this Annual Report.

### 16. COMMITTEES OF THE BOARD

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee.
5. Executive Committee
6. Finance Committee
7. Allotment Committee
8. Share Transfer Committee

The details of the Committees along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report which forms part of this Annual Report. Further, during the year review, the board has accepted all the recommendations of the Audit Committee.

### 17. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Your Company has received the necessary declaration from each Independent Director that he/she meets the criteria of Independence as laid out in Section

149(6) of the Companies Act, 2013 read with the Schedules, rules made thereunder and Regulation 25 of SEBI Listing Regulations, 2015.

## **18. NOMINATION AND REMUNERATION POLICY**

Pursuant to applicable provisions of Companies Act, 2013 & SEBI Listing Regulations, 2015, the Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report which forms the part of this Annual Report.

The Nomination and Remuneration Policy, as approved by the Board of Directors, has also been Uploaded on the website of the Company VIZ:- [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Nomination%20Remuneration\\_and\\_Board-MIEL.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Nomination%20Remuneration_and_Board-MIEL.pdf)

## **19. VIGIL MECHANISM Cum WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named Vigil Mechanism Cum Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Details of the same are given in the Corporate Governance Report. The same has also been displayed on the website of the Company VIZ:- [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Vigil\\_Mechanism-MIEL.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Vigil_Mechanism-MIEL.pdf)

## **20. RELATED PARTY TRANSACTIONS**

All related party transactions entered during the year under review were on arm's length basis and in the ordinary course of business and, therefore, do not attract the provisions of Section 188 of the Companies Act, 2013. Further, there were no materially significant transactions between the Company and related parties during the year under review and suitable disclosures as required by the Accounting Standards (AS18) has been made in the notes to the accompanying Financial Statements-In this regard, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is attached herewith as **Annexure - 2** and form part of the report.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the

website of the Company viz : [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Related_Party_Transactions.pdf)

## **21. CORPORATE SOCIAL RESPONSIBILITY**

In compliance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Company has formed Corporate Social Responsibility ("CSR") Committee. Details of CSR Committee along with their composition, number of meetings, terms of reference and attendance of members at the meetings are provided in the Corporate Governance Report. The policy on CSR as approved by the Board of Directors is also uploaded on the website of the Company i.e. [www.monnetgroup.com](http://www.monnetgroup.com).

Pursuant to Section 135 of the Companies Act, 2013 read with CSR policy of the Company, it is required to spend two percent of the average net profit of the Company for three immediately preceding financial years. The average net profits for three financial years was Rs. (-) 551.99 Cr. As the average net profit of the company during previous three financial years is negative, the company is not required to spend any amount for the purpose CSR during the year under review.

Annual report on CSR Activities as required under the company (Corporate Social Responsibility Policy) Rules, 2014, as amended have been annexed as **Annexure - 3** and form the part of this report

## **22. AUDITORS**

### **a) Statutory Auditor**

At the Annual General Meeting held on September 27, 2014, M/s. O.P. Bagla & Co., Chartered Accountants (Firm Registration No. 000018N) were appointed as the Statutory Auditors of the Company to hold the office till the conclusion of Annual General Meeting to be held in the calendar year 2017, subject to the ratification of shareholders at every Annual General Meeting.

In this regard, the ratification in respect with the appointment of M/s. O.P. Bagla & Co. Chartered Accountants as the Statutory Auditors of the Company is proposed in the Notice of 26th Annual General Meeting of the Company.

Comments/Qualifications of the Statutory Auditors in



their report and the notes forming part of the Accounts are self-explanatory. Management representations to these qualifications/comments are as follows:

A. Matter of Emphasis in the Audit Report on Standalone Financial Statement and Comments of Management thereon :-

- Note No 47 of the Financial Statement regarding cancellation of Coal Block of the Company impact whereof on the financial statement is uncertain

Management response: The Coal block was cancelled pursuant to the decision of the Hon'ble Supreme Court to de-allocate all coal block in the Country. The impact on the financial wealth of the Company is due to loss of advantage of concessional coal coming from the coal block. The Company is now exposed to market rates of Coal.

- Note no. 48 in the financial statements which indicates that the Company has accumulated losses resulting in substantial erosion of net worth and has incurred net cash losses in the current and immediately preceding financial year. The current liabilities of the Company exceeded its current assets as at the balance sheet date. These conditions may cast doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Management response: Due to adverse condition in Steel industry on account of drastic fall in the prices of steel the Company has suffered losses in the last one year which is impacting the net worth of the Company. However, this may not be a constitute as a doubt on the continuity of the Company as going concern as the lenders have initiated the process of Strategic Debt Restructuring (SDR) for revival of the company through required investment and debt restructuring through a ownership change.

B. Basis for Qualified Opinion in the Audit Report on Consolidated Financial Statement and Comments of Management thereon –

- In one of the Subsidiary Companies, Monnet Power Company Limited, Loan accounts (long term and short term borrowings) have been classified as non-

performing by most of the lenders during the year and therefore and actual liability towards interest etc. will only be crystalized after settlement/agreement with the lenders. In view of uncertainty the company has not provided interest including penal interest and other dues for the year on borrowings, to the extent the same have remained unpaid. Had the interest been provided, loss for the year would have been higher by Rs. 432.15 crores (based on original terms of sanction of the loans) with a corresponding increase in liability towards interest.

Management response: The project of Monnet Power Company Limited (MPCL) is stalled due to lack of funds and serviceability of the debt obligation of the lenders is also not happening resulting in classification of account into Non-performing category. As the interest is not being served, therefore, the management decided to provide for interest due as and when the project is revived and treatment of debt and interest is decided by the lenders.

b) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, New Delhi as its Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2015-2016. The Report of Secretarial Auditor in Form MR-3 for the financial Year 2015-2016 is annexed to the report as **Annexure-4**.

The Secretarial Audit Report for the financial year ended March 31, 2016 contains certain reservation and remarks which are given along with the management reply for the same

- The Board of Directors of the Company does not have sufficient number of independent directors as per Regulation 17 of SEBI Listing Regulations;

Your Company is in the process of identifying a suitable person to be appointed as independent Director of the Company.

- The Company has deposited the required amount in Investor Education and Protection Fund as required under Section 205C of the Companies Act, 1956 after the delay of 1 (one) day;

The Company has timely processed the payment request for transfer of aforesaid Amount to IEPF A/c, however bank has taken extra ordinary time to reconcile the account and preparing the demand draft in favour of IEPF A/c which caused the delay of 1 day.

- The Company has given loan to its Subsidiary Company namely Monnet Power Company Limited, however, no interest was charged on such loan;

Monnet Ispat & Energy Limited is the sponsor Company of Monnet Power Company Limited and the entire promoters' equity has been subscribed by Monnet Ispat & Energy Limited apart from minor stake to Blackstone, a private equity fund. Further, Monnet Power Company Limited is still in project implementation stage and does not have revenue of its own. Therefore, any requirements of cash have to be met by sponsor. The amount paid is entitled to be converted into equity but is shown as unsecured loan pending the decision of conversion into equity.

- change in directorate due to resignation of Mr. Amulya Charan was not promptly intimated to the Stock Exchanges as per the requirements of Clause 30 of the Listing Agreement;

The resignation letter of Mr. Amulya Charan was put up to the Board in the meeting held on 14/08/2015 and the same was promptly informed the stock exchange after conclusion of meeting.

- The credit rating agencies i.e. CARE & Brickwork Ratings, revised the rating assigned to bank facilities/instruments and secured Non-Convertible Debentures of the Company respectively, however, the same was not intimated to the Stock Exchanges as per the requirements of Clause 36(6) of the Listing Agreement.

At the time of revising the credit rating of the Company, credit rating agencies have made this information public, about revision in rating and the same was not withheld from the public at large. However, the Company inadvertently missed to inform the stock exchange(s).

#### c) Cost Auditor

Your Board, on the recommendation of Audit Committee, has appointed M/s. N. K. Jain and

Associates(Firm Registration Number 101952), Cost Accountants as the Cost Auditor of the Company for the financial year 2016-17 in accordance with the provisions under Section 148 of the Companies Act, 2013 read with rules made there under.

#### d) Internal Auditors

The Board of Directors of your Company has re-appointed M/s APAS & Co (Firm Registration No000340C)as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2016-2017.

### 23. OTHER INFORMATION

#### a) Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Secretarial Auditors, Cost Auditors or Internal Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

#### b) Stock Options Scheme

The Company does not have any Scheme of Stock Option for its employees, Directors etc.

#### c) Disclosure under Section 43(a) (iii) and Section 54(1)(d) of the Companies Act, 2013

During the year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, no information as required under Section 43(a)(iii) & Section 54(1)(d) of the Companies Act, 2013 read with applicable rules is required to be disclosed.

#### d) Risk Management Policy

Your Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of policies and procedures framed at management level and strictly adhered to and monitored at all levels. The framework also defines the risk management approach across the enterprise at various levels. Risk management is embedded in our critical business activities, functions and processes. The risks are

reviewed for change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risk and future action plans.

The internal audit team periodically visits the divisions and carries out audit. The findings are periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

**e) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo**

In accordance with Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended, the information on conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed as **Annexure - 5** hereto and forms an integral part of this Report.

**f) Particulars of Employees and Related Disclosures**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this report as **Annexure -6**

A Statement showing the names and other particulars of employees in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are also annexed to this report as **Annexure -6**.

However, having regard to the provisions of the first proviso Section 136(1) of the Companies Act 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours. Any member interested in obtaining said information may write to the Company Secretary, at the registered office and the same will be furnished on request.

**g) Extract of Annual Return**

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the extract of the annual return in Form No. MGT – 9 is annexed **Annexure-7** hereto and forms a part of this report.

**h) Management Discussion & Analysis Report**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report as **Annexure-8**

**i) Particulars of Loans, Guarantees or Investments under Section 186**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note no 13, 14 & 31 to the Financial Statements.

**a) Corporate Governance Report**

Your Company has complied with requirements of Regulation 34 of SEBI Listing Regulations, 2015. A report on the Corporate Governance practices followed by the Company, together with a certificate from the Practicing Company Secretary confirming compliance are given as an **Annexure - 9** to this report.

**b) Disclosure under the sexual harassment of women at work place (prevention, prohibition and redressal) Act, 2013.**

Your Company has laid down Anti Sexual Harassment policy on Gender Equality, Gender Protection, Prevention of Sexual Harassment and Redressal System in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, Apprenticeship) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year under review-

- No. of complaints received: Nil
- No. of complaints disposed off : NA

**c) Listing Of Shares**

The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Listing Fees for the financial year 2016-17 has been paid.

## 24. CAUTIONARY NOTE

Certain Statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook. Investors are cautioned that this discussion contains forward looking Statement that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors discussed. The discussion and analysis should be read in conjunction with the Company's Financial Statements and notes on accounts.

## 25. ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Authorities, Banks, Business Associates and Shareholders for their unstinted support, assistance and co-operation. Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

**By order of the Board  
For Monnet Ispat & Energy Limited**

**Sandeep Kumar Jajodia**  
**Chairman & Managing Director**  
**DIN: 00082869**

**Place: New Delhi**  
**Date: 17-August-2016**

## FORM NO.-AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	1	2	3	4	5	6	7
Name of subsidiary	Monnet Power Company Limited	Monnet Cement Limited	Monnet Sport Foundation	Chomal Exports Private Limited	Monnet Global Limited (Consolidated)	Monnet Overseas Limited (Consolidated)	Monnet Enterprises PTE Limited
Date since when subsidiary was acquired	29/01/2007	29/11/2007	12/12/2011	31/12/2010	17/09/2005	26/06/2005	16/03/2011
Reporting period for the subsidiary concerned	Same	Same	Same	Same	Same	Same	Same
Reporting Currency and exchange rate as on last date of the financial year in case of foreign subsidiaries	Rs.	Rs.	Rs.	Rs.	Rs.	US\$ (Rs. 66.33)	Rs.
Share capital	7,87,47,59,310.00	2,19,00,000.00	1,00,000.00	9,54,000.00	20,53,82,257.00	17,76,402.00	1.00
Reserves and surplus	93,50,72,748.00	(1,95,32,188.00)	(1,00,359.00)	20,61,000.00	(1,86,91,95,722.12)	(8,353.00)	27,15,923.57
Total asset	56,23,10,08,041.15	23,82,071.00	48,454.00	37,61,000.00	3,97,92,92,777.14	17,93,677.00	28,08,667.21
Total liabilities	56,23,10,08,041.02	23,82,071.00	48,454.00	37,61,000.00	3,97,92,92,777.14	17,93,677.00	28,08,667.21
Investments	1,86,000.00	-	-	-	-	-	-
Turnover	-	-	-	-	-	-	-
Profit before taxation	(87,84,94,512.95)	(38,360.00)	(10,936.00)	813.00	(70,11,87,705.55)	186,543.00	(1,20,24,971.35)
Provision for taxation	-	-	-	-	-	-	-
Profit after taxation	(87,29,94,512.95)	(1,85,85,871.00)	(10,936.00)	813.00	(70,71,14,138.00)	186,543.00	(1,20,24,971.35)
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	88.31%	99.97%	94.15%	51.00%	100%	100%	100%

## Additional Disclosure

## Name of Subsidiaries

## Subsidiaries Yet to commence Operations

Monnet Power Company Limited  
Monnet Cement Limited  
Monnet Sport Foundation  
Chomal Exports Private Limited  
Monnet Global Limited  
Monnet Overseas Limited  
Monnet Enterprises PTE Ltd.

## Subsidiaries Liquidated or Sold during the Year

Monnet Daniel Coal Washeries Limited.

**Part “B”: Associates/Joint ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	MP Monnet Mining Company Ltd.	Mandakini Coal Company Ltd.	Urtan North Mining Company Ltd.	Monnet Ecomaister Enviro Pvt. Ltd.	Orissa Sponge Iron & Steel Ltd.
1. Latest audited Balance Sheet Date	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016
2. Date on which the Associate or Joint Venture was associated or acquired	20.06.2009	14.03.2008	04.03.2010	29.03.2011	30.11.2010
3. Shares of Associate/Joint Ventures held by the company on the year end					
No.	980,000	39,299,800	57,51,347	1,42,11,363	94,94,633
Amount of Investment in Associates/Joint Venture	98,00,000	392,998,000	57,513,470	14,21,13,630	94,946,330
Extend of Holding %	49.00%	33.33%	33.33%	50.00%	35.17%
4. Description of how there is significant influence	%age of Shareholding	%age of Shareholding	%age of Shareholding	%age of Shareholding	%age of Shareholding
5. Reason why the associate/joint venture is not Consolidated	NA	NA	NA	NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet	79.73	3,388.85	583.93	1,074.55	(15,553.78)
7. Profit / Loss for the year					
i. Considered in Consolidation	(30,960.41)	16,260.20	-	(3,55,00,417.37)	-
ii. Not Considered in Consolidation	(32,224.10)	32,525.28	-	(3,55,00,417.37)	-
<b>Total</b>	(63,184.50)	48,785.48	-	(7,10,00,834.73)	-
<b>Additional Disclosure</b>					
<b>Name of Associates/Joint ventures</b>					
Associates/Joint ventures Yet to commence Operations					
MP Monnet Mining Company Ltd.					
Mandakini Coal Company Ltd					
Urtan North Mining Company Ltd.					
Associates/Joint ventures Liquidated or Sold during the Year					
None					

Place: New Delhi

Date: 17-August-2016

By Order of the Board  
For Monnet Ispat & Energy Limited

Sandeep Kumar Jajodia  
Chairman & Managing Director  
DIN:- 00082869



### **FORM NO. AOC-2**

*(Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:-

#### **1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sr. No.	PARTICULARS	
a	Name(s) of the related party and nature of relationship	<p>Nil (All contracts or arrangements or transactions with related parties are at arm's length basis).</p>
b	Nature of contracts/ arrangements/ transactions	
c	Duration of the contracts / arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Justification for entering into such contracts or arrangements or transactions	
f	Date(s) of approval by the Board	
g	Amount paid as advances, if any	
h	Date on which the Special Resolution was passed in general meeting as required under first proviso to Section 188	

#### **2. Details of Material Contracts or Arrangement or Transactions at Arm's Length Basis:**

Sr. No.	PARTICULARS	
a	Name(s) of the related party and nature of relationship	<p>Nil</p>
b	Nature of contracts/ arrangements/ transactions	
c	Duration of the contracts/ arrangements/ transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Date(s) of approval by the Board, if any	
f	Amount paid as advances, if any	

**By Order of the Board**  
**For Monnet Ispat & Energy Limited**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

PLACE : NEW DELHI  
DATED : 17-August-2016

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs-**

The Company is committed to the cause of empowering communities and bringing a radical transformation through its CSR initiatives in **Education, Health and Sustainable Livelihood**. CSR activities are a reflection of our desire for holistic and responsible growth as well as of our pioneering spirit and leadership. Improving the lives of the communities in which we operate through integration of economic prosperity, social development and environmental protection is vital to our overall success. Monnet has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is [http://www.monnetgroup.com/pdfs/csr/CSR\\_Policy.pdf](http://www.monnetgroup.com/pdfs/csr/CSR_Policy.pdf).

2. **The Composition of the CSR Committee**

Name of Members	DIN	Composition of the CSR Committee
Mr. Sandeep Kumar Jajodia	00082869	Chairman
Mr. Jagdamba Prasad Lath	00380076	Member
Mr. Suman Jyoti Khaitan	00023370	Member

3. **Average net profit of the company for the last three financial years**

(₹ In crs.)

	F.Y. 2012-13	F.Y. 2013 -14	F.Y. 2014 -15
Net Profit as per section 198 of the companies act, 2013	338.43	97.62	(988.04)
Average Net Profit	(184)		

4. **Prescribed CSR Expenditure (two per cent off the amount as in item 3 above)- NIL**

5. **Details of CSR spent during the financial year**

- a. Total amount to be spent for the financial year - Nil
- b. Amount unspent, if any: - NIL
- c. Manner in which the amount spent during the financial year is detailed below. –

S.No.	CSR project or activity identified	Projects or programs (1) Local area or other (2)Specify the State and district where projects or program was undertaken	Sector in which the project is covered	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
Nil	Nil	Nil	Nil	Nil	Nil	Nil

6. **In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.:- N.A.**

7. **The responsibility statement of the CSR Committee of the Board:**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**For and on behalf of Board and CSR Committee of  
Monnet Ispat and Energy Limited**

Place : - New Delhi

Date : -17-August-2016

**Sandeep Kumar Jajodia  
Managing Director &  
Chairman of CSR Committee  
DIN : 00082869**

#### Annexure - 4

### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
Monnet Ispat & Energy Limited  
(CIN: L02710CT1990PLC009826)  
Monnet Marg, Mandir Hasaud, Raipur,  
Chattisgarh- 492101

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Monnet Ispat and Energy Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion there on.

We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, guidelines and standards is the responsibility of the management. Our examination was limited to the

verification of procedures on test basis.

- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (wherever applicable);
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015/ the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India

(Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) \*The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 applicable w.e.f. December 1, 2015 ("SEBI Listing Regulations");

\* No event took place under these regulations during the Audit period.

We have also examined compliance with the applicable clauses of the following-

- (i) Secretarial Standards on Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India (applicable w.e.f. July 01, 2015), with which the Company has generally complied with;
- (ii) Listing Agreements (applicable up to November 30, 2015) entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, except as under:-

- the Board of Directors of the Company does not have sufficient number of independent directors as per Regulation 17 of SEBI Listing Regulations;

- the Company has deposited the required amount in Investor Education and Protection Fund as required under Section 205C of the Companies Act, 1956 after the delay of 1 (one) day;
- the Company has given loan to its Subsidiary Company namely Monnet Power Company Limited, however, no interest was charged on such loan;
- change in directorate due to resignation of Mr. Amulaya Charan was not promptly intimated to the Stock Exchanges as per the requirements of Clause 30 of the Listing Agreement;
- The credit rating agencies i.e. CARE & Brickwork Ratings, revised the rating assigned to bank facilities/instruments and secured Non-Convertible Debentures of the Company respectively, however, the same was not intimated to the Stock Exchanges as per the requirements of Clause 36(6) of the Listing Agreement.

- (vi) The Company is engaged in the business of conducting coal mining operations, manufacturing coal based sponge iron and various other steel/ iron based products and having its plants at Raipur and Raigarh, Chhattisgarh. As informed by the Management, following are some of the laws which are specifically applicable to the company, viz.:

- Mines Act, 1952 and rules made thereunder;
- Mines and Minerals (Development & Regulation) Act, 1957;
- Coal Mines (Nationalization) Act, 1973;
- Coal Bearing Areas (Acquisition and Development) Act, 1957;
- Coal Mines (Conservation and Development) Act, 1974;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company, which can be

further strengthened.

**We further report that** the Board of Directors of the Company consists of total 7 (seven) Directors, out of which 3 (three) are Independent Directors, 1(one) is Nominee Director, 1(one) is Chairperson cum Managing Director and 1(one) Whole time director and 2 (two) non-executive directors. The changes in the composition of the Board of Directors that took place during the audit period under review were carried out in compliance with the provisions of the Act except that the appointment of Mr. Suresh Kishinchand Khatanhar as Nominee Director of the Company w.e.f. May 29, 2015, is subject to the approval of members of the Company.

Adequate notices were given to all directors of the Board Meetings; agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines, which can be further strengthened.

We further report that during the audit period-

- a) Lenders of the Company invoked the Strategic Debt Restructuring (SDR) in terms of Master Circular No. DBR. No. BP.BC.2/21.04.048/2015-2016 dated July 01, 2015 of RBI and same has been approved by Board of Directors of the Company at their meeting held on November 06, 2015 and by members of the Company through special resolution at their Extra-ordinary General Meeting held on December 21, 2015. Accordingly, Allotment Committee of the Board at their meeting held on December 31, 2015 allotted 10,23,91,803 (Ten Crore Twenty Three Lakhs Ninety One Thousand Eight Hundred and Three) equity shares were issued to eligible banks and 3,25,50,758 (Three Crore Twenty Five Lakhs Fifty Thousand Seven Hundred and Fifty Eight) equity shares were issued to promoters/non-promoters;

- b) Members of the Company through postal ballot dated March 25, 2016 passed special resolution for making divestment in its Subsidiary Company namely Monnet Power Company Limited by transferring or selling 100% stake i.e. 88.31% equity shares in Monnet Power Company Limited to a potential buyer;
- c) Pending application of the Company for de-listing of its securities, Calcutta Stock Exchange Limited (CSE) suspended listing of securities of the Company and asked the Company to update the compliances status before acceptance of de-listing application. For the purpose, the Company vide its letter dated April 06, 2016 submitted the information sought by CSE for revocation of suspension.

**For Sanjay Grover & Associates**  
**Company Secretaries**  
**Firm Registration No. P2001DE052900**

**New Delhi**  
**17-August -2016**

**Sanjay Grover**  
Managing Partner  
CP No. 3850

**PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (ACCOUNTS) RULES, 2014**

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March, 2016 is given below and forms part of the Directors' Report.

**A. CONSERVATION OF ENERGY**

The Company has taken a number of steps to improve the conservation of energy by increasing the efficiency of raw material inputs in power generation and by reducing/eliminating consumption wastages. The company also uses the alternative source of energy at its plant depending upon its availability. Conservation of energy and improving the efficiency of existing resources are continuing processes and form an integral part of responsibilities of departmental heads. Various steps taken in this direction are as follows:-

1. SMS- Charge mix change Hot metal: DRI from 55:45 to 80:20. Energy saving 330 kwh/mt.
2. Sinter plant- Using calcined lime reduced coke consumption from 110 kg/mt to 85 kg/mt.
3. Blast furnace- by using single blower in spite of two blower, steam consumption reduced by 65 mt/hr to 45 mt/hr.
4. Bar mill- By using gas fired furnace ( earlier Furnace oil based) , furnace oil consumption in bar mill has stopped.

**B. TECHNOLOGY ABSORPTION**

Efforts are being made in technology absorption.	The Raigarh Plant is using 85% efficient TPH CFBC Boiler Technology in place of conventional 80% efficient AFBC Boiler Technology
Benefits derived as a result of the above efforts	The efficient Boiler Technology has resulted in saving of coal which is a scarce mineral
Information relating to imported Technology	In the year 2014-15 a Slag Recycling Plant is being set up by Korean Technology to further extract from the slag and also Manufacture PS Balls that has varied uses in developed countries.
Expenditure incurred on Research and Development.	NA

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows, during Financial year 2015-16 are as follow :-

Total Foreign Exchange used and earned	<u>2015-16</u>	<u>2014-15</u>
- Used	262.63 Cr.	173.24 Cr.
- Earned	68.60 Cr.	217.13 Cr.

**By Order of the Board  
For Monnet Ispat & Energy Limited**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

PLACE : New Delhi  
DATED : 17-August-2016



**DETAILS PERTAINING TO REMUNERATION AS REQUIRED SECTION 197 (12) OF COMPANIES ACT, 2013 READ WITH AND RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AS AMENDED.**

Required Disclosures are as under:-

**1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each director, chief executive officer, chief financial officer, Company Secretary in the financial year: 2015 - 2016 and percentage in the median remuneration of employees in financial year 2015-2016**

(Amount in ₹)

Sr. No.	Name & Designation of Director/KMP	Remuneration of Director / KMP for financial year 2015-16	Ratio of remuneration of each Director/ KMP to median remuneration of employees	% increase in Remuneration of each Director, chief executive officer, chief financial officer, company	% increase in the median remuneration of employees in the financial year:
1	Sandeep Kumar Jajodia(Chairman& Managing Director)	Nil	NA	NA	6.25%
2	C.P. Baid (Whole Time Director)	Nil	NA	NA	
3	Amit Dixit (Independent Director)	Nil	NA	NA	
4	Jagdamba Prasad Lath (Director)	Nil	NA	NA	
5	Suresh KishinchandKhatanhar (Nominee Director)	Nil	NA	NA	
6	Bhavna Thakur (Independent Director)	Nil	NA	NA	
7	SumanJyotiKhaitan (Independent Director)	Nil	NA	NA	
8	Hardeep Singh* (Company Secretary)	2,032,397	9:1	NA	
9	Raj Kumar Ralhan ** (Chief Financial Officer)	NA	NA	NA	

\* Mr. Hardeep Singh was appointed on March 31, 2015. Hence, the percentage increase can't be calculated.

\*\*Mr. Raj Kumar Ralhan resigned from the designation on February 12, 2016. Hence, comparison can't be made.

- The median remuneration of employees of the Company was Rs. 2,23,128/- p.a.
- For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration.
- Figures have been rounded off wherever necessary.

The number of permanent employees on the rolls of Company	2762
Average increase in the salaries of employees other than the managerial personnel in FY 2015-16	NIL
The key parameters for any variable component of remuneration availed by the directors.	Not Applicable
Affirmation that Remuneration paid by the company is as per the Remuneration policy of the company	It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors. Key Managerial Personnel and other Employees.

**By Order of the Board  
For Monnet Ispat & Energy Limited**

**PLACE : New Delhi  
DATED : 17-August-2016**

**Sandeep Kumar Jajodia  
Chairman & Managing Director  
DIN: 00082869**

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

Annexure-7

As on the financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L02710CT1990PLC009826
2.	Registration Date	01/02/1990
3.	Name of the Company	Monnet Ispat & Energy Limited
4.	Category/Sub-category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101 Ph.: 0771-2471334 to 339 Fax: 0771-2471250 Email: isc_miel@monnetgroup.com Website: www.monnetgroup.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS SHARE TRANSFER AGENT LTD F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi: 110020. Ph.: 011-41406149 Fax: 011-41709881 Email : admin_mcsdel.com Website: www.mcsregistrar.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Steel	241	86.40
2	Power	35102	12.83

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

S. No.	Name and Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Sections
1.	Monnet Cement Ltd. Monnet House 11, Masjid Moth, Greater Kailash, Part-II, New Delhi-110048	U26941DL2007PLC170880	Subsidiary	99.97%	Section 2(87)
2.	Monnet Power Company Ltd. Monnet Marg, Mandir Hasaud Raipur Chhattisgarh-492101	U01403CT2007PLC020179	Subsidiary	88.31%	Section 2(87)
3.	Monnet Sports Foundation 11, Masjid Moth Greater Kailash - II New Delhi-110048.	U74900DL2011NPL228633	Subsidiary	94.15%	Section 2(87)
4.	Chomal Exports Pvt. Ltd. 4065, Sec-C, Pocket-IV, VasantKunj, New Delhi-110070.	U74899DL1990PTC042166	Subsidiary	51.00%	Section 2(87)
5.	Monnet Global Ltd. Jebel Ali Freezone Authority, Dubai United Arab Emirates	Foreign Company	Subsidiary	100%	Section 2(87)
6.	Monnet Overseas Ltd. Jebel Ali Freezone Authority, Dubai, United Arab Emirates	Foreign Company	Subsidiary	100%	Section 2(87)
7.	Monnet Enterprises PTE Ltd. 6 Temasek Boulevard #09-05, Suntec Tower Four Singapore (038986)	Foreign Company	Subsidiary	100%	Section 2(87)
8.	PT Monnet Global Grand ITC, Permata Hijau, Sapphire 15, Jl. Arteri Permata Hijau, Jakarta Selatan 12210, Indonesia	Foreign Company	Step Down Subsidiary	-	Section 2(87)
9.	Monnet Enterprises DMCC Unit No.308, Indigo Tower, Plot No. D1, Jumeirah Lakes Towers, Dubai, United Arab Emirates	Foreign Company	Step Down Subsidiary	-	Section 2(87)
10.	PT Sarwa Sembada Karya Bumi Grand ITC, Permata Hijau, Sapphire 15, Jl. Arteri Permata Hijau, Jakarta Selatan 12210, Indonesia	Foreign Company	Step Down Subsidiary	-	Section 2(87)
11.	LLC Black Sea Natural Resources Republic of Abkhazia, city Tkuarchal, Avenue Svobody, 79	Foreign Company	Step Down Subsidiary	-	Section 2(87)
12.	Orissa Sponge Iron & Steel Limited Osil House Gangadhar, Meher Marg, Kiiti Bhubaneswar Or 751024	L27102OR1979PLC000819	Associate	35.17%	Section: 2(6)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### A. Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	6300616	0.00	6300616	9.57	6300616	0.00	6300616	3.14	(6.43)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	25682225	0.00	25682225	39.02	44432225	0.00	44432225	22.13	(16.89)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>31982841</b>	<b>0.00</b>	<b>31982841</b>	<b>48.59</b>	<b>50732841</b>	<b>0.00</b>	<b>50732841</b>	<b>25.27</b>	<b>(23.32)</b>
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>31982841</b>	<b>0.00</b>	<b>31982841</b>	<b>48.59</b>	<b>50732841</b>	<b>0.00</b>	<b>50732841</b>	<b>25.27</b>	<b>(23.32)</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds/UTI	7617	1900	9517	0.01	36210	1900	38110	0.02	0.01
b) Banks / FI	50626	0.00	50626	0.08	100630183	0.00	100630183	50.12	50.04
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	396443	0.00	396443	0.60	0	0.00	0	0.00	(0.60)

g) FIs	14884040	0.00	14884040	22.61	12882741	0.00	12882741	6.42	(16.19)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>15338726</b>	<b>1900</b>	<b>15340626</b>	<b>23.30</b>	<b>113549134</b>	<b>1900</b>	<b>113551034</b>	<b>56.56</b>	<b>33.26</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	8471853	6393	8478246	12.88	23450746	6393	23457139	11.68	(1.20)
i) Indian	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	6900646	396285	7296931	11.08	9572377	390789	9963166	4.96	(6.12)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1929901	0.00	1929901	2.93	2318821	0.00	2318821	1.16	(1.77)
c) Others (specify)									
i) Non Resident Indians	302475	23696	326171	0.50	259283	23696	282979	0.14	(0.36)
ii) Co Operative Societies	300	0.00	300	0.00	300	0.00	300	0.00	
iii) Foreign Companies	470665	0.00	470665	0.72	461962	0.00	461962	0.23	(0.49)
<b>Sub-total (B)(2):-</b>	<b>18075840</b>	<b>426374</b>	<b>18502214</b>	<b>28.11</b>	<b>36063489</b>	<b>420878</b>	<b>36484367</b>	<b>18.17</b>	<b>(9.94)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>33414566</b>	<b>428274</b>	<b>33842840</b>	<b>51.41</b>	<b>149612623</b>	<b>422778</b>	<b>150035401</b>	<b>74.73</b>	<b>23.32</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>65397407</b>	<b>428274</b>	<b>65825681</b>	<b>100.00</b>	<b>200345464</b>	<b>422778</b>	<b>200768242</b>	<b>100.00</b>	<b>0.00</b>

\*Total Number of Locked in shares as on 31.03.2016 are 134942561.

\*\* Previous year's figure are reclassified in lines with the current year figures as per the format of SEBI listing regulations and companies Act, 2013

**B. Shareholding of Promoter**

SNo.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015				Shareholding at the end of the year 31.03.2016				% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	
1	Mahendra Kumar Jajodia	250000	0.38	0	250000	0.12	0	250000	0	(0.26)
2	Sandeep Kumar Jajodia	4448	0.01	0	4448	0.00	0	4448	0	(0.01)
3	Monnet Properties Private Limited	4640	0.01	0	4640	0.00	0	4640	0	(0.01)
4	Paras Traders Private Limited	12432	0.02	0	12432	0.01	0	12432	0	(0.01)
5	Harshwardhan Leasing Ltd.	332	0.00	0	332	0.00	0	332	0	0.00
6	Monnet International Limited	381096	0.58	0	381096	0.19	0	381096	0	(0.39)
7	Udhyan Merchandise Pvt. Ltd.	25123675	38.15	0	25123675	12.51	0	25123675	0	(25.64)
8	Monnet Industries Ltd.	50	0.00	0	50	0.00	0	50	0	0.00
9	Apeksha Securities Ltd.	160000	0.24	0	160000	0.08	0	160000	0	(0.16)
10	Sandeep Kumar Jajodia	1110289	1.69	0	1110289	0.55	0	1110289	0	(1.13)
11	Seema Jajodia	8801	0.01	0	8801	0.00	0	8801	0	(0.01)
12	Nikunj Jajodia	2684558	4.08	0	2684558	1.34	0	2684558	0	(2.74)
13	Nikita Jajodia	46880	0.07	0	46880	0.02	0	46880	0	(0.05)
14	Mahendra Kumar Jajodia	947490	1.44	0	947490	0.47	0	947490	0	(0.97)
15	Sudha Jajodia	1243150	1.89	0	1243150	0.62	0	1243150	0	(1.27)
16	Sabina Rungta	5000	0.01	0	5000	0.00	0	5000	0	(0.01)
17	Umra Securities Limited	0	0	0	18750000	9.34	0	18750000	0	9.34
	<b>Total</b>	<b>31982841</b>	<b>48.59</b>	<b>0</b>	<b>50732841</b>	<b>25.27</b>	<b>0</b>	<b>50732841</b>	<b>0</b>	<b>(23.32)</b>

**C. Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Umra Securities Limited</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year specifying the reason for Increase / Decrease				
	31 <sup>st</sup> December, 2015 Due to Allotment of Shares	18750000	9.34	18750000	9.34
	At the end of the year			18750000	9.34



**D. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>OSWAL GREENTECH LIMITED</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:				
	31 <sup>st</sup> December, 2015	13800758	6.87	13800758	6.87
2.	<b>STATE BANK OF PATIALA</b>				
	At the end of the year			<b>13800758</b>	<b>6.87</b>
	<b>STATE BANK OF PATIALA</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:				
	31 <sup>st</sup> December, 2015	13488304	6.71	13488304	6.71
	<b>IDBI BANK LTD.</b>				
	At the end of the year			<b>13488304</b>	<b>6.71</b>
	<b>IDBI BANK LTD.</b>				
	At the beginning of the year				
	Increase / Decrease in Shareholding during the year:	0	0		
	31 <sup>st</sup> December, 2015	9239766	4.6	9239766	4.6
	<b>STATE BANK OF INDIA</b>				
	At the end of the year	0	0	<b>9239766</b>	<b>4.6</b>
	<b>STATE BANK OF INDIA</b>				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:				
	31 <sup>st</sup> December, 2015	7052631	3.51	7052631	3.51
	<b>STATE BANK OF BIKANER AND JAIPUR</b>				
	At the end of the year			<b>7052631</b>	<b>3.51</b>



	At the beginning of the year		0	0		
	Increase / Decrease in Shareholding during the year:					
	31 <sup>st</sup> December, 2015	5956140		2.96	5956140	2.96
	At the end of the year				<b>5956140</b>	<b>2.96</b>
<b>6.</b>	<b>ICICI BANK LTD</b>					
	At the beginning of the year	0		0		
	Increase / Decrease in Shareholding during the year:					
	31 <sup>st</sup> December, 2015	5479532		2.72	5479532	2.72
	At the end of the year				<b>5479532</b>	<b>2.72</b>
<b>7.</b>	<b>PUNJAB NATIONAL BANK</b>					
	At the beginning of the year	0		0		
	Increase / Decrease in Shareholding during the year:					
	31 <sup>st</sup> December, 2015	5222222		2.6	5222222	2.6
	At the end of the year				<b>5222222</b>	<b>2.6</b>
<b>8.</b>	<b>INDIAN OVERSEAS BANK</b>					
	At the beginning of the year	0		0		
	Increase / Decrease in Shareholding during the year:					
	31 <sup>st</sup> December, 2015	5087719		2.53	5087719	2.53
	At the end of the year				<b>5087719</b>	<b>2.53</b>
<b>9.</b>	<b>BLACKSTONE GPV CAPITAL PARTNERS MAURITIUS V ALTD</b>					
	At the beginning of the year	4567647		6.94		
	Increase / Decrease in Shareholding during the year:					
		0		0	0	0
	At the end of the year				<b>4567647</b>	<b>2.28</b>
<b>10.</b>	<b>ORIENTAL BANK OF COMMERCE</b>					
	At the beginning of the year	0		0		
	Increase / Decrease in Shareholding during the year:					
	31 <sup>st</sup> December, 2015	4511695		2.25	4511695	2.25
	At the end of the year				<b>4511695</b>	<b>4511695</b>

#### E. Shareholding of Directors and Key Managerial Personnel:

S. No.	Directors/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total shares of the Company	No. of Shares	%of total shares of the Company
1.	<b>Jagdamba Prasad Lath</b> At the beginning of the year	1696	0.00	1696	0.00
	Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	1696	0.00	1696	0.00
2.	<b>Sandeep Kumar Jajodia</b> At the beginning of the year	1110289	1.69	1110289	0.55
	Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	At the end of the year	1110289	1.69	1110289	0.55
	<b>Total</b>	<b>1111985</b>	<b>1.69</b>	<b>1111985</b>	<b>0.55</b>

#### F. INDEBTEDNESS : Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	75,537,270,837	4,309,689,797	-	79,846,960,634
ii) Interest due but not paid	594,492,485	0	-	594,492,485
iii) Interest accrued but not due	663,497,106	43,854,397	-	707,351,503
<b>Total (i+ii+iii)</b>	<b>76,795,260,428</b>	<b>4,353,544,194</b>	<b>-</b>	<b>81,148,804,622</b>
<b>Change in Indebtedness during the financial year</b>			-	
* Addition	29,617,843,380	2,965,865,919	-	32,283,709,299
* Reduction	32,010,581,800	3,997,360,739	-	36,007,942,539
<b>Net Change</b>	<b>-2,392,738,420</b>	<b>- 1,031,494,820</b>	<b>-</b>	<b>-3,424,233,240</b>
<b>Indebtedness at the end of the financial year</b>			-	
i) Principal Amount	73,144,532,418	3,278,194,976	-	76,422,727,394
ii) Interest due but not paid	1,294,628,110	31,151,302	-	1,325,779,412
iii) Interest accrued but not due	362,113,083	95,089,458	-	457,202,541
<b>Total (i+ii+iii)</b>	<b>74,801,273,611</b>	<b>3,404,435,736</b>	<b>-</b>	<b>78,205,709,347</b>

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE- TIME DIRECTORS AND/OR MANAGER :**

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		<b>Sandeep Kumar Jajodia</b>	<b>C. P. Baid</b>
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) of Income- tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5	Others, please specify		
	<b>Total (A)</b>	<b>NIL</b>	<b>NIL</b>
	<b>Ceiling as per the Act</b>	As per Schedule V of the Companies Act, 2013	

**B. REMUNERATION TO OTHER DIRECTORS**

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	<b>Bhavna Thakur</b>	<b>Suman Jyoti Khaitan*</b>	
	Fee for attending board & committee meetings	2,25,000	2,45,000	4,70,000
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (1)</b>	<b>2,25,000</b>	<b>2,45,000</b>	<b>4,70,000</b>
2	Other Non-Executive Directors	<b>Suresh Kishinchand Khatanhar (IDBI Nominee Director)*</b>	<b>Jagdamba Prasad Lath</b>	
	Fee for attending board & committee meetings	60,000**	1,20,000	1,80,000
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (2)</b>	<b>60,000</b>	<b>1,20,000</b>	<b>1,80,000</b>
	<b>Total (B)=(1+2)</b>			<b>6,50,000</b>
	<b>Total Managerial Remuneration</b>	Nil	Nil	Nil
	<b>Overall Ceiling as per the Act</b>	As per the Companies Act, 2013		

- \* Mr. Suresh Kishinchand Khatanhar was appointed on May 29, 2015 and Mr. Suman Jyoti Khaitan was appointed on August 14, 2015.
- \*\* Sitting fees paid to IDBI Bank limited

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT D

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Hardeep Singh Company Secretary	Raj Kumar Ralhan* Chief Financial Officer	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,842,353	7,136,449	8,978,802
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	61,596	198,279	259,875
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5	Others -Provident Fund	128,448	268,697	397,145
	Total (A)	2,032,397	7,603,425	9,635,822

- \* Mr. Raj Kumar Ralhan, Chief Financial Officer of the Company resigned from the position on February 12, 2016.

### XII. Penalties / Punishment/ Compounding of Offences under the Companies Act, 1956 and Companies Act, 2013 - NIL

By Order of the Board  
For Monnet Ispat & Energy Limited

PLACE : New Delhi  
DATED : 17-August-2016

Sandeep Kumar Jajodia  
Chairman & Managing Director  
DIN: 00082869

### **I. Economic Growth**

#### **a) Global Economy**

The global economic growth remained subdued during the calendar year 2015 at 3.1% as against 3.4% in the preceding year. The emerging markets and developing economies' growth which still accounts for over 70% of global growth, declined for the fifth consecutive year and the advanced economies witnessed a modest but uneven recovery.

Among advanced economies the US demonstrated resilience in CY 2015; where growth is projected to continue at a moderate pace. The recovery in the Euro Area during the year was modest in 2015-16; and is projected to continue in the backdrop of low energy prices, a modest fiscal expansion and supportive financial conditions. However, potential growth is expected to remain weak, as a result of high private and public debt, low investment, and recent phenomenon of BREXIT.

The scenario for emerging markets and developing economies also remained discouraging. The commodity exports of Brazil and Russia were severely impacted by a decline in prices and owing to China's rebalancing act, which is having a spill-over effect on the overall global trade. The economic performance of many African countries was also discouraging. Resource-intensive countries in Africa suffered a two-fold blow. First owing to a decline in the prices of commodities; and second because their frontier markets were adversely affected by tighter global financing conditions.

The global economy saw a sizeable leg down in the last quarter of 2015 - in both advanced and emerging markets. During the year, the global economic activities were negatively impacted by: a) a gradual slowdown in China leading to lower investments and negative impact on global trade flows and export dependent economies, b) overcapacities and higher output gap leading to worldwide depressed investment, c) a downward pressure on prices of energy and commodities, d) depressed domestic demand with growing disorder of global trade has resulted in increasing trade remedial actions by various economies.

#### **b) Indian Economy**

India's GDP grew by 7.6% in FY 2015-16, making it one of the world's fastest growing major economies. Interestingly, the GDP grew at 7.9% in the fourth quarter, a stellar performance. The policy initiatives of the government, low interest rates, declining fiscal deficit and moderating inflation have helped the Indian economy stay on a sustainable growth path. The growth rate is expected to touch 8% in FY 2016-17 on the back of a favourable monsoon. The government's Make in India campaign is helping India emerge as a hub for global manufacturing giants. The Government of India has ushered in various

reforms in agriculture, manufacturing and services sectors to help the economy realise its full potential.

This was despite the Indian economy facing major headwinds during the year in the form of a) slow agricultural growth due to two consecutive years of poor monsoons, b) disappointing manufacturing output owing to weak demand and low commodity prices, c) sharp contraction in exports due to weak global demand and low commodity prices and d) growing NPA's and stressed assets.

#### **c) Outlook**

India's long-term growth potential continues to be strong with focus on faster infrastructure creation, improving manufacturing and farm output, expanding services sector, increasing urbanisation; and stronger regulatory framework for banking and financial services.

In addition, the Government of India's 'Make in India' initiative has encouraged domestic entrepreneurship and attracted more FDI into the country. FDI into the country has increased by 37% after the launch of 'Make in India' programme in the 17-month period from October 2014 to February 2016 (Source: Government of India Report).

## **II. STEEL INDUSTRY**

#### **a) Global steel industry**

Global crude steel production during 2015 declined by 2.5% to 1622.8 million tons. During this period the global steel demand declined by 3% to 1,500 million tonnes, primarily due to the slowdown in China and globally a low investment trend.

The global steel industry is going through tough times. Steel demand in 2016 is likely to decline owing to slower pace of economic growth across geographies. As a result, steelmakers are struggling to sustain margins with excess capacity worldwide and historically low prices. Exports from China continue to penetrate markets all over the world, exerting downward pressure on the price of hot-rolled band (HRB), which is pushing down prices to levels not seen since in past two decades.

In this scenario, steel companies are likely to strive hard for improved efficacy through cost reduction and continuous operational improvements to counter the turbulence ahead. However, steel will never lose its relevance; and will remain the cornerstone for industrial and infrastructure growth.

Global steel industry continued to be impacted by large overcapacity especially in China, Japan, Korea and CIS.



Exports from the steel surplus countries flooded the global steel markets leading to a severe pressure on supply and demand balance and steel prices. Consequently, the negatively impacted countries intensified trade remedial actions to check the surge in imports from steel surplus countries. Meanwhile, the oversupplied iron ore and coking coal market also followed the trend of the falling steel prices.

## b) Outlook

Global economy continues to grow, albeit at a slow pace. The industrial activities across major regions/countries remained subdued despite sustained monetary easing. In the background of issues like persistent deflationary environment, political uncertainty in EU and risk of BREXIT, a lack of confidence on sustainability of commodity prices and volatile capital flows and currencies.

The emerging economies, the largest growth engine of the world, also remain vulnerable to further declines in commodity prices, currency devaluation and internal political turmoil. The Chinese economy is transitioning to a more balanced growth path after a decade of strong credit and investment growth. As the prior excesses in China's economy are unwinding; its investment in real estate, manufacturing and allied industries is declining. This is impacting trade growth as well as sharp scaling down of investment in commodity markets/economies. Despite all of this, the recovery, which is expected to strengthen only in CY 2017 and beyond, will be driven primarily by emerging market and developing economies as conditions in stressed economies start gradually to normalize.

## c) Key challenges

### Transition in China

While rebalancing continues, the Chinese economy is decelerating. The severe depression in construction activities is contributing to a slowdown in manufacturing sectors. A recovery for the construction sector is not likely in the near future.

### Slowing growth in global trade

With deep integration of China in the global manufacturing supply chain, this sector has slowed as a consequence of weak growth in global trade. Manufacturing exports in emerging economies, in particular in Asia, declined owing to sluggish Chinese demand. The same is true for developed countries, experiencing a reduction in the exports of consumer goods and machinery.

## d) Indian steel industry

During 2015-16, India emerged as the world's third-largest

producer of crude steel, up from eighth position in 2003. The industry growth is driven by an availability of raw materials such as iron ore and cost-effective labour. India produced 89.6 MT crude steel in FY 2015-16. The country witnessed an unprecedented inflow of cheap imports, which saw a significant increase in the last fiscal.

Steel demand in India is showing signs of a rebound, after the slowdown of the last two years. Cyclicalities might be at work, but key demand trends are looking encouraging:

- Automotive sales growth has rebounded strongly in 2015-16
- Inflation has moderated, leading to more interest rate cuts
- Industrial production is improving and GDP growth rate is among the best in the world

## Government Initiatives

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from current levels. Some recent initiatives in this sector comprise the following:-

- The Ministry of Steel is facilitating the setting up of an industry driven Steel Research and Technology Mission of India (SRTMI); in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs. 200 crore
- The Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa and Chhattisgarh to set up plants having capacity between 3 and 6 MTPA
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30%
- In the Union Budget 2016-17, the Government of India has proposed to spend ₹ 2,18,000 crore on roads and railways, enhancing the demand for steel and construction materials.

India was the only major steel consuming market globally which continued to witness increasing demand environment - finished steel demand growth stood at 4.5% in FY 2015-16. However, the country suffered from an unprecedented and unfair inflow of steel imports from countries like China, Japan, South Korea and Russia, which continued to sell their surplus steel production at predatory prices. Consequently, the consumption of domestically produced steel fell by 0.6% during the

financial year. The domestic steel industry was forced to take a series of price cuts - leading to a severe margin squeeze for the Indian steel companies.

The surge in imports at predatory pricing led to the Indian government first increasing import duty on carbon steel by 5% (in two steps). Subsequently, it also imposed a safeguard duty on certain hot rolled steel products. When these measures were ineffective, in February 2016, the Government imposed a minimum import price (MIP) on various steel products for a period of six months to create a level playing field for the domestic steel industry.

#### **e) Outlook**

India is expected to become the world's second largest producer of crude steel in the next few years, moving up from the third position. The country's steel industry has significant scope for growth. The consumption of steel per capita in India is around 65 kg per year, much lower compared to the global average (235 kg), leaving significant head room for growth. Growing investments for infrastructure, rapid growth in the industrial sector, increase in urban population, and strengthening of rural steel market can raise the country's per capita steel consumption considerably.

#### **f) Risk Opportunities And Threats**

In the above context of challenges facing the industry, Monnet has put in place several building blocks to enhance operating efficiency, optimize costs, shift to better product mix for higher value addition with a clear focus on quality improvement, expand its dealer network for deeper market penetration, in order to capitalise on the long-term opportunities as well as mitigate short-term challenges.

Its long-term strategy includes globally competitive operations, cost competitiveness and sustained operational excellence.

With all the above internal strengths in place, the Company is all set to reap the harvest in the medium to long term once the steel prices stabilise world over and the expected take off of the Indian CAPEX cycle takes place for which foundation has been laid. The only challenge to achieve the sustained growth path remains lack of working capital, which has depleted due to losses suffered by the company in last two years. The process of SDR currently being run by lenders will eventually lead to sustained solutions of manageable debt level and sufficiency of working capital.

### **III. HUMAN RESOURCE MANAGEMENT**

In the ever changing business environment where people are key differentiator, Monnet Ispat & Energy Limited believes it is essential to have credible, transparent and uniform people management practices. Driven by this belief and to keep ourselves abreast of the changing external scenario, our People Management Practices get continually reviewed and renewed to make them more competitive and employee- friendly. In the dynamic and competitive industry scenario, the company keeps continuously reviewing its requirements of human resources and accordingly keeps rebalancing its talent pool.

We are proud to have a talent pool with varied qualification and a wide experience in the domains of engineering, management and finance.

The rich experience of our Leadership Team combined with the exuberance of our young workforce makes our talent pool even more vibrant.

## “CORPORATE GOVERNANCE REPORT FOR THE YEAR 2015-16”

### 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Monnet believes in conducting its affairs in a fair and professional manner and in maintaining the high standards Corporate Governance practices in the company through a series of measures which include having professional Directors on the Board, adopting pragmatic policies and effective systems and procedures, sharing of information with shareholders on a regular basis through newspapers, audits and checks. The policies and actions of the Company, while being in full compliance of applicable laws and regulations, are dictated by the underlying objective of maximizing shareholder value on a long-term basis.

### 2) BOARD OF DIRECTORS

#### A. Composition & Category of Directors

The Company has a strong and a broad-based Composition of Directors on its Board which consists of Seven Directors with adequate blend of Professionals, Executive, Non-Executive Independent and a Woman Director which brings diversity on the Board. The details of each member of the Board along with the number of Directorship/Committee Membership in other Companies, as at March 31, 2016 is as follows:-

Name of directors	Category	Designation	No of Directorships in other public companies	No. of Committee Memberships and Chairmanship in other Companies	
				Chairman	Member
Sandeep Kumar Jajodia DIN-00082869	Promoter- Non Independent Executive	Chairman& Managing Director	5	0	0
Chandra Prakash Baid DIN-00466414	Non Independent Executive	Dy. Managing Director	5	0	0
Amit Dixit DIN-01798942	Independent Non-Executive	Director	6	0	3
Jagdamba Prasad Lath DIN-00380076	Non Independent Non-Executive	Director	5	2	3
Suresh Kishinchand Khatanhar DIN-03022106	Non Independent Non-Executive	Nominee Director	1	0	0
Bhavna Thakur DIN-07068339	Independent, Non-Executive Women Director	Director	0	0	0
Suman Jyoti Khaitan DIN-00023370	Independent, Non-Executive	Director	4	2	6

#### Notes:

- Mr. Suresh Kishinchand Khatanhar was appointed as Nominee Director of IDBI Bank Ltd on May 29, 2015 & Mr. Suman Jyoti Khaitan was appointed as Independent Director on August 14, 2015.
- Other Directorships and Committee Memberships details are based on the disclosures received from the directors, as on March 31, 2016.
- A directorship in other Companies excludes Private Limited Companies, Foreign Companies and Membership of Companies under Section 8 of the Companies Act, 2013.
- Committee Membership and Chairmanship is only in respect of Audit Committee and Stakeholder's Relationship Committee of Indian Public Limited Companies (excluding Monnet Ispat & Energy Limited).

## B. Attendance of Directors

The details of attendance of Directors at the Board Meetings and Annual General Meeting held during the year ended March 31, 2016 are given below :—

Name of Director(s)	29.05.2015	14.08.2015	06.11.2015	12.02.2016	Whether attended AGM held on 30th September 2015
Mr. Sandeep Kumar Jajodia	P	P	P	P	A
Mr. Chandra Prakash Baid	P	P	P	P	A
Mr. Amit Dixit	P	P	Through VC	Through VC	A
Mr. Jagdamba Prasad Lath	P	P	P	P	P
Mr. Suresh Kishinchand Khatanhar	NA	P	P	P	A
Ms. Bhavna Thakur	P	P	Through VC	A	A
Mr. Suman Jyoti Khaitan	NA	P	P	P	A

### Note:

- Video conferencing(VC)/tele-conferencing(TC) facilities are also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings.
  - “A” denotes Absence and “P” denotes Presence in the meeting
- C. The Board of Directors meets at least once in a quarter to review the Company's performance and more often, if considered necessary, to transact any other business.
- D. All the Independent Directors fulfill the criteria of being independent as mentioned under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) read with Section 149(6) of the Companies Act, 2013. The maximum tenure of Independent Directors is determined in accordance with the Companies Act, 2013. . The Independent Directors have also confirmed that they meet with the criteria of independence laid down under the provisions of Companies Act, 2013 and the SEBI Listing Regulations, 2015.
- E. During the year, a meeting of Independent Directors was held on February 12, 2016. The Independent Directors, inter-alia, reviewed the performance of Non-Independent directors, Chairman of the Company and the Board as a whole. The Independent Directors also reviewed the quality, quantity and timeliness of flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.
- F. The Company has issued formal letter of appointment to Independent Directors in the manner as provided in the Companies Act, 2013 and the terms and conditions of such appointment is disclosed on the website of the Company i.e. [www.monnetgroup.com](http://www.monnetgroup.com)
- G. The Company has also formulated familiarization programs to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates etc. The details of such familiarization programs are also available on the website of the Company i.e. [http://www.monnetgroup.com/pdfs/others/miel/Familiarization\\_Programme\\_for\\_Independent\\_Directors.pdf](http://www.monnetgroup.com/pdfs/others/miel/Familiarization_Programme_for_Independent_Directors.pdf).
- H. None of the directors is a member of more than ten committees or acts as the chairman of more than five committees in all Public Companies in which they are Director. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2016 have been made by the Director. Also, none of the Independent Directors serve as Independent Director in more than seven listed companies.
- I. Mr. Jagdamba Prasad lath, Member of the Committee, attended the Annual General Meeting on behalf of Chairman of Audit Committee.
- J. There is no relationship between directors inter-se.

## K. Annual Performance Evaluation & its criteria :-

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including independent directors as well as the evaluation of the working of its Audit, Nomination and Remuneration and Other Committees created as per Companies Act, 2013. A set of evaluation factors were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

The performance evaluation criteria for Independent Directors are determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors who are subject to evaluation had not participated.

## 3) **BOARD COMMITTEES**

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with the approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee meetings are also placed before the Board in the next board meeting for noting.

The Board currently has following Committees

### A) **Audit Committee**

#### i. Composition of Audit Committee

The Audit Committee of the Board of Directors is constituted in line with the provisions of Regulation 18 of the SEBI Listing Regulations read with Section 177 of the Companies Act, 2013. The Audit Committee is governed by a Charter/terms of reference which is in line with the regulatory requirements mandated under section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations.

All members of the Audit Committee are financially literate and have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls. As at March 31, 2016, the Composition of Audit Committee consists of Mr. Suman Jyoti Khaitan as its Chairman with Mr. Amit Dixit and Mr. Jagdamba Prasad Lath as its co-members during the last financial year. The Company Secretary of the Company acts as Secretary to the Committee.

#### ii. Audit Committee Meetings and Attendance :

The Audit Committee met four times during the Financial Year 2015-16. The maximum gap between two meetings was not more than 120 days. The necessary quorum was present for all Meetings. The Table below provides the Attendance of the Audit Committee members:

Name of Members	29.05.2015	14.08.2015	06.11.2015	12.02.2016
Suman Jyoti Khaitan	-	P	P	P
Amit Dixit	P	P	VC	VC
Jagdamba Prasad Lath	P	P	P	P
Bhavna Thakur	P	-	-	-

- Suman Jyoti Khaitan appointed as member of the Committee on August 14, 2015 in place of Bhavna Thakur.
- Suman Jyoti Khaitan was appointed as Chairman of the Committee on February 12, 2016

**iii. Brief Description of Charter/terms of reference of Audit Committee-**

The brief Description of Charter/terms of reference of Audit Committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and Approval of payment for any other services rendered by the statutory auditors;
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

**iv. Internal Controls and Governance Processes**

The Company continuously invests in strengthening its internal control and Governance processes. The Audit Committee along with the CFO formulates a detailed plan to the Internal Auditors for the year, which is reviewed at the Audit Committee Meetings.

Besides the above, the representatives of the Cost Auditor also attend the meetings of the Audit Committee where matters relating to the Cost Audit Report are discussed at length. The Company Secretary acts as a Secretary to the Committee as required by Regulation 18(1)(e) of the SEBI Listing Regulation.

**v. RISK MANAGEMENT**

The Company is not mandatorily required to constitute Risk Management Committee. Further, the Audit Committee and the Board of Directors review the risks involved in the Company and appropriate measures to minimize the same from time to time. The Board of the Company has also adopted a Risk management policy for the Company.

**B) Nomination and Remuneration Committee**

**i. Composition of Nomination and Remuneration Committee**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulation, the Board has constituted its Nomination and Remuneration Committee. As at March 31, 2016 the Nomination and Remuneration Committee consists of three members i.e Mr. Suman Jyoti Khaitan as its Chairman with Mr. Amit Dixit and Mr. Jagdamba Prasad Lath as its co-members.

The brief terms of reference of the Nomination and Remuneration Committee, *inter alia*, includes the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board.

The details of the Members participation at the Meetings of the Committee are as under:



Name of Members	29.05.2015	14.08.2015
Suman Jyoti Khaitan	-	P
Amit Dixit	P	P
Jagdamba Prasad Lath	P	P
Bhavna Thakur	P	-

\* Suman Jyoti Khaitan appointed as member of the Committee on August 14, 2015 in place of Bhavna Thakur.

\* Suman Jyoti Khaitan was appointed as Chairman of the Committee on February 12, 2016

## ii. **Nomination and Remuneration Policy :**

The Board of the Company has also adopted the Nomination and Remuneration Policy for the Company in compliance with Regulation 19 of SEBI Listing Regulation read with Provisions of Section 178 of the Companies Act, 2013. The said policy of the Company is available on the website of the company i.e [http://www.monnetgroup.com/pdfs/other/miel/policy\\_on\\_nomination%20renomination\\_and\\_board-MIEL.pdf](http://www.monnetgroup.com/pdfs/other/miel/policy_on_nomination%20renomination_and_board-MIEL.pdf) The Objective and Purpose of this policy is as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine remuneration of such Directors, Key Managerial personnel and Other employees.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies in the steel industry.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

## iii. **Details of Remuneration Paid to Directors for the Year ended March 31, 2016**

### • **Non-Executive Directors**

The Non-Executive Directors are paid remuneration by way of Sitting Fees for each of the meeting of the Board or Committees of Directors attended by them. The Details of Sitting fees paid to them during the Financial year 2015-2016 are as under:-

Name of Directors	Sitting Fees paid for Board Meetings (Rs.)	Sitting Fees paid for Committee Meetings (Rs.)	ESOP granted (No. of Shares)
Amit Dixit	NIL	NIL	NIL
Jagdamba Prasad Lath	80,000/-	40,000/-	NIL
Suman Jyoti Khaitan	2,25,000/-	20,000/-	NIL
Bhavna Thakur	2,25,000/-	NIL	NIL
Suresh Kishinchand Khatanhar *	60,000/-	NA	NIL

\* ***the meeting fees is paid to IDBI Bank Limited as Mr. Suresh Kishinchand Khatanhar is nominee of the Said Bank.***

### • **Executive Directors**

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the Nomination & Remuneration Committee, through resolutions passed by the Board of Directors and shareholders of the Company. The Details of Remuneration paid to Executive Director during the Financial year 2015-2016 are as under:-

Name of the Directors	Salary (Rs.)	Notice Period	ESOP granted (No. of Shares)
Sandeep Kumar Jajodia	Nil	1 Month	NIL
Chandra Prakash Baid	Nil	1 Month	NIL



**iv. Shareholding and Pecuniary Relationship of Non-Executive Directors :**

During the financial year 2015-2016, none of non-executive directors hold any shares in the Company except Mr. Jagdamba Prasad Lath, who holds 1696 equity shares in the Company.

Further, there has been no pecuniary relationship or transactions of the non-executive directors' vis-à-vis the Company during the financial year 2015-2016 except the sitting fees paid for meetings of the Board & Committee(s) of Directors attended by them.

**v. Stock Option Scheme :**

The Company does not have any Stock Option Scheme for its employees and Directors.

**C) Corporate Social Responsibility (CSR) Committee**

CSR Committee of the Company is constituted pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The terms of reference of the Corporate Social Responsibility (CSR) Committee, *inter alia*, includes the following:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress;
- To monitor the CSR policy of the company from time to time.

During the year under review one meeting of the CSR Committee was held on 06.11.2015. The details of the Members participation in the same was as under:

Name of Director	Category	06.11.2015
Sandeep Kumar Jajodia	Chairman	P
Jagdamba Prasad Lath	Member	P
Suman Jyoti Khaitan	Member	P

**D) Stakeholders' Relationship Committee**

**i. Terms of Reference :**

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Companies Act, 2013. The Board has clearly defined the terms of reference for this Committee, which generally meets once in a quarter. The Committee looks into the matters of Shareholders / Investors grievances along with other matters listed below:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/certificates relating to other securities;
- issue and allot right shares/bonus shares pursuant to a Rights Issue/ Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debenture etc.

**ii. Composition and Attendance :**

The composition of the Stakeholders Relationship Committee as at March 31, 2016 and details of the Members participation at the Meetings of the Committee are as under:

Name of Member	Category	29.05.2015	14.08.2015	06.11.2015	12.02.2016
Jagdamba Prasad Lath	Chairman	P	P	P	P
Chandra Prakash Baid	Member	P	P	P	P
Hardeep Singh	Member	P	P	P	P

**iii. Name and Designation of Compliance officer :**

<b>Name</b>	:	Mr. Hardeep Singh
<b>Designation</b>	:	Company Secretary & Compliance Officer
<b>Address</b>	:	Monnet House, 11 Masjid Moth, Greater Kailash-II, New Delhi-110048
<b>Phone</b>	:	011-29218542/43/44/45/46
<b>Fax</b>	:	011-29218541
<b>E-mail</b>	:	isc_miel@monnetgroup.com

**iv. Details of the Shareholder's complaints received, redressed/pending during the financial year 2015-16 :**

The details of total number of complaints received, resolved/pending during the financial year 2015-2016 is as follow:-

Particulars	No. of Complaints
Number of complaints received from the investors (including the opening Balance as on 1st April, 2015) comprising of Non-receipt of Dividend Warrants where reconciliation is completed after end of the quarter, securities sent for transfer and transmission, annual report & complaints received from Regulatory/Statutory Bodies	122
Number of complaints resolved	119
Complaints pending as at March 31, 2016	3

*The above table includes Complaints received from SEBI SCORES by the Company.*

The Complaints are handled by Company's Registrars and Share Transfer Agents MCS Share Transfer Agent Ltd., New Delhi. The Stakeholder Relationship Committee monitors the complaints and other activities and also helps in resolving grievances wherever needed. A firm of Practicing Company Secretaries conducts the audit on quarterly basis and submits Capital Reconciliation Audit Report.

**E) Other Board Committees**

**i. Executive Committee Meeting:**

The Executive Committee was formed to deal with urgent matters requiring immediate action of the Board of Directors before a meeting of the Board could be convened. The Minutes of the Executive Committee are placed in front of Board for their review and noting. As on March 31<sup>st</sup>, 2016, the Composition of Executive Committee of Directors comprises of Mr. Sandeep Kumar Jajodia as Chairman and Mr. Chandra Prakash Baid and Mr. Jagdamba Prasad Lath as co-members. The details of the Member's participation at the Meetings of the Committee are as under:

Meetings Date	Sandeep Kumar Jajodia-Chairman	Chandra Prakash Baid-Member	Jagdamba Prasad Lath-Member
20.04.2015	A	P	P
11.05.2015	A	P	P
30.05.2015	A	P	P
15.07.2015	A	P	P
17.08.2015	A	P	P
10.09.2015	A	P	P
09.11.2015	A	P	P
22.01.2016	A	P	P
12.02.2016	A	P	P
10.03.2016	A	P	P

**ii. Finance Committee Meeting:**

The Finance Committee of the Board was constituted to consider and approve all types of loans and Banking facilities upto the maximum limit of Rs. 10,000 Cr. outstanding at the given point of time and to meet the financing requirements of the Company requiring immediate action of the Board of Directors before a meeting of the Board could be convened. As on March 31, 2016, the Composition of Finance Committee of Directors comprises of Mr. Sandeep Kumar Jajodia as Chairman and Mr. Chandra Prakash Baid and Mr. Jagdamba Prasad Lath as co-members. The details of the Member's participation at the Meetings of the Committee are as under:

Meetings Date	Sandeep Kumar Jajodia-Chairman	Chandra Prakash Baid-Member	Jagdamba Prasad Lath-Member
13.04.2015	A	P	P
30.05.2015	A	P	P
29.06.2015	A	P	P
18.08.2015	A	P	P
18.03.2016	A	P	P

**iii. Allotment Committee Meeting :**

The Board of directors of the company has constituted the Allotment Committee to deal with the matters related to the offer, issue and allot securities of the Company. As on March 31, 2016 the Composition of Allotment Committee of Directors Comprises of Mr. Chandra Prakash Baid and Mr. Jagdamba Prasad Lath as members of the committee. The details of the Member's participation at the Meetings of the Committee are as under:

Meetings Date	Chandra Prakash Baid-Member	Jagdamba Prasad Lath-Member
31.12.2015	P	P

**iv. Share Transfer Committee Meetings**

The share transfer Committee was constituted for dealing with the special cases of dematerialization of shares or cases of transfer, transmission, duplicate share certificate issuance etc. As on March 31, 2016 the Composition of Share Transfer Committee of Directors Comprised of Mr. Jagdamba Prasad Lath as chairman and Mr. Hardeep Singh and Mr. Chandra Prakash Baid as members of the committee. The details of the Member's participation at the Meetings of the Committee are as under:

Meetings Date	Jagdamba Prasad Lath- Chairman	Chandra Prakash Baid- Member	Hardeep Singh Member
10.06.2015	P	P	A
20.06.2015	P	P	A
10.08.2015	P	P	A
10.09.2015	P	P	A
30.10.2015	P	P	A
30.11.2015	P	P	A
10.12.2015	P	P	A

#### 4) GENERAL BODY MEETINGS

##### A. Details of Last Three Annual General Meetings (AGM) Held :

AGM	Date & Time	Place of Meeting	Details of Special Resolution Passed
25 <sup>th</sup>	September 30, 2015, 2:30 P.M	Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh- 492101	a. To obtain waiver of the excess remuneration paid to Mr. Sandeep Kumar Jajodia (holding DIN: 00082869), Chairman and Managing Director, during the period of April 01, 2014 to March 31, 2015 b. To reappoint and fix the remuneration of Mr. Sandeep Kumar Jajodia (holding DIN: 00082869) as Chairman and Managing Director of the Company c. To obtain waiver of the excess remuneration paid to Mr. Chandra Prakash Baid (holding DIN:00466414), Dy. Managing Director, during the period of April 1, 2014 to March 31, 2015 d. To reappoint Mr. Chandra Prakash Baid as Dy. Managing Director
24 <sup>th</sup>	September 27, 2014, 2:30 P.M		a. To approve the related party transactions under Section 188 of the Companies Act, 2013 b. To alter the Article of Association of the Company
23 <sup>rd</sup>	September 30, 2013, 2:30 P.M		None

##### B. Details of Special/Ordinary Resolutions Passed during the Financial Year 2015-16

During the year, the Company has conducted one Extra Ordinary General Meeting on December 21, 2015 and a Postal Ballot in February, 2016. Details of the voting results of the above mentioned EGM and Postal Ballot is as follows:-

##### i. Extra Ordinary General Meeting

**Date of EGM Notice: November 06, 2015.**

**E-Voting Period: December 18, 2015 to December 20, 2015**

**Date of EGM: December 21, 2015**

Mr. Sanjay Grover of M/s Sanjay Grover & Associates, Practicing Company Secretaries (CP No. 3850) was appointed as scrutinizer to scrutinize the e-voting and poll process in a fair and transparent manner. The Company successfully completed the process of obtaining approval of shareholders for Special/Ordinary Resolutions on the items detailed below:-

Purpose of Resolution	Type of Resolution (Ordinary/Special)	No. of Shares held	No. of Votes Polled	Votes Cast in Favor		Votes Cast Against	
				No of Votes	%age	No of Votes	%age
Increase in the Authorized Share Capital of the Company	Ordinary	6,58,25,681	3,62,98,817	3,62,92,670	99.9831	6147	0.0169
Alteration of the Capital clause in the Memorandum of Association of the Company.	Ordinary	6,58,25,681	3,62,97,567	3,62,91,136	99.9823	6431	0.0177
Conversion of Loan into Equity Shares of the Company pursuant to SDR Scheme.	Special	6,58,25,681	3,62,98,817	3,62,92,245	99.9819	6572	0.0181
Conversion of Loan into Equity Shares brought into the Company in terms of decision of the lenders as a part of a Corrective Action Plan (CAP).	Special	6,58,25,681	3,62,98,817	3,62,92,245	99.9819	6572	0.0181

## ii. Postal Ballot

**Date of Postal Ballot Notice: February 12, 2016**

**Voting Period: February 23,2016 to March 23,2016**

**Date of Declaration of Result: March 25, 2016**

**Date of Approval: March 25, 2016**

Mr. Sanjay Grover of M/s Sanjay Grover & Associates, Practicing Company Secretaries (CP No. 3850) was appointed as scrutinizer for carrying out the postal ballot process in fair and transparent manner. The Company successfully completed the process of obtaining approval of shareholders for Special Resolution on the items detailed below:-

Purpose of Resolution	Type of Resolution (Ordinary/Special)	No. of Shares held	No. of Votes Polled	Votes Cast in Favor		Votes Cast Against	
				No of Votes	%age	No of Votes	%age
Approval under section 180(1)(a) of the Companies Act, 2013 for sale/transfer of the stake of Company in its subsidiary, Monnet Power Company Ltd.	Special	20,07,68,242	5,54,89,488	5,36,90,392	96.7578	17,99,096	3.2422

## iii. Whether any Special Resolutions are proposed to be passed through Postal Ballot

Special Resolution(s) as may be necessary would be passed through Postal Ballot in compliance with provisions of the Companies Act, 2013 and SEBI Listing Regulations.

## iv. Procedure for Postal Ballot

In compliance with Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with related Rules made thereunder, the Company provides the electronic voting (e-voting) facility to all its members. The Company engages the services of NSDL of the purpose of providing e-voting facility to all its members. The members have both the option to vote either by physical ballot or through e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appears on the register of members/list of beneficiaries on cut-off date. The Postal Ballot Notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/ the company's register and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper, declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

Those Members who desires to exercise their votes by physical postal ballot forms shall return the forms, duly completed and signed to the scrutinizer on or before the close of the voting period. Member's desires to exercise their votes by electronic mode are requested to vote before close of business hours not later. The Scrutinizer submits his report after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman of the meeting.

## 5) MEANS OF COMMUNICATION

- A. The Unaudited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the SEBI Listing Regulation, as amended from time to time.
- B. The Company normally publishes quarterly results in leading Business Newspapers of the country like "Business Standard" (English Language) and "Pioneer" (Vernacular Language) in accordance with the SEBI Listing Regulations and circulates the same to stock exchanges & the shareholders.;
- C. The official news releases, including the quarterly, half yearly and annual results and presentations made to institutional investors/analysts, if any, are also posted on the Company's website [www.monnetgroup.com](http://www.monnetgroup.com)
- D. The Company also ensures that the details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with media companies and/or their associates and other information as required under Companies Act, 2013 and SEBI listing Regulations are promptly and prominently posted on its website [www.monnetgroup.com](http://www.monnetgroup.com).

## 6) GENERAL SHAREHOLDERS INFORMATION

### A. Annual General Meeting

<b>Day and Date</b>	:	Friday, September 30, 2016
<b>Time</b>	:	02:30 PM
<b>Venue</b>	:	Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101 (Registered Office of the Company)
<b>Financial Year</b>	:	2015-2016
<b>Book Closure / Record Date</b>	:	September 23 , 2016 to September 30, 2016 (Both Days Inclusive)

### B. Financial Year Calendar (Tentative) :

The Company follows the period of 1st April to 31<sup>st</sup> March, as the Financial Year. The tentative dates for Board Meetings for consideration of quarterly financial results are as below:

<b>First Quarter Results</b>	:	on or before September 14, 2016
<b>Second Quarter &amp; Half Yearly Results</b>	:	on or before December 14, 2016
<b>Third Quarter Results</b>	:	on or before February 14, 2017
<b>Fourth &amp; Audited Annual Results</b>	:	on or before May 30, 2017

**C. Dividend Payment** : No dividend has been recommended for the Financial Year 2015-16.

**D. Registered Office**

**Address** : Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh - 492101.  
**CIN** : L02710CT1990PLC009826

**E. Listing on Stock Exchanges**

The equity shares of your Company are listed on National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. & Calcutta Stock Exchange Ltd. (the stock exchanges). Whereas the Non-Convertible Debentures (NCDs) issued by your Company are also listed on Bombay Stock Exchange Ltd.

**National Stock Exchange of India Ltd.**

'Exchange Plaza', Bandra Kurla Complex,  
 Bandra (E), Mumbai- 400051.  
 e-mail : [ignse@nse.co.in](mailto:ignse@nse.co.in);  
 website : [www.nseindia.com](http://www.nseindia.com)

**Bombay Stock Exchange Ltd.**

Phiroze Jeejeebhoy Towers,  
 Dalal Street, Fort, Mumbai – 400 001  
 e-mail : [is@bseindia.com](mailto:is@bseindia.com) ;  
 website : [www.bseindia.com](http://www.bseindia.com)

The Company got itself De-Listed from Madhya Pradesh Stock Exchange Ltd. and the Company is already in process of getting itself delisted from Calcutta Stock Exchange Ltd. The Annual listing fee for the listed equity Shares and non-convertible debentures for the year 2016-2017 have been paid to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

**F. Stock Codes/Symbol:**

**National Stock Exchange of India Ltd** : MONNETISPA  
**Bombay Stock Exchange Ltd.** : 513446  
**Calcutta Stock Exchange Ltd.** : 23037

**G. Non-Convertible Debentures**

The details of Non-convertible Debentures (NCD's) issued by the Company on private placement basis are given below:-

Number of Debentures	Value of Debenture (Rs. In Lacs)	Category	ISIN	Contacts details of Debenture Trustee
1500	15000	Secured Redeemable Non-Convertible Debenture	INE743C07069	IL&FS Trustee Company Limited IL&FS Financial Centre Plot no. C-22, G Block Bandra Kurla Complex, Bandra(E) Mumbai – 400 051 Website : <a href="http://www.itclindia.com">www.itclindia.com</a> E-mail : <a href="mailto:shailesh.kokate@ilfsindia.com">shailesh.kokate@ilfsindia.com</a>
400	4000		INE743C07077	
150	1500		INE743C07085	
500	5000		INE743C07093	
150	1500		INE743C07101	
2500	25000		INE743C07119	
1000	10000		INE743C07028	IDBI Trusteeship Services Ltd Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate, Mumbai – 400001 Website : <a href="http://www.idbitrustee.com">http://www.idbitrustee.com</a> E-mail : <a href="mailto:srinivas@idbitrustee.com">srinivas@idbitrustee.com</a>
1200	12000		INE743C07010	
450	4500		INE743C07044	
350	3500		INE743C07036	
1000	10000		INE743C07051	



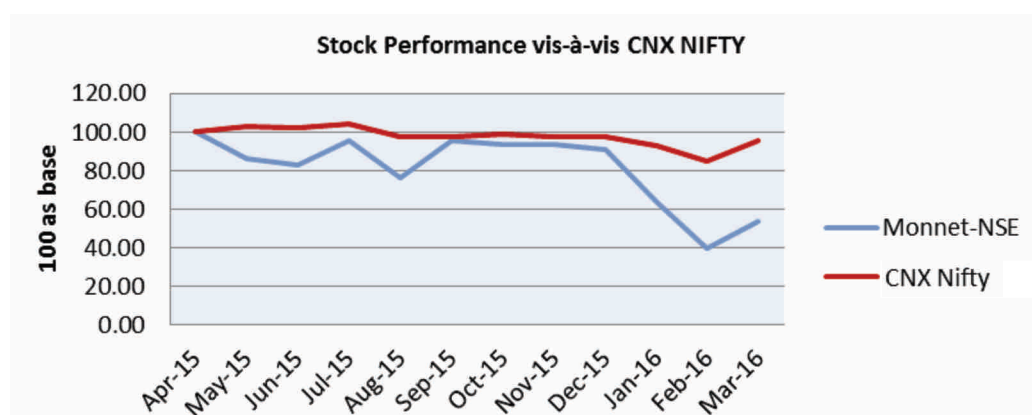
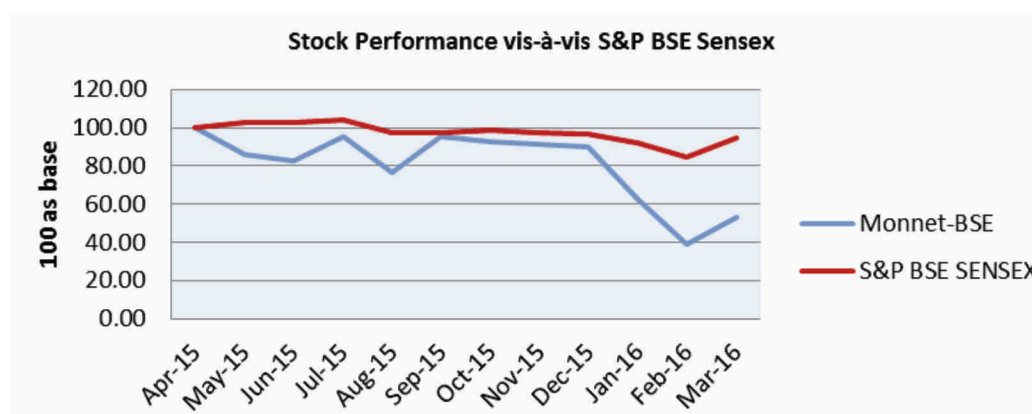
#### H. Market Price Data

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2015-16 on NSE and BSE:

Month	BSE (Rs.)			NSE (Rs.)		
	High	Low	Volume	High	Low	Volume
April - 2015	56.7	40.55	15,45,010	56.6	40.65	53,06,877
May- 2015	43.25	34	14,86,045	43.4	34	33,72,788
June- 2015	38.25	27.3	23,95,186	38.2	27.15	70,31,508
July – 2015	47.8	34.25	21,47,365	47.9	34.1	74,06,461
August – 2015	40.85	26	16,09,041	41	26	36,88,861
September- 2015	37.9	28.1	11,38,279	37.9	28.1	35,62,956
October- 2015	41.5	35.25	16,61,539	41.5	35.25	41,14,331
November- 2015	38.9	30.25	9,16,202	38.7	30.25	28,04,250
December- 2015	36.95	31.7	11,87,687	37	31.65	42,11,556
January- 2016	35.6	23.4	11,89,933	35.5	23.3	30,60,109
February- 2016	26.25	19.25	4,29,759	26.5	19.5	16,01,358
March- 2016	25.15	19.45	7,06,265	25.5	19.25	20,53,400

#### I. Stock Performance

The performance of the Company's share relative to the S&P BSE Sensitive Index and CNX Nifty (on closing rates at the end of each month in respective stock exchange) considering 100 as the base is given in the Chart below:



**J. Registrar & Transfer Agent**

Share transfer, dividend payment and all other investor related matters are attended to and processed by our Registrar and Transfer Agents. Details of Registrar and Transfer Agents are as under-

<b>Registrar and Transfer Agents</b>	:	MCS Share Transfer Agent Ltd
<b>Address</b>	:	F-65, Okhla Industrial Area, Phase-I, New Delhi – 110 020
<b>Contact Details</b>	:	Tel.: 011- 41406149 Fax : 011- 41709881 EmailAddress: <a href="mailto:admin_mcsdel.com">admin_mcsdel.com</a>

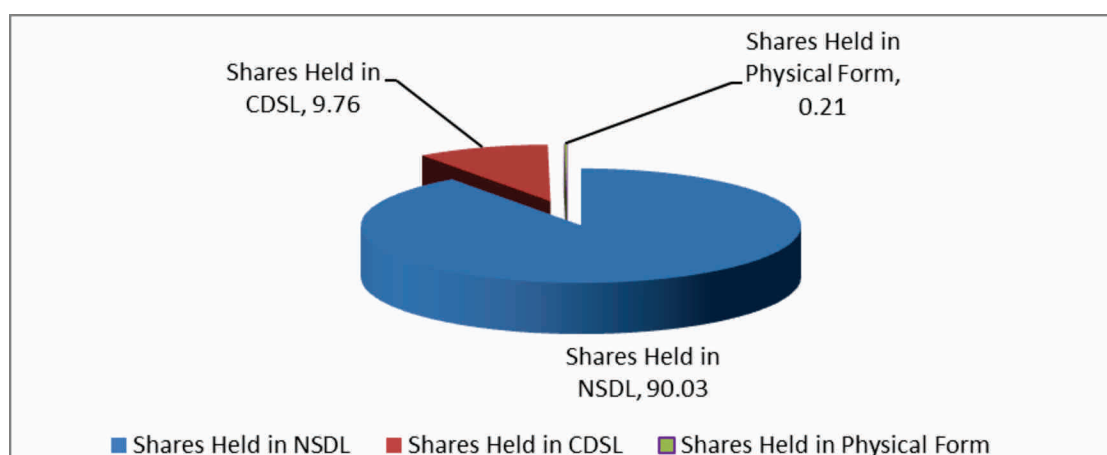
**K. Share transfers system**

Physical Shares sent for transfer are duly transferred within 15 days of receipt of documents, if found in order. Shares under objection are in general returned within 15 days. MCS Share Transfer Agent Ltd, Share Transfer Agents of the Company, is authorized to sign the share certificates on behalf of the Company for expeditious disposal of transfer requests.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the SEBI Listing Regulation, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

**L. Dematerializations of Shares and liquidity**

As at March 31, 2016, 99.79 % of Equity capital was held in electronic form with NSDL and CDSL. Normally, requests of dematerialization of shares are processed and confirmed within 15 days of receipt to NSDL and CDSL.



Further, 100 % of the Cumulative Non-Convertible redeemable preference shares of the Company are in electronic form held with NSDL.

- **Shares held in Electronic Form**

Shareholders holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination and power of attorney should be given directly to the DP.

- **Shares held in Physical Form**

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, nomination and power of attorney should be given to the Company's RTA viz. MCS Share Transfer Agents Limited, Delhi.

**M. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

As on March 31, 2016, the Company has no outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity.

**N. Shareholding as on March 31, 2016**

**I. Distribution of Shareholding as at March 31, 2016:**

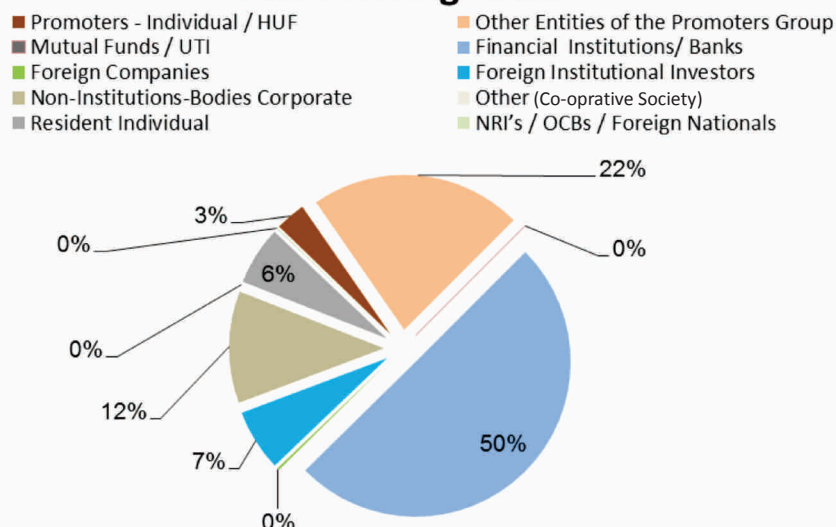
Category	No. of Folios	% of Shareholders	No. of Shares	% of Capital
1 – 500	21034	82.5057	3022886	1.5057
501 - 1000	2047	8.0293	1694802	0.8442
1001 - 2000	1101	4.3187	1712127	0.8528
2001 - 3000	407	1.5965	1057241	0.5266
3001 - 4000	211	0.8276	759359	0.3782
4001 - 5000	168	0.659	795782	0.3964
5001 - 10000	277	1.0865	2094816	1.0434
10001-50000	169	0.6629	3371889	1.6795
50001-100000	17	0.0667	1166351	0.5809
Above 100000	63	0.2471	185092989	92.1924
<b>TOTAL</b>	<b>25494</b>	<b>100</b>	<b>200768242</b>	<b>100.000</b>

**ii. Categories of equity shareholders as on March 31st, 2016:**

Shareholding pattern as on March 31st, 2016 for the purpose of reporting in the Annual Report of the Company for the year 2015-16 is given as under:

Category	As On March 31st, 2016	
	No. of Equity Shares	Percentage (%)
Promoters - Individual / HUF	6300616	3.14
Other Entities of the Promoters Group	44432225	22.13
Mutual Funds / UTI	38110	0.02
Financial Institutions/ Banks	100630183	50.12
Foreign Institutional Investors	12882741	6.42
Non-Institutions-Bodies Corporate	23457139	11.68
Resident Individual	12281987	6.12
NRI's / OCBs / Foreign Nationals	282979	0.14
Foreign Companies	461962	0.23
Other (Co-operative Society)	300	0.00

### Shareholding Pattern



#### iii. Top Ten Shareholders as on March 31, 2016:

LIST OF TOP TEN SHAREHOLDERS AS ON MARCH 31, 2016	SHARES	%AGE OF PAID-UP CAPITAL
UDHYAM MERCHANDISE PRIVATE LIMITED	25123675	12.52
UMRA SECURITIES LIMITED	18750000	9.34
OSWAL GREENTECH LIMITED	13800758	6.87
STATE BANK OF PATIALA	13488304	6.71
IDBI BANK LTD.	9239766	4.6
STATE BANK OF INDIA	7052631	3.51
STATE BANK OF BIKANER AND JAIPUR	5956140	2.96
ICICI BANK LTD	5479532	2.72
PUNJAB NATIONAL BANK	5222222	2.6
BLACKSTONE GPV CAPITAL PARTNERS MAURITIUS V- ALTD	4567647	2.28

#### O. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The date of declaration of dividend in respect of Financial Years 2008-09 to 2013-14 and the last date for claiming such dividend is given in the table below:

Interim / Final Dividend	Financial Year	Date of Declaration	Last date of claiming from the Company	Dividend (Rs. Per share*)	Due date for transfer to IEPF
Final Dividend	2013-14	27-09-2014	27-09-2021	1.00	03-11-2021
Final Dividend	2012-13	30-09-2013	30-09-2020	1.50	06-11-2020
Final Dividend	2011-12	29-09-2012	29-09-2019	2.50	05-11-2019
Final Dividend	2010-11	30-09-2011	30-09-2018	5.00	06-11-2018
Final Dividend	2009-10	30-12-2010	30-12-2017	5.00	05-02-2018
Final Dividend	2008-09	30-09-2009	30-09-2016	5.00	06-11-2011

\* On the face value of Rs.10/- per share fully paid-up

**P. Commodity price risk or foreign exchange risk and hedging activities**

The company has not entered into any Commodity price risk or foreign exchange risk and hedging.

**Q. Plant Location**

<b>Raipur Works</b>	:	Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh - 492101.
<b>Raigarh Works</b>	:	Village Naharpali, Tehsil Kharsia, Distt. Raigarh, Chattisgarh

**R. Address for Correspondence**

<b>Corporate Office</b>	:	Monnet House, 11, Masjid Moth Greater Kailash Part-II, New Delhi-110048. Phone: 011-29218542-46 Fax : 011-29218541 e-mail : isc_miel@monnetgroup.com
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**7) DISCLOSURES:**

**A. Related party transactions**

Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 43 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2016. The disclosure of material Related Party Transactions is required to be made under Section 134(3) (h) read with Section 188(2) of the Companies Act, 2013 in Form AOC 2, is attached herewith as **Annexure 2** to this Report. All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations during the year were on an arm's length price basis and in the ordinary course of business. These have been approved by the Audit Committee. The Company has not entered into any materially significant transaction that may have potential conflict with the interests of the Company at large. The Board of Directors have approved and adopted a policy on Related Party Transactions and the same can be accessed at [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Related_Party_Transactions.pdf)

**B. Matters related to capital market**

During the year 2014-15, the company had paid penalty for not submitting the financial results on time to NSE and BSE under Clause 41 of the Listing agreement and in Financial Year 2015-16 the Company had paid penalty for Not submitting the Annual Report on time under Clause 31 of Listing Agreement along with Form-A to the BSE. Other than above there were no non-compliance by the Company, nor have any penalties or strictures been imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**C. Details of Vigil mechanism, Whistle blower Policy and affirmation that no personnel have been denied access to the Audit Committee**

The Company has adopted a Whistle Blower Policy through which vigil mechanism of the Company has been laid down. The Company affirms that no personnel has been denied access to Audit Committee on any issue.

**D. Compliance with mandatory requirements and adoption of Non-mandatory requirements**

The Company has complied with all the mandatory requirements of SEBI Listing Regulations. The Company has not adopted any non-mandatory requirement of the SEBI Listing Regulations.

**E. Subsidiary Companies**

All subsidiary companies of the Company are managed by their respective Boards having the rights and obligations to manage companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies in the following ways:

- a) All minutes of Board Meetings of the unlisted subsidiary companies are placed before the Company's Board;
- b) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company;
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

Further, the Company has one material unlisted subsidiary company i.e. Monnet Power Company Limited and in this regard, the Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website. The Policy can be accessed at [http://www.monnetgroup.com/pdfs/others/miel/Policy\\_on\\_Material\\_Subsiary-MIEL.pdf](http://www.monnetgroup.com/pdfs/others/miel/Policy_on_Material_Subsiary-MIEL.pdf)

**F. Code of Conduct**

The Board has laid down a code of conduct for all Board members and Senior Management of the Company. All Board members and Senior Management Personnel have complied with the Code of Conduct. Declaration to this effect signed by the Chairman and Managing Director is enclosed with the Annual Report.

**G. Code of Conduct for Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities of the Company by its Directors and designated Employees.

**H. Certificate On Corporate Governance**

As required by Regulation 34(3) Schedule V (E) of the SEBI listing regulations, the certificate from Practicing Company Secretary regarding compliances of conditions of Corporate Governance is annexed to this report as annexure A.

**I. CEO/CFO Certification**

As required by Regulation 17 (8) read with Schedule II Part B of SEBI Listing Regulations, 2015 Managing Director and CFO have given appropriate certifications to the Board of Directors.

**J. Disclosure of Accounting Treatment**

The Financial statement of the Company is prepared as per the prescribed Accounting Standards and reflects true and fair view of the business transactions in the Corporate Governance.

**K. Management Discussion and Analysis**

Management Discussion and Analysis Report forms part of the Annual Report.

**L. Disclosures with respect to Demat suspense account/unclaimed suspense account**

As per Regulation 34(3) read with Schedule V of SEBI Listing Regulation, the details of the shares in the Suspense Account are as follows:

Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	N u m b e r o f shareholders to whom shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
(1)	(2)	(3)	(4)	(5)
NA	NA	NA	NA	NA

**Disclaimer:**

The information furnished above is certified by Monnet Ispat & Energy Limited to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it.

**(Hardeep Singh)**  
Company Secretary



## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

### **TO THE MEMBERS OF MONNET ISPAT & ENERGY LIMITED,**

We have examined the compliance of conditions of Corporate Governance by MONNET ISPAT & ENERGY LIMITED, for the year ended on 31st March, 2016, as stipulated in Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the relevant records and documents maintained by the Company, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchange(s) for the period from 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities Exchange Board of India (Listing Obligations & Disclosures Requirement) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Listing Regulation for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.

We further state that such compliance is neither an assurance as to the future liability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: New Delhi  
Date: 16.08.2016**

**Rahul Aggarwal  
Company Secretary**

**(Membership No. F4005)  
C. P. No. 7052**

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Sandeep Kumar Jajodia, Chairman & Managing Director of the Company, hereby declare that all board members and senior management personnel have affirmed compliance with the code of conduct within 30 Days for and from the beginning of current Financial Year.

**PLACE : NEW DELHI  
DATED : May 30, 2016**

**For Monnet Ispat & Energy Limited**

**Sandeep Kumar Jajodia  
Chairman & Managing Director  
DIN: 00082869**

# INDEPENDENT AUDITOR'S REPORT

To The Members Of  
MONNET ISPAT AND ENERGY LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of MONNET ISPAT AND ENERGY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2016, and its loss, and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note no. 47 regarding cancellation of coal blocks of the Company impact whereof on the financial statements is uncertain.
- (b) Note no. 48 in the financial statements which indicates that the Company has accumulated losses resulting in substantial erosion of net worth and has incurred net cash losses in the current and immediately preceding financial year. The current liabilities of the Company exceeded its current assets as at the balance sheet date. These conditions may cast doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the 'Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the

Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) We are enclosing herewith a report in Annexure II for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to

us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements.

ii. In our opinion and as per the information and explanations provided to us, the Company has made appropriate provision regarding long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses during the year.

iii. The Company has deposited the amounts, required to be transferred, to the Investor Education and Protection Fund. However there was some delay in transferring the amounts to the fund.

For **O. P. BAGLA & CO.**  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000018N

**PLACE : NEW DELHI**  
**DATED : 30/05/2016**

**(ATUL BAGLA)**  
PARTNER  
M No. 91885

## ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### i) In respect of its fixed assets:

- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
- Title deeds In respect of all immovable properties are held in the name of the company.

### ii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except ores & coal. We were informed that physical verification of the same was difficult due to its volume and loose nature. The physical verification of ores and coal was made on the basis of volume and density. As informed to us, no material discrepancies have been noticed on physical verification.

### iii) As informed to us the company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans we have been informed that:

- the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- the schedule of repayment of principal and payment of interest is not stipulated. Therefore no comments are offered on whether the repayments or receipts are regular.
- no amount is overdue as at the end of the year.

### iv) According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments, guarantees and security given by the company, except that no interest was charged on loan to a subsidiary company, M/s. Monnet Power Company Limited due to financial constraints faced by the

subsidiary company.

### v) According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.

### vi) The central government has prescribed the maintenance of cost records under sub-section (l) of section 148 of the Companies Act 2013, read with Rules framed thereunder in respect of the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

### vii) a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. However, in some cases, there have been delays in deposit of statutory dues. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable except an amount of Rs.14.81 crores payable in respect of additional levy for coal. This amount has been paid subsequently.

b) We have been informed that following disputed demands in respect of Income Tax, Excise Duty, Sales Tax and Entry Tax have not been deposited on account of pending appeals as per details given below:-

S.No	Nature of Demand	Unpaid Amount* (Rs. In Lacs)	Forum where appeal is pending
1.	Sales Tax	65.48	Deputy Commissioner of Sales Tax (Appeals)
2.	Entry Tax	102.94	Deputy Commissioner of Sales Tax (Appeals)
3.	Central Excise/ Service Tax	673.52	Commissioner Appeals (Central Excise)
4.	Central Excise	2855.21	CESTAT
5.	Income Tax	7737.75	ITAT / Commissioner Income Tax (Appeals)

\* Basic amount, excluding interest, if any.

- viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, there is a default in repayment of loans to the banks, financial institutions / repayment of dues to debenture holders as at the year end, as per detail below :-

Particulars	Amount	Period of default
Repayment of Principal to banks / financial institutions	455.13 Crores	Zero to Nine months
Repayment of dues to Debenture Holders	130.10 Crores	Zero to Nine months

- ix) As explained to us term loans obtained during the year were applied for the purpose for which the loans were obtained by the company. The company has not raised any money during the year by way initial or further public offer.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31.03.2016.
- xi) According to information and explanations given to us, no managerial remuneration has been paid or provided by the company during the year.
- xii) The provisions of clause (xii) of the Order are not applicable as the company is not a Nidhi Company as specified in the clause.
- xiii) According to information and explanations given to us we are of the opinion that all related party transactions are in compliance with the Section 177 and 188 of Companies Act 2013. Necessary disclosures has been made in the financial statements as required by the applicable accounting Standards.
- xiv) According to information and explanations given to us the company has not made any preferential allotment or private placement of shares or debentures during the year, except for shares allotted during the year on invocation of SDR by the lenders (Refer Note 49). The requirements of section 42 of the Companies Act, 2013 have been complied with. These shares were issued on conversion of debt and no additional funds were raised.
- xv) According to information and explanations given to

us the Company has not entered in to any non-cash transaction with the director or any person connected with him during the year.

- xvi) In our opinion, in view of its business activities, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934.

For **O. P. BAGLA & CO.**  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000018N

**PLACE : NEW DELHI**  
**DATED : 30/05/2016**

**(ATUL BAGLA)**  
PARTNER  
M No. 91885

## **ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of MONNET ISPAT AND ENERGY LIMITED ("the Company") as of 31<sup>st</sup> March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal



Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on “Audit of Internal Financial Controls Over Financial Reporting” issued by the Institute of Chartered Accountants of India.

For **O. P. BAGLA & CO.**  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000018N

**PLACE : NEW DELHI**  
**DATED : 30/05/2016**

**(ATUL BAGLA)**  
PARTNER  
M No. 91885

# BALANCE SHEET AS AT 31st MARCH 2016

(₹)

Particulars		As at 31-Mar-16	As at 31-Mar-15
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2	3,757,854,834	2,408,429,224
Reserves and surplus	3	4,390,543,896	17,768,456,810
		<u>8,148,398,730</u>	<u>20,176,886,034</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	51,357,870,330	49,993,391,406
Deferred Tax liabilities (Net)	5	0	0
Other Long-term Liabilities	6	8,168,202,435	0
Long-term provisions	7	61,250,484	89,004,412
		<u>59,587,323,249</u>	<u>50,082,395,818</u>
<b>Current liabilities</b>			
Short-term Borrowings	8	17,388,407,358	16,455,471,472
Trade payables	9	3,099,051,976	4,197,996,646
Other current liabilities	10	13,283,551,092	19,465,314,732
Short-term provisions	11	4,686,636	7,300,240
		<u>33,775,697,062</u>	<u>40,126,083,090</u>
<b>TOTAL</b>		<b>101,511,419,042</b>	<b>110,385,364,942</b>
<b>ASSETS</b>			
<b>Non Current assets</b>			
Fixed assets			
Tangible assets	12	66,837,382,068	69,692,972,025
Capital work-in-progress		1,425,375,821	1,776,040,039
Intangible Assets under Development		117,806,918	117,806,918
Non-current investments	13	11,339,325,935	11,436,241,932
Long-term loans and advances	14	193,958,919	913,852,276
Other Non-current Assets	15	1,522,229,787	1,939,293,068
		<u>81,436,079,448</u>	<u>85,876,206,258</u>
<b>Current assets</b>			
Inventories	16	5,549,190,561	10,337,100,373
Trade receivables	17	1,148,026,760	2,452,631,006
Cash and bank balances	18	1,780,772,622	1,040,320,639
Short-term loans and advances	19	11,546,035,052	10,649,793,318
Other current assets	20	51,314,598	29,313,348
		<u>20,075,339,593</u>	<u>24,509,158,684</u>
<b>TOTAL</b>		<b>101,511,419,042</b>	<b>110,385,364,942</b>

## Significant Accounting Policies

1

The accompanying notes form an integral part of these financial statements.

IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

**For O.P. BAGLA & CO.**

Chartered Accountants

**(Atul Bagla)**

Partner

M. No. 091885

FRN : 000018N

**PLACE : New Delhi**

**DATED : 30/05/2016**

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**

Chairman & Managing Director

DIN: 00082869

**Raj Kumar Ralhan**

Chief Financial Officer

**J. P. Lath**

Director

DIN: 00380076

**Hardeep Singh**

Company Secretary

M. No. FCS-4967





## STATEMENT OF PROFIT AND LOSS

For The Year Ended 31st March 2016

(₹)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
<b>Revenue:</b>		
Revenue from operations	21	20,250,240,837
Less : Excise Duty	1,979,156,243	2,498,297,385
	18,271,084,594	31,856,182,191
Other income	22	746,728,019
	746,728,019	727,903,652
Total Revenue	19,017,812,613	32,584,085,843
<b>Expenses:</b>		
Cost of Materials Consumed	23	14,909,377,492
Purchases of Stock in Trade	191,867,260	23,647,732,427
Changes in inventories	24	-
Employee benefits expense	25	1,668,009,147
Finance costs	26	(216,668,877)
Depreciation and amortization expense	12	1,429,434,767
Other Expenses	27	1,941,253,032
	9,396,504,651	6,528,739,337
	3,591,042,634	2,814,429,343
	3,767,792,258	5,226,570,027
Total Expenses	34,954,028,209	39,942,055,289
Profit / (Loss) before exceptional and extraordinary items & Tax	(15,936,215,597)	(7,357,969,446)
<u>Exceptional Items</u>		
Additional Levy on Coal	0	2,529,066,059
Loss on sale of non-current investments	80,411,250	0
Provision for impairment of inventory (refer Note No. 49)	817,108,240	0
Profit / (Loss) before Tax	(16,833,735,087)	(9,887,035,505)
<b>Tax expense:</b>		
<u>Current Tax</u>		
Earlier years	(1,417,801)	563,150
<u>Deferred Tax</u>		
Current year	0	(1,928,893,931)
Profit / (Loss) for the year	(16,832,317,286)	(7,958,704,724)
Earnings per equity share (Par value of Rs.10/- each)		
Basic	(170.12)	(122.98)
Diluted	(170.12)	(122.98)

### Significant Accounting Policies

1

The accompanying notes form an integral part of these financial statements.  
IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

### For O.P. BAGLA & CO.

Chartered Accountants

(Atul Bagla)

Partner

M. No. 091885

FRN : 000018N

PLACE : New Delhi

DATED : 30/05/2016

### For and on the behalf of Board

Sandeep Kumar Jajodia

Chairman & Managing Director

DIN: 00082869

Raj Kumar Ralhan

Chief Financial Officer

J. P. Lath

Director

DIN: 00380076

Hardeep Singh

Company Secretary

M. No. FCS-4967

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2016

(₹)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
		(Amount in Rs.)
	31-03-2016	31.03.2015
<b>A. <u>Cash Flow from Operating Activities</u></b>		
Net Profit before tax and extra ordinary items	(16,833,735,087)	(9,887,035,505)
<u>Adjustment for :</u>		
Depreciation	3,591,042,634	2,814,429,343
Profit/Loss on Sale of Fixed Assets	28,714,799	1,780,920
Interest Received	(440,850,737)	(473,486,376)
Interest Paid	8,692,288,174	6,040,311,793
Dividend Received	(810,666)	(504,930)
	11,870,384,204	8,382,530,750
Operating Profit before Working Capital Facilities	(4,963,350,883)	(1,504,504,755)
<u>Adjustment for :</u>		
Trade & Other Receivable	1,123,141,444	3,059,017,695
Inventories	4,787,909,812	334,512,518
Trade Payable	(1,589,502,562)	2,509,869,100
	4,321,548,694	5,903,399,313
Cash generated from operation	(641,802,189)	4,398,894,556
Tax Paid	(45,289,325)	(95,776,463)
Dividend Paid	0	(210,823,783)
	(45,289,325)	(306,600,246)
Net Cash Flow from operating activities	(687,091,514)	4,092,294,311
<b>B. <u>Cash Flow From Investing activities</u></b>		
Purchase of fixed assets	(1,845,511,217)	(28,810,714,032)
Sale of Fixed Assets	1,081,332,716	22,296,572
Net movement in CWIP	350,675,243	19,789,257,647
Purchase of Investments (Net)	96,915,996	(768,591,245)
Buyback of Shares	0	0
Interest Received	440,850,737	473,486,376
Dividend Received	810,666	504,930
	125,074,141	(9,293,759,752)
Net Cash used in investing activities	125,074,141	(9,293,759,752)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(₹)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
<b>C. <u>Cash Flow from Financing Activities</u></b>		
Interest Paid	(8,692,288,174)	(6,040,311,793)
Proceed from Share Capital including Premium	0	0
Proceeds / (Repayment) of borrowings	9,547,873,951	11,361,721,216
 Net Cash used in financing activities	 855,585,777	 5,321,409,423
	293,568,404	119,943,982
 Cash & Cash equivalent Opening	 572,376,686	 452,432,704
 Cash & Cash equivalent Closing	 865,945,089	 572,376,686

### NOTES:-

- 1 The above Cash Flow statement has been prepared pursuant to clause No 32 of the listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outflow.
- 3 Significant Accounting Policies and Notes on Accounts form an integral part of Cash Flow Statement.
- 4 Previous year figures have been regrouped/reclassified to confirm to current year's classification.

### IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

**For O.P. BAGLA & CO.**  
Chartered Accountants

**(Atul Bagla)**  
Partner  
M. No. 091885  
FRN : 000018N

PLACE : NEW DELHI  
DATED : 30/05/2016

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

**Raj Kumar Ralhan**  
Chief Financial Officer

**J. P. Lath**  
Director  
DIN: 00380076

**Hardeep Singh**  
Company Secretary  
M. No. FCS-4967

## NOTES ON ACCOUNTS

Note No.1

### SIGNIFICANT ACCOUNTING POLICIES

#### I. Basis of Accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 read together with paragraph 7 of the Companies (Accounts) Rules 2014, other provisions of the Companies Act 2013 and Companies Act 1956 (to the extent applicable). The financial statements have been prepared on an accrual basis and under the historical cost convention.

#### II. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### III. Revenue Recognition

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Sales of products are shown inclusive of excise duty and net of sales tax, rebates and discounts etc. Interdivision transfer are excluded from sales.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Interest wherever uncertainty is involved is accounted for on receipt/payment basis.

#### IV. Tangible Fixed Assets, Depreciation/Amortization, Tangible Capital Work in Progress and Intangible Assets under Development

a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction

& installation and are net of available duty / tax credits.

- b) Expenditure during Construction period (including interest, exchange rate variations and other incidental expenses on loans obtained for acquisition of capital assets and the expenses which are considered directly attributable to the capital assets) are kept under Capital Work in Progress and shall be allocated to fixed assets on pro-rata basis as and when the project is ready for its intended use.
- c) Intangible assets under development are shown separately and the same shall be amortised over the useful life of the asset after commencement of operations.
- d) Depreciation / amortization on tangible and intangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as detailed below:

Particulars	Description
Plant & machinery at SMS division	Useful life of 20 years taken on the basis of technical evaluation
Rolls and Reels in rolling mill and bar mill	Useful life of 5 years taken on the basis of internal evaluation
Leasehold land and improvement to leasehold premises	Useful life taken as per lease term

#### V. Investments

Long Term Investments are stated at cost. Provision for diminution is made only if such a decline is other than temporary. Short term investments are carried at lower of cost or quoted / fair value.

#### VI. Inventories

Inventories are valued on the following basis:

- a) Finished Goods - at lower of cost or estimated realisable value.
- b) Semi Finished Goods - at lower of cost or estimated realisable value.
- c) Work-in-Process - at lower of cost or estimated realisable value
- d) Raw Materials - at cost. However, in cases where the realizable value of the finished product falls below cost, materials are written down to net realizable value.
- e) Stores and Spares - at cost

## **VII. Employee Benefits**

### **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

### **Defined Benefit Plans**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss Statement.

## **VIII. Borrowing Cost**

Borrowing cost including allied expenses related to project under construction stage are considered as cost for the acquisition of qualifying assets are capitalized and included in Capital Work in Progress.

## **IX. Provisions and Contingent Liabilities**

Provisions are recognized for present obligations arising as a result of past event and where a reliable estimate can be made of probable outflows of resources along with economic benefits embodied thereto for settlement of such obligations. In cases where it is not certain that probable outflow of resources can happen or where reliable estimate can be made of the obligation the same is shown as Contingent Liabilities. The information are determined on the basis of available information.

## **X. Foreign Currency Transactions & derivative transactions**

Foreign currency transactions are initially recorded at the exchange rate prevailing at the date of transactions.

Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year and gain or loss arising on translation of such monetary items has been charged to revenue.

Currency and Interest rate swap derivatives are undertaken by the company to hedge the interest rate risk and gains/loss are accounted for as and when amount is actually realized/ paid on periodical settlement of contract to the extent it relates to interest rate swap. Mark to Market loss; after adjusting the interest income arising from such

derivative transaction on currency and interest rate swap as at the end of the year is provided and is adjusted in Statement of Profit & Loss; whereas gain is ignored.

In case of forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expense over the life of the contract.

Exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to acquisition of a depreciable capital asset are adjusted in the carrying cost of the asset as per Companies (Accounting standards) (second amendment) rules, 2011 for additions after 1.4.2011.

## **XI. Taxation**

Income tax for current year is provided taking into account the provisions of Income Tax Act 1961 and provisions related to Minimum Alternate Tax and tax credit thereof.

Deferred Tax Asset/liability is recognized on the items of timing difference nature by using the enacted tax rates thereon. Deferred Tax Asset is recognized with a prudent approach and management's jurisdiction that the realization of the same is virtually certain.

**XII.** Unless specifically stated to be otherwise, these policies are consistently followed.

(₹)

Particulars	Year Ended 31-Mar-16	Year Ended 31-Mar-15
<b>Note No. 2 : Share Capital</b>		
<b>AUTHORISED</b>		
<u>Equity Shares</u>		
211,000,000 shares of par value of 10/- each (Previous year 82,000,000 shares of par value of Rs. 10/- each)	2,110,000,000	820,000,000
<u>Preference Shares</u>		
17,500,000 shares of par value of 100/- each (Previous year 17,500,000)	1,750,000,000	1,750,000,000
	<u>3,860,000,000</u>	<u>2,570,000,000</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
<u>Equity Shares</u>		
200,768,242 shares of par value of 10/- each (Previous year 65,825,681 shares of par value of 10/- each)	2,007,682,420	658,256,810
Add : Shares Forfeited (Amount Originally Paid up)	172,414	172,414
<u>Preference Shares</u>		
17,500,000 6.5% Cumulative Non Convertible Redeemable Preference Shares of par value of 100/- each	1,750,000,000	1,750,000,000
<b>Total</b>	<b>3,757,854,834</b>	<b>2,408,429,224</b>

- a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period is given below:

(₹)

PARTICULARS	AS AT 31-03-2016	AS AT 31.3.2015
<u>Equity Shares</u>		
Number of shares outstanding as at the beginning of the year	65,825,681	65,825,681
Shares issued during the year	134,942,561	0
Shares bought back during the year	0	0
Number of shares outstanding as at the closing of the year	<u>200,768,242</u>	<u>65,825,681</u>
<u>Preference Shares</u>		
Number of shares outstanding as at the beginning of the year	17,500,000	17,500,000
Shares allotted during the year	0	0
Number of shares outstanding as at the closing of the year	<u>17,500,000</u>	<u>17,500,000</u>

- b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

The holders of preference shares are entitled to preferential dividends from the date of allotment. Such shares shall rank for capital and dividend and for repayment of capital in a winding up, in priority to the ordinary shares of the Company. The holders of such shares shall have the right to receive notice of general meetings of the Company but shall not confer on the holders thereof, the right to vote at any meetings of the Company, save to the extent and in the manner provided in the Companies Act, 1956.

- c) Following Shareholders hold equity shares more than 5% of the total equity shares of the company at the end of the period :-

Name of Shareholder	% of Shareholding 31.3.2016	% of Shareholding 31.3.2015
<u>Equity Shares</u>		
Udhya Merchandise Pvt Ltd	12.51	38.17
Oswal Greentech Limited	6.87	0
Umra Securities Limited	9.34	0
State Bank of Patiala	6.72	0
Blackstone GPV Capital Partners Mauritius	2.28	6.94
Deutsche Securities Mauritius Ltd	2.07	7.62
<u>Preference Shares</u>		
Monnet Industries Ltd	100	100

Name of Shareholder	No. of Shares 31.3.2016	No. of Shares 31.3.2015
<u>Equity Shares</u>		
Udhya Merchandise Pvt Ltd	25123675	25,123,675
Oswal Greentech Limited	13800758	0
Umra Securities Limited	18750000	0
State Bank of Patiala	13488304	0
Blackstone GPV Capital Partners Mauritius	4567647	4,567,647
Deutsche Securities Mauritius Ltd	4154977	5,018,300
<u>Preference Shares</u>		
Monnet Industries Ltd	17500000	17,500,000

- d) The company has issued the following shares for a consideration other than cash or bonus shares during the immediately preceding 5 years:

47,22,539 equity shares of Rs. 10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of M/s. Mount Everest Trading & Investment Limited with the Company as per order dated 19.11.2010 passed by Honourable High Court of Chhattisgarh.

- e) The Company has bought back 1894385 equity shares during the last five years.
- f) Preference shares were issued on 30th March, 2013 for the period of 9 years with periodical put and call options.



(₹)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 3 : Reserves and Surplus</b>		
Capital Reserve		
As per last Balance Sheet	777,655,899	777,655,899
Securities Premium Account		
As per last Balance Sheet	7,690,167,164	7,690,167,164
Add : Addition during the year	3,454,404,372	0
Debenture Redemption Reserve		
As per last Balance Sheet	860,164,156	860,164,156
Capital Redemption Reserve		
As per last Balance Sheet	18,923,850	18,923,850
Capital Reconstruction Reserve		
As per last Balance Sheet	196,801,760	196,801,760
Amalgamation Reserve		
As per last Balance Sheet	33,050,090	33,050,090
General Reserve		
As per last Balance Sheet	1,640,737,473	1,901,612,286
Less: Amount Withdrawn From Reserve	0	(260,874,813)
Surplus		
As per last balance sheet	6,550,956,418	14,509,661,142
Add: Profit for the year from Statement of Profit & Loss	(16,832,317,286)	(7,958,704,724)
	(10,281,360,868)	6,550,956,418
<b>Total</b>	<b>4,390,543,896</b>	<b>17,768,456,810</b>

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 4 : Long-Term Borrowings</b>		
<b>Bonds/Debentures</b>		
Secured		
Non-Convertible Redeemable Debentures redeemable at par. (For Coupon rate and Terms of Redemption / Conversion, refer note 46)	<b>7,950,000,000</b>	8,155,000,000
<b>Term Loans</b>		
Secured		
Foreign currency loans from Banks	<b>11,399,694,902</b>	13,876,380,359
Rupee loans from Banks	<b>30,693,320,289</b>	27,037,160,571
Rupee loans from Non Banking Finance Co.s	<b>1,312,011,750</b>	920,715,787
Hire Purchase loans from Banks	<b>2,843,389</b>	4,134,688
<b>TOTAL</b>	<b>51,357,870,330</b>	49,993,391,406

- 1 Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from financial institutions / Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities are also guaranteed by the Managing Director of the company.
- 2 The repayment terms and rate of interest of term loans are as under:
  - a) Rupee Term Loan for Steel, Other Projects& for Other Requirements :- The Company has an outstanding balance of Rs 3306.03 crores of Rupee term loan with interest band of 1.50% to 2.50% plus base rate. These loans are repayable in quarterly installments commencing from FY 2013-14 & ending in 2027.
  - b) Rupee Term Loan for Power Division :- The Company has an outstanding balance of Rs 7.19 crores of Rupee term loan with interest band of 11.75% to 12.95% repayable by FY 2015-2016.
  - c) Rupee Term Loan for Washery Project :- The Company has an outstanding balance of Rs 283.19 crores of Rupee term loan with interest of 12.50% repayable by FY 2022-2023.
  - d) Foreign Currency Term Loan \$ 209.06 Million : the loan is repayable in installments from FY 14-15 to FY 19-20 and carries interest rate of libor plus 4.25 to 4.6%.
  - e) Hire Purchase Loans are Secured by Charge on Respective Vehicles Finance . These are repayable in 36 To 60 Monthly installments and carry interest rate of 10.25 To 11.25 %
  - f) During the year, State Bank of Travencore, Bank of India, Indian Bank and Vijaya Bank with aggregate outstanding of Rs. 457.86 crores have classified loans given to the Company as NPA.

(₹)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 5 : Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Difference of book depreciation and Tax depreciation	7,511,187,224	4,607,589,403
<b>Less: Deferred Tax Assets</b>		
Unabsorbed Depreciation & Disallowances u/s 43B of the Income Tax Act, 1961	7,511,187,224	4,607,589,403
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Note No. 6 : Other Long-term Liabilities (Secured)</b>		
Advance against Export under EPBG scheme	8,168,202,435	0
<b>Total</b>	<b>8,168,202,435</b>	<b>0</b>
<b>Note No. 7 : Long-term Provisions</b>		
Provision for employee benefits		
Provision for gratuity (Note no.41)	22,981,092	43,056,119
Provision for leave benefits (Note no.41)	38,269,392	45,948,293
<b>Total</b>	<b>61,250,484</b>	<b>89,004,412</b>
<b>Note No. 8 : Short-term Borrowings</b>		
<u>Working Capital Facilities</u>		
- From Banks		
Secured	14,110,212,383	12,145,856,014
<u>Short Term Loans (Unsecured)</u>		
- Foreign currency loans from banks	1,326,428,897	1,416,769,639
- Rupee loans from banks	1,650,702,126	814,551,300
- From Companies	301,063,952	2,078,294,519
<b>Total</b>	<b>17,388,407,358</b>	<b>16,455,471,472</b>

1 Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. Some of the loans are guaranteed by the Managing Director of the company.

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 9 : Trade Payables</b>		
Trade Payables - Micro & Small Enterprises	38,725,896	59,927,701
- Others	3,060,326,080	4,138,068,946
<b>Total</b>	<b>3,099,051,976</b>	<b>4,197,996,646</b>
Disclosure w.r.t. Micro and Small Enterprises as required by MSMED Act is made in Note no. 40.		
<b>Note No. 10 : Other Current Liabilities</b>		
Current maturities of long term debts	7,676,450,138	13,398,023,418
Payable for Capital Expenditure	744,701,738	1,292,325,309
Interest accrued & due	1,325,779,412	0
Interest accrued but not due	457,202,541	707,351,503
Unpaid Dividends	4,825,189	6,343,830
Advances from customers and others	217,682,127	145,061,921
Provision for Expenses	984,315,492	1,366,948,672
Statutory dues	277,941,850	500,255,701
Security Deduction & Deposits	363,105,172	398,156,944
Other Liabilities	1,231,547,433	1,650,847,433
<b>TOTAL</b>	<b>13,283,551,092</b>	<b>19,465,314,732</b>
<b>Note No. 11 : Short-term Provisions</b>		
Provision for proposed dividend on equity and preference shares	0	0
Provision for Corporate Dividend Tax	0	0
Provision for leave benefits (Note no.41)	4,686,636	7,300,240
<b>Total</b>	<b>4,686,636</b>	<b>7,300,240</b>

Note No. 12 : Tangible Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT	ADDITIONS	ADJUSTMENTS	AS AT	UP TO	FOR	ADJUSTMENTS	UP TO	AS AT	AS AT
	01/04/15			31/03/16	31/03/15	THE YEAR		31/03/16	31/03/16	31/03/15
LAND & SITE DEVELOPMENT	527,178,172	220,192	67,316,680	460,081,684	2,128,164	709,388	0	2,837,552	457,244,132	525,050,008
LEASE HOLD LAND	365,542,993	15,284,316	15,541,773	365,285,536	25,295,115	3,930,023	3,236,946	25,988,192	339,297,345	340,247,878
BUILDING	7,481,083,514	485,437,815	128,996,730	7,837,524,599	754,473,543	275,347,273	31,323,115	998,497,701	6,839,026,898	6,726,609,971
PLANT & MACHINERY	70,145,184,559	1,342,262,044	1,771,502,538	69,715,944,065	8,690,735,270	3,238,270,769	855,516,675	11,073,489,364	58,642,454,701	61,454,449,289
OFFICE EQUIPMENT	126,976,520	365,649	5,906,259	121,435,910	59,654,644	19,165,089	3,114,030	75,705,703	45,730,207	67,321,876
FURNITURE & FIXTURES	479,414,804	566,462	9,462,316	470,518,950	240,678,272	24,167,919	2,371,215	262,474,976	208,043,974	238,736,532
VEHICLE	477,686,281	1,374,739	33,007,794	446,053,226	137,129,810	29,463,198	26,124,594	140,468,414	305,584,812	340,556,471
CURRENT YEAR	79,603,066,843	1,845,511,217	2,031,734,090	79,416,843,970	9,910,094,817	3,591,053,659	921,686,575	12,579,461,902	66,837,382,068	69,692,972,025
PREVIOUS YEAR	50,833,619,869	28,810,714,032	41,267,058	79,603,066,843	6,844,371,113	3,082,913,270	17,189,566	9,910,094,817	69,692,972,025	43,989,248,755

## Note No. 13 : Non Current Investments

(₹)

NAME OF SCRIP	No. of Share/Units	31/03/16 Face Value Per Share/ Unit	AMOUNT	No. of Share/Units	31/03/15 Face Value Per Share/ Unit	AMOUNT
<b>NON TRADE</b>						
<b>A. Equity Shares in Subsidiary Companies - Unquoted, fully paid up</b>						
Monnet Global Ltd	183,786	100 AED	205,382,257	183,786	100 AED	205,382,257
Monnet Overseas Ltd	65,610	100 AED	93,634,907	59,843	100 AED	83,240,187
Monnet Power Co Ltd	686,587,019	10.00	7,007,870,190	686,587,019	10.00	7,007,870,190
Monnet Cement Ltd	2,189,400	10.00	21,894,000	2,189,400	10.00	21,894,000
Chattel Constructions Pvt Ltd	9,999	10.00	99,990	9,999	10.00	99,990
Chomal Exports Pvt Ltd	48,654	10.00	1,946,160	48,654	10.00	1,946,160
Monnet Sports Foundation	5,000	10.00	50,000	5,000	10.00	50,000
Monnet Daniel Coal Washeries Pvt Ltd				10,721,500	10.00	107,215,000
Monnet Enterprises Pte Ltd	1	1 USD	45	1	1 USD	45
			<b>7,330,877,549</b>			<b>7,427,697,829</b>
<b>B. Equity Shares in Joint Venture Companies - Unquoted, fully paid up</b>						
Monnet Ecomaster Enviro Pvt Ltd	14,211,363	10.00	142,113,630	14,211,363	10.00	142,113,630
Mandakini Coal Company Ltd	39,299,800	10.00	392,998,000	39,299,800	10.00	392,998,000
MP Monnet Mining Company Ltd	980,000	10.00	9,800,000	980,000	10.00	9,800,000
Urtan North Mining Company Ltd	5,751,347	10.00	57,513,470	5,751,347	10.00	57,513,470
			<b>602,425,100</b>			<b>602,425,100</b>
<b>C. Equity Shares in Associate Companies - fully paid up</b>						
<u>Unquoted</u>						
Rameshwaram Steel & Power Pvt Ltd		10.00	0	4,152,273	10.00	362,150,871
Monnet Daniel Coal Washeries Pvt Ltd	0	10.00	0			
Orrisa Sponge Iron & Steel Ltd.( Pref Share)	19,510,000	10.00	195,100,000	19,510,000	10.00	195,100,000
<u>Quoted</u>						
Orrisa Sponge Iron & Steel Ltd.	9,494,633	10.00	2,738,390,322	9,494,633	10.00	2,738,390,322
			<b>2,933,490,322</b>			<b>3,295,641,193</b>
<b>D. Other Shares - Unquoted, fully paid up</b>						
<b>Equity Shares</b>						
Falcon Internal Forces and Fire Services Pvt Ltd	1,000	10.00	10,000	1,000	10.00	10,000
Rameshwaram Steel & Power Pvt Ltd	4,152,273	10.00	362,150,871	0	0	0
Monnet Engineering & Infrastructure P Ltd	4,000	10.00	40,000	4,000	10.00	40,000
Business India Publications Ltd	100,000	10.00	5,500,000	100,000	10.00	5,500,000
Nutek India Ltd	480,000	5.00	30,000,000	480,000	5.00	30,000,000
<u>Preference Shares</u>						
Tirumala Balaji Ferro Alloys Ltd	140,000	100.00	14,000,000	140,000	100.00	14,000,000
			<b>411,700,871</b>			<b>49,550,000</b>
<b>E. QUOTED INVESTMENTS</b>						
<u>Equity Shares</u>						
IFSL	1,300,000	1.00	2,434,217	1,300,000	1.00	2,434,217
Aditya Birla Nuvo Ltd	1,000	10.00	994,550	1,000	10.00	994,550
XL Telecom Ltd	166,808	10.00	18,250,450	166,808	10.00	18,250,450
Kamanwala Housing Construction Ltd	63,343	10.00	0	63,343	10.00	0
Indiabulls Real Estate Ltd	25,000	10.00	13,460,501	25,000	10.00	13,460,501
Ratan India Infrastructure Ltd	73,750	10.00	1,636,492	73,750	10.00	1,636,492
Indiabulls Wholesale Services Ltd	3,125	10.00	1,305,650	3,125	10.00	1,305,650
Bellary Steel Ltd.	803,243	1.00	5,103,277	803,243	1.00	5,103,277
Pioneer Investment Ltd.	23,392	10.00	13,308,318	23,392	10.00	13,308,318
Sujana Towers Ltd	12,500	10.00	833,468	12,500	10.00	833,468
			<b>57,326,925</b>			<b>57,326,925</b>

(₹)

NAME OF SCRIP	No. of Share/Units	31/03/16 Face Value Per Share/ Unit	AMOUNT	No. of Share/Units	31/03/15 Face Value Per Share/ Unit	AMOUNT
<b>F. Capital Contribution in Partnership Firm</b> Khasjamda Mining Company			3,505,169			3,600,885
<b>TOTAL</b>			11,339,325,935			11,436,241,932
<u>Quoted Investments</u>						
Book Value			2,795,717,247			2,795,717,247
Market Value			2,198,937,483			1,428,865,448
<u>Unquoted Investments</u>						
Book Value			8,543,608,689			8,640,833,090
Investment in Partnership Firm		Capital Contribution		% in Profits		
		31/03/16	31/03/15	31/03/16	31/03/15	
Monnet Ispat & Energy Ltd		3,505,169	3,600,885	99%	99%	
Sanjay P Date		3,407,756	3,407,756	1%	1%	

**NOTE :**

1 The Following Investments have been pledged for availment of credit facilities

Monnet Power Co Ltd	494,000,000	10	4,940,000,000	494,000,000	10	4,940,000,000
Orrisa Sponge Iron & Steel Ltd.	7,500,000	10	75,000,000	7,500,000	10	75,000,000
Mandakini Coal Company Ltd	20,042,999	10	200,429,990	20,042,999	10	200,429,990

(₹)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 14 : Long-term Loans and Advances</b> (Unsecured Considered good, unless otherwise stated)		
Capital Advances	14,144,851	701,002,464
Security Deposits	179,814,068	212,849,812
<b>Total</b>	<b>193,958,919</b>	<b>913,852,276</b>
<b>Note No. 15 : Other Non-current Assets</b>		
Non-Current bank deposits	1,522,229,787	1,939,293,068
<b>Total</b>	<b>1,522,229,787</b>	<b>1,939,293,068</b>
<u>Non current bank balances include:</u>		
Deposits provided as collateral against credit facilities	1,522,229,787	1,551,973,386



Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 16 : Inventories</b>		
(As taken valued and certified by the Management)		
Raw Materials	2,022,180,087	5,178,308,392
Work-in-Process	79,114,153	64,701,104
Finished Goods	2,738,302,254	4,420,909,772
Stores and Spares	709,594,067	673,181,105
<b>Total</b>	<b>5,549,190,561</b>	<b>10,337,100,373</b>
<b>Note No. 17 : Trade Receivables</b>		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	471,118,075	522,799,489
Considered doubtful	273,486,862	28,643,089
Less: Provision for bad & doubtful debts	273,486,862	28,643,089
	<b>471,118,075</b>	<b>522,799,489</b>
Other debts-Considered Good	676,908,684	1,929,831,517
<b>Total</b>	<b>1,148,026,760</b>	<b>2,452,631,006</b>
<b>Note No. 18 : Cash and Bank Balances</b>		
Cash & Cash Equivalents		
Balances with banks		
- in current accounts	147,362,850	145,133,665
Cash on hand	5,338,105	3,562,959
Bank deposits with upto three months maturity	713,244,134	423,680,062
	<b>865,945,090</b>	<b>572,376,686</b>
<b>Other Bank Balances</b>		
Bank deposits with more than three months maturity	910,002,344	461,600,123
Balance in unpaid dividend accounts	4,825,189	6,343,830
<b>Total</b>	<b>1,780,772,622</b>	<b>1,040,320,639</b>
<b>Deposits with banks include the following:</b>		
Deposits provided as collateral against credit facilities	1,501,884,126	406,213,719

(₹)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 19 : Short Term Loans and advances</b> (Unsecured Considered good, unless otherwise stated)		
<u>LOANS</u>		
To Subsidiaries	3,141,500,742	2,322,163,075
To Associates / JV Companies	54,138,679	49,157,830
To others	528,762,515	498,819,831
<u>ADVANCES RECOVERABLE IN CASH OR KIND</u>		
From Subsidiaries	58,936,314	1,009,085
From Associates/JVS	66,249,666	2,837,856
From Others	6,595,746,936	6,549,000,053
<u>ADVANCES</u>		
To employees	4,729,898	60,590,316
Prepaid Expenses	64,328,664	128,624,722
Balances with Excise Authorities	238,747,874	291,403,911
Advance Income Tax (Net of provision for tax)	559,772,075	513,064,950
MAT Credit Entitlement	233,121,689	233,121,689
<b>Total</b>	<b>11,546,035,052</b>	<b>10,649,793,318</b>
<b>Note No. 20 : Other Current Assets</b>		
Interest accrued on:		
Term deposits	51,314,598	29,313,348
<b>Total</b>	<b>51,314,598</b>	<b>29,313,348</b>
<b>Note No. 21 : Revenue from Operations</b>		
Sale of Products		
Finished Goods	41,745,889,070	60,128,202,136
Sale of Services		
- Income from Job Work/ Other Services	208,366,841	102,851,047
<u>A. Other Operating Income</u>		
Scrap Sales	36,429,237	123,950,615
	<b>41,990,685,149</b>	<b>60,355,003,799</b>
Less : Inter Division Transfers	21,740,444,312	26,000,524,223
<b>Total</b>	<b>20,250,240,837</b>	<b>34,354,479,576</b>
<b>Detail of Sale of Finished Goods</b>		
Sponge Iron	10,736,931,249	13,644,936,944
M.S/S.S Products	15,957,299,879	28,174,684,928
Structure	10,287,124,242	9,942,691,473
Ferro Alloys	1,360,092,842	2,625,621,505
Coal	214,238,534	1,524,528,846
Power	2,683,664,758	3,944,519,573
Others	751,333,643	498,020,531
	<b>41,990,685,149</b>	<b>60,355,003,799</b>

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 22 : Other Income</b>		
<b>Interest Income</b>		
From Long Term Investments	0	7,947,998
From Bank Deposits	266,933,007	261,633,905
Others	173,917,730	203,904,473
<b>Dividend</b>		
Non Current Investments	810,666	504,930
Rent Received	17,681,675	18,704,733
Insurance Claim Received	51,028,900	923,630
Other Miscellaneous Income	64,787,131	70,424,648
Exchange fluctuation	142,854,110	163,859,335
Profit on Sale of Fixed Assets	28,714,799	0
<b>Total</b>	<b>746,728,019</b>	<b>727,903,652</b>
<b>Note No. 23 : Cost of Materials Consumed</b>		
Inventories at the beginning of the Year	5,178,308,392	5,661,099,245
Add: Purchases (Net)	25,930,322,998	44,321,939,112
Less : Inventory at the end of Year	2,022,180,087	5,178,308,392
	<b>29,086,451,303</b>	<b>44,804,729,965</b>
Less : Inter Division Transfers	14,177,073,811	21,156,997,538
<b>Total</b>	<b>14,909,377,492</b>	<b>23,647,732,427</b>
<b>Detail of Materials Consumed</b>		
Iron Ore	8,694,770,820	11,354,089,570
Coke & Coal	6,889,750,031	10,203,090,154
Magnese Ore & Hi Mn Slag	376,394,579	1,118,718,172
Billets	5,282,765,404	8,900,785,208
Pig Iron & Hot Metal	4,093,728,881	6,757,574,249
M.S. Scrap	158,430,972	415,382,355
Ferro Alloys	270,355,436	290,847,826
Sponge Iron	2,186,858,639	3,923,181,302
Others	1,133,396,540	1,841,061,128
<b>Total</b>	<b>29,086,451,303</b>	<b>44,804,729,965</b>
<b>Note No. 24 : Changes in Inventories</b>		
<u>A. Opening Stock As on 01.04.2015</u>		
Work-in-Process	64,701,104	32,423,067
Finished Goods	4,420,909,772	4,253,214,332
<b>TOTAL (A)</b>	<b>4,485,610,876</b>	<b>4,285,637,399</b>
B.Finished Goods Transferred from Trial Run	0	34,307,983
C.Finished Goods used for self use / Fixed Assets	185,322	51,003,383
<u>D. Closing Stock As on 31.03.2016</u>		
Work-in-Process	79,114,153	64,701,104
Finished Goods	2,738,302,254	4,420,909,772
<b>TOTAL (D)</b>	<b>2,817,416,407</b>	<b>4,485,610,876</b>
( A+B-C-D)	<b>1,668,009,147</b>	<b>(216,668,877)</b>

(₹)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<u>Detail of Finished Goods Inventory</u>		
Sponge Iron / Pig Iron	1,231,009,690	986,148,653
M.S/S.S Products	386,509,661	734,552,655
Structure	180,432,766	1,121,747,555
Si Manganese	9,026,484	105,875,865
Coal	18,584,094	246,036,545
Sinter	313,893,972	355,049,069
<u>Other</u>		
Char	89,441,375	32,516,329
End Cutting/ Miss Rolls / Slag	509,181,429	838,307,646
Bricks	222,784	675,455
<b>GRAND TOTAL</b>	<b>2,738,302,254</b>	<b>4,420,909,772</b>
<b>Note No. 25 : Employee Benefits Expense</b>		
Salaries and wages	1,312,181,814	1,774,411,797
Contribution to provident and other funds	81,976,051	111,408,145
Staff welfare expenses	35,276,902	55,433,090
<b>Total</b>	<b>1,429,434,767</b>	<b>1,941,253,032</b>
<b>Note No. 26 : Finance Costs</b>		
Interest	8,692,288,174	6,040,311,793
Other Charges	704,216,478	488,427,544
<b>Total</b>	<b>9,396,504,651</b>	<b>6,528,739,337</b>

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>Note No. 27 : Other Expenses</b>		
<b>MATERIAL, MANUFACTURING AND OTHERS</b>		
Stores and Spares Consumed	697,107,607	1,320,461,443
Power and Fuel	3,325,072,076	4,446,377,458
Excise Duty on Stocks	(85,292,158)	(56,309,253)
Other Manufacturing Expenses	632,895,421	399,304,147
Less : Inter Division Transfers	(2,598,070,965)	(3,688,380,175)
	<b>1,971,711,981</b>	<b>2,421,453,620</b>
<b>ADMINISTRATION &amp; OTHER EXPENSES</b>		
Printing and Stationery	5,595,882	6,040,798
Rent	4,926,660	1,587,100
Rates & Taxes	7,472,570	15,192,543
Vehicle Expenses	49,225,642	70,344,156
Communication Expenses	16,446,504	16,641,284
Travelling & Conveyance	87,279,063	69,818,746
Insurance Charges	95,941,713	88,829,382
Legal & Professional Charges	128,175,784	159,210,471
Directors Sitting Fees	595,000	367,000
<u>Auditors' Remuneration</u>		
- As Audit Fees	3,500,000	3,500,000
- For Limited Review	300,000	300,000
- For Tax Matters	547,500	887,500
- For Certification & Other Matters	1,800,000	2,097,500
- Reimbursement of Expenses	192,328	239,555
Miscellaneous Expenses	69,264,621	66,440,873
CSR Expenses	27,551,428	40,856,383
Lease Rent & Hire Charges	4,795,217	4,754,591
Share Transfer Expenses	285,470	313,286
Internal Audit Fees & Expenses	6,075,814	4,949,665
Loss from Partnership Firm	95,716	308,405
Bank Charges	145,452,537	116,909,012
Security Service Charges	89,666,506	110,733,041
Provision For Doubtful Debts	244,843,772	4,839,446
Bad Debts written off	0	55,228,890
Distribution & Marketing Expenses	723,732,381	1,774,330,714
Loss on Sale of Fixed Assets	0	1,780,920
Loss on Sale of Investment	0	636,114
	<b>1,713,762,108</b>	<b>2,617,137,374</b>
<b>REPAIR &amp; MAINTENANCE</b>		
Machinery	69,937,373	162,588,090
Building	5,115,065	14,093,065
Others	7,265,731	11,297,879
	<b>82,318,169</b>	<b>187,979,034</b>
<b>TOTAL</b>	<b>3,767,792,258</b>	<b>5,226,570,027</b>

## OTHER NOTES ON ACCOUNTS

		As at 31-Mar-16	As at 31-Mar-15
<b>28.</b>	<b>CONTINGENT LIABILITIES</b>	<b>Rs. In Lacs</b>	<b>Rs. In Lacs</b>
	(excluding matters separately dealt with in other notes):		
	Claims against the Company not acknowledged as debt		
	- Excise / Service Tax Demands	3528.73	3248.44
	- VAT Demands	82.84	153.05
	- Entry Tax Demands	105.46	105.46
	- Income Tax Demands	11917.07	11762.59
	- Provident fund Demands	0.00	6.43
	- Demands for water charges by Water Resources Division.	0.00	1502.19
	- Electricity Duty on generation of power	14484.01	14484.01
	- Cess on power generation	3508.80	3602.06
	- Risk purchase claim of customers	3810.56	3810.56
	- Other claims against the Company not acknowledged as debt.	20357.74	14056.08
	- Arrears of 6.5% Redeemable Cumulative Preference Shares ( Dividend including taxes)	2734.03	1364.93
	- DMF&NMET liability for raw material purchased	587.28	0.00
	(The above are basic amounts excluding interest, if any)		
<b>29.</b>	<b>COMMITMENTS</b>		
a.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	819.06	5239.05
b.	Letters of Credit opened in favour of inland/overseas suppliers (Net)	13669.75	23141.59
c.	Towards new coal mine at Gare Palma IV/ 7 The company has issued a guarantee for equivalent amount in favour of nominated authority (Ministry of Coal)	32923.20	32923.20
<b>30.</b>	<b>Salary includes following remuneration paid to Directors</b>	<b>(In Rupees)</b>	<b>(In Rupees)</b>
	Mr. SandeepJajodia (Managing Director)		
	- Salary	NIL	48,000,000
	- Perquisites	NIL	6,437,308
	Mr. C. P. Baid (Dy. Managing Director)		
	- Salary	NIL	12,025,040
	- Perquisites	NIL	6,69,998

## OTHER NOTES ON ACCOUNTS

(₹ In lacs)

		As at 31-Mar-16	As at 31-Mar-15
<b>31.</b>	<b>GUARANTEES</b>	<b>Rs. In Lacs</b>	<b>Rs. In Lacs</b>
a.	Counter guarantees issued in respect of guarantees issued by company's bankers	117825.81*	37865.06*
b.	Guarantees issued on behalf of limited companies	39533.33	37814.21

\* i) includes guarantee for Rs.32923.20 lacs issued to nominated authority (Ministry of Coal) for acquisition of new coal mine at Gare Palma IV/ 7.

ii) BG for 31.3.2016 includes 82925.91 lacs for which liability is already stated in the financial statements.

<b>32.</b>	<b>PARTICULARS</b>	<b>%</b>	<b>2015-2016 Rs. In Lacs</b>	<b>%</b>	<b>2014-2015 Rs. In Lacs</b>
	Value of Imported & Indigenous Raw Material Consumed and the percentage of each to total consumption :-				
	- Imported	6.49	9677.46	0.52	1,235.16
	- Indigenous	93.51	139416.31	99.48	235242.16

33. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by The Institute of Chartered Accountants of India, excise duty amounting to Rs. 2062Lacs (Previous Year Rs. 2867lacs) has been included in the value of inventories as on 31<sup>st</sup> March, 2016 and the corresponding amount of excise duty payable has been included in other liabilities. However, this has no impact on the Loss for the year.

<b>34.</b>	<b>Value of Imports on CIF basis (Rs. In Lacs):</b>	<b>2015-2016 Rs. In Lacs</b>	<b>2014-2015 Rs. In Lacs</b>
	- Capital Goods including Spares etc.	1788.33	4999.92
	- Raw Material etc.	11095.85	1304.18

35. a) In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet except where stated otherwise.

- b) No provision has been made for diminution in value of long term quoted investments as, in the opinion of the management, the diminution is temporary in nature.

<b>36.</b>	<b>Expenditure in Foreign Currency</b>	<b>CURRENT YEAR Rs. In Lacs</b>	<b>PREVIOUS YEAR Rs. In Lacs</b>
	- Traveling /Others	240.08	244.14
	- Financial Charges	13138.85	10775.89

37. Earning in Foreign Currency  
FOB Value of Exports (Rs. In Lacs) 6858.90 21712.80



38. Rupee equivalent of export obligation to be completed by 20<sup>th</sup> March, 2022 under EPCG Scheme as on 31<sup>st</sup> March, 2016 is Rs. 47,622.83 Lac, (Previous year Rs. 34,205.91 Lacs).
39. Some of the balances of trade/other receivables/payables and loans and advances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.

40.	Dues to Small & Micro Enterprises #: 2015-16	2015-2016 Rs. In Lacs	2014-2015 Rs. In Lacs
1.	Principal amount outstanding	387.26	599.28
2.	Interest due on (1) above and the unpaid interest	0.00	0.00
3.	Interest paid on all delayed payments under MSMED Act	0.00	0.00
4.	Payment made beyond the appointed date during the year	0.00	0.00
5.	Interest due and payable for the period of delay		
	other than (3) above	0.00	0.00
6.	Interest accrued and remaining unpaid	0.00	0.00
7.	Amount of further interest remaining due and		
	payable in succeeding years	0.00	0.00

# The details of amounts outstanding to Micro&Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

#### 41. **Employee Benefits : Gratuity & Leave Encashment**

The following tables summarises the components of the net employee benefit expenses recognized in the Statement of Profit & Loss and amount recognized in the balance sheet for gratuity & leave encashment:

(₹ In lacs)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	Gratuity For Year Ended		Leave Encashment For Year Ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Obligations at period beginning	1853	1365	532	563
Service Cost	214	169	54	131
Interest on Defined benefit obligation	147	127	42	51
Benefits settled	-362	-157	-50	-87
Curtailement Cost / (Credit)	0	0	0	0
Actuarial (gain)/loss	-123	349	-149	-126
Obligations at period end	1729	1853	429	532
Change in plan assets				
Plans assets at period beginning, at fair value	1422	1193	0	0

(₹ In lacs)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	Gratuity For Year Ended		Leave Encashment For Year Ended	
Expected return on plan assets	113	111	0	0
Actuarial gain/(loss)	-28	19	0	0
Assets distributed on settlements	0	0	0	0
Contributions	353	256	50	87
Benefits settled	-362	-157	-50	-87
Plans assets at period end, at fair value	1499	1422	0	0

Reconciliation of present value of the obligation and the fair value of the plan assets:	Gratuity For Year Ended		Leave Encashment For Year Ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Closing PBO	1729	1853	429	532
Closing Fair value of plan assets	1499	1422	0	0
Closing Funded status	-230	-431	-429	-532
Unrecognised actuarial (gains).losses	0	0	0	0
Unfunded net asset/(Liability) recognized in the balance sheet	-230	-431	-429	-532

Expenses recognized				
Service cost	214	169	54	131
Interest cost	147	127	42	51
Expected return on plan assets	-113	-111	0	0
Curtailment Cost / (Credit)	0	0	0	0
Actuarial (gain)/loss	96	330	-149	-126
Net cost	152	515	-53	56
Assumptions				
Interest rate	8.08%	7.94%	7.70%	7.80%
Discount factor	8.08%	7.94%	7.70%	7.80%
Estimated rate of return on plan assets	8.08%	7.94%	N.A.	N.A.
Salary increase	5%	5%	5%	5%
Attrition rate	2%	2%	4%	4%
Retirement age	60	60	60	60

42. Tax Expense is the aggregate of current year income tax and deferred tax charged to the statement of Profit and Loss for the year.

**a) Current Year Tax:**

No Income Tax on normative basis or MAT u/s 115JB is payable during the year as per provisions of the Income Tax Act.

**Deferred Tax :**

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year.

As on 31<sup>st</sup> March, 2016, the deferred tax assets exceeded deferred tax liabilities. In view of there being no virtual certainty of availability of sufficient future taxable income against which the deferred tax assets (net) at the close of the year can be realized, deferred tax assets, have been recognized only to the extent of deferred tax liabilities.

(₹ In lacs)			
Particulars	Opening Balance as at 01.04.2015 (Rs. In Lacs)	Charge/ credit during the year (Rs. in Lacs)	Closing as at 31.3.2016 (Rs. in Lacs)
Depreciation	46075.90	29035.94	75111.84
Adjustments u/s 43B	-10.47	-193.27	-203.74
Unabsorbed Depreciation	-46065.42	-28842.70	-74908.12
Net	0	0	0

#### 43. Related Party Disclosures

In accordance with the Accounting Standard (AS-18) on related party disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship on identified, are given below:-

##### A. Relationships

Key Managerial Personnel	:	Shri Sandeep Kumar Jajodia (Chairman & Managing Director) Shri C. P. Baid (Dy. Managing Director)
Relative of Key Managerial Personnel	:	Shri Nikunj Jajodia
Enterprise where KMP/ Relative has significant influence	:	A. P. Coal Washeries Pvt Ltd Tirumala Balaji Alloys Pvt. Ltd. Paras Traders Ltd. M. K. Jajodia & Sons HUF
Subsidiaries	:	Monnet Global Ltd Monnet Overseas Ltd Monnet Daniel Coal Washeries Ltd (upto 02.07.2015) Monnet Power Company Ltd. Monnet Cement Ltd Monnet Enterprises PTE LTD. Chattel Constructions Private Limited Chomal Exports Private Limited Monnet Sports Foundation
Subsidiary of Subsidiaries	:	Pt Monnet Global Monnet Enterprises DMCC Pt. Sarwa Sembada Karya Bumi Monnet Global Mali S.A. LLC Black Sea Natural Resources, Abkhazia
Joint Ventures	:	MP Monnet Mining Company Ltd Mandakini Coal Company Ltd Urtan North Mining Company Ltd Monnet Ecomaister Enviro Pvt Ltd.
Associates	:	Orissa Sponge Iron & Steel Ltd
Partnership Firm	:	Khasjamda Mining Company

B. The following transactions were carried out with related parties in the ordinary course of business :-

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates & others
<b>Remuneration Paid</b>						
Mr. Sandeep Kumar Jajodia		<b>0.00</b>				
	(544.37)					
Mr. C. P. Baid	<b>0.00</b>					
	(126.95)					
<b>Remuneration to Relatives of KMP</b>						
Nikunj Jajodia		<b>2.91</b>				
		(4.28)				
<b>Director Sitting Fees</b>						
Mr. J. P. Lath	<b>1.20</b>					
	( 0.88)					
Bhawna Thakur	<b>2.25</b>					
	( - )					
Suman Jyoti Khaitan	<b>2.45</b>					
	( - )					
Suresh Kishinchand Khatanhar	<b>0.60</b>					
	( - )					
Amulya Charan	<b>0.00</b>					
	(1.29)					
Vikram Deswal	<b>-0.55</b>					
	(0.95)					
<b>Reimbursement of Expenses Payable</b>						
Monnet Daniel Coal Washeries Limited			<b>718.67</b>			
			(464.34)			
Paras Traders Ltd.					<b>0.10</b>	
					( - )	

(₹ In lacs)

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates & others
<b>Reimbursement of Expenses Receivable</b>						
Monnet Ecomaster Enviro Pvt. Limited				29.32		
				(60.93)		
M.K.Jajodia & Sons HUF					0.12	
					(.30)	
<b>Sales of goods / services / fixed assets/ Raw Material</b>						
Monnet Daniel Coal Washeries Limited			0.00			
			(12.38)			
Monnet Power Company Limited			502.48			
			(314.95)			
Monnet Ecomaster Enviro Pvt. Limited				32.48		
				(87.21)		
<b>Rent Received</b>						
Monnet Ecomaster Enviro Pvt. Limited				-3.18		
				(7.92)		
<b>Loan Given (Net)</b>						
Monnet Global Limited			4352.74			
			(1801.76)			
Orissa Sponge Iron & Steel Limited						12.88
						(219.65)
Mandakini Coal Company Limited				36.93		
				(125.00)		
Monnet Power Co. Ltd			12472.56			
			(3499.13)			
Monnet Daniel Coal Washeries Pvt. Limited			252.05			
			(4538.00)			
<b>Loan Received</b>						
Tirumala Balaji Alloys Pvt. Limited					500.00	
					( - )	

(₹ In lacs)

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates & others
<b>Interest Received on Loan</b>						
Monnet Global Limited			<b>1353.31</b>			
			(1056.10)			
Monnet Daniel Coal						
Washeries Limited			<b>31.73</b>			
			(183.59)			
Mandakini Coal Company Limited				<b>0.00</b>		
				(20.38)		
Orissa Sponge Iron & Steel Limited						0.00
						(16.18)
Monnet Power Co. Ltd				<b>0.00</b>		
				(6.52)		
<b>Interest Paid on Loan</b>						
TirumalaBalaji Alloys Pvt. Limited					30.94	
					( - )	
<b>Purchase of Shares</b>						
Monnet Overseas Ltd.			<b>103.95</b>			
			( - )			
<b>Sale of Investments</b>						
Monnet Mining Co. Ltd.					<b>254.48</b>	
					( - )	
<b>Rent Paid</b>						
Paras Traders Ltd.					<b>3.96</b>	
					(6.46)	
M.K.Jajodia & Sons HUF					<b>12.47</b>	
					(13.38)	
<b>Purchase of Raw Material / stores / fixed assets</b>						
TirumalaBalaji Alloys Pvt. Limited					<b>38.99</b>	
					(170.83)	
Monnet Daniel Coal						
Washeries Limited			<b>905.81</b>			
			(652.94)			

(₹ In lacs)

Particulars	Key Managerial Personnel	Relatives of Key Managerial Personnel	Subsidiaries	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates & others
Monnet Power Co. Ltd.			-			
			(33.84)			
Monnet Ecomaster Enviro Pvt. Limited				5.83		
				( - )		
<b>Dividend Received</b>						
TirumalaBalaji Alloys Pvt. Limited					2.80	
					(2.80)	
<b>Guarantees issued on behalf of other Body Corporates</b>						
Mandakini Coal Co. Ltd.				8693.00		
				(8693.00)		
Urtan North Mining Co. Ltd.				367.00		
				(367.00)		
Monnet Global Ltd.			26533.16			
			(25036.32)			
Monnet Ecomaister Enviro Pvt .Ltd.				3940.17		
				(3717.89)		

(Figures in brackets are for previous year)



## Outstanding Balance:-

(₹ In lacs)

Description	Outstanding Balances	
	Debit / (Credit)	Debit / (Credit)
	31.3.2016	31.3.2015
<b>Subsidiaries</b>		
Monnet Global Ltd.	24945.37	19257.57
Monnet Daniel Coal Washeries Ltd.	N.A.	956.01
Monnet Power Company Ltd.	7052.66	3001.58
Monnet Enterprises PTE Ltd.	6.33	5.97
<b>Associates</b>		
Orissa Sponge Iron & Steel Ltd	241.26	228.10
<b>Joint Ventures</b>		
MP Monnet Mining Company Ltd	16.00	16.00
Mandakini Coal Company Ltd	300.41	263.48
Urtan North Mining Company Ltd.	8.78	8.78
Monnet Ecomaister Enviro Pvt. Ltd.	688.05	488.98
<b>Enterprises where KMP hold significant influence</b>		
M.K. Jajodia & Sons (HUF)	-3.26	-1.02
Tirumala Balaji Alloys Pvt. Ltd.	-530.94	0.00
Paras Traders Pvt Ltd	0.10	-0.50
<b>Partnership Firm</b>		
Khasjamda Mining Company	35.05	36.01

### 44. Segment Reporting

As per Accounting Standards (AS) 17 on "Segment Reporting", segment information has been provided in the Notes to Consolidated Financial Statements.

### 45. Interest in joint ventures

The Company has a 33.33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited & Urtan North Mining Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited and 50% interest in the assets, liabilities, income and expenses of M/s. Monnet Ecomaister Enviro Pvt Ltd. All these Companies are incorporated in India, and involved in setting up and operation of coal mines except for M/s. Monnet Ecomaister Enviro Pvt Ltd which has set up a plant for manufacturing of PS Balls from slag generated from steel plant.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities as at 31.3.2016 are as follows:

Particulars	MP Monnet Mining Co. Ltd		Mandakini Coal Co. Ltd		Urtan North Mining Co. Ltd		MONNET ECOMASTERENVIRO PVT LTD.	
	Rs. in Lacs		Rs. in Lacs		Rs. in Lacs		Rs. in Lacs	
	31.3.16	31.3.15	31.3.16	31.3.15	31.3.16	31.3.15	31.3.16	31.3.15
<b>I Assets</b>								
Fixed Assets/ Capital work in progress	87.03	87.04	8906.08	2655.25	410.82	410.82	3773.38	3,803.54
Non-Current Investments	0	0	81.66	0	0	0	0	0
Inventories	0	0	0	0	0	0	18.52	21.30
Sundry Debtors	0	0	0	0	0	0	0	0
Cash and bank balances	0.64	0.96	1.26	12.09	171.45	171.45	219.47	311.17
Loans and advances	0	0	5.44	6,332.60	2.56	2.56	246.71	251.13
<b>II Liabilities</b>								
Secured Loans	0	0	1555.40	0	0	0	1043.42	1,479.65
Long Term Provisions	0	0	3.18	2.83	0	0	0	0
Unsecured Loans	7.84	7.84	3737.62	366.03	0	0	0	0
Current liabilities and provisions	0.10	0.13	309.39	4,788.49	0.90	0.90	2140.11	1,478.51
<b>III Income</b>								
Operating Revenue	0	0	0	0	0	0	4.41	1.36
Other Income	0.00	0.04	1.70	0.77	0	0	18.13	34.05
<b>IV Expenses</b>								
Expenses	0.31	0.25	458.07	7.75	0	0	376.98	37.36

46. a) Terms and conditions of issue and redemption of Debentures are as under:

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
Non Convertible Debentures			
1000	11.00%	10000.00	Issued on 18 <sup>th</sup> January, 2013. Redeemable at par at the end of 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> Year.
250	11.25%	2500.00	Issued on 28 <sup>th</sup> March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2020.
800	10.50%	8000.00	Issued on 30 <sup>th</sup> January, 2010. Redeemable at par on 30 <sup>th</sup> January 2020.
1000	10.50%	10000.00	Issued on 24 <sup>th</sup> December, 2009. Redeemable at par on 24 <sup>th</sup> December, 2019.
150	11.25%	1500.00	Issued on 28 <sup>th</sup> June, 2013. Redeemable at par on 28 <sup>th</sup> June, 2018.
500	11.25%	5000.00	Issued on 30 <sup>th</sup> May, 2013. Redeemable at par on 30 <sup>th</sup> May, 2018.
150	11.25%	1500.00	Issued on 28 <sup>th</sup> March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2018
150	11.50%	1500.00	Issued on 28 <sup>th</sup> March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2018

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
1500	11.25%	15000.00	Issued on 20 <sup>th</sup> February, 2013. Redeemable at par on 20 <sup>th</sup> February, 2018.
1200	12.50%	12000.00	Issued on 4 <sup>th</sup> November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> Year.
2500	14.50%	25000.00	Issued on 31 <sup>st</sup> March, 2014. Redeemable at par in 8 installments payable every 6 months starting from 30 <sup>th</sup> September, 2015.

b) Terms and conditions of issue and redemption of Preference shares are as under:

No of Shares	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
17500000	6.50%	17500.00	Issued on 30 <sup>th</sup> March, 2013. Redeemable at par after 9 years.

Due to loss in the current year, no dividend has been declared on preference shares.

47. The Hon'ble Supreme Court of India by its Order dated 24th September, 2014 has cancelled a number of coal blocks allocated to various entities which includes five under development mines allotted to the Company or its joint venture companies.

The Ministry of Law and Justice (Legislative Department), Government of India, has promulgated an Ordinance on October 21, 2014 for implementing the order of Hon'ble Supreme Court and fixation of compensation etc.

The Company had invested directly or through Joint Ventures in the following coal blocks which have been cancelled pursuant to the court order as mentioned herein above: (₹ In Crs)

Particulars	Expenditure on fixed assets	Investment in share	Other Current & non current assets	Total
<b>MIEL</b>				
Utkal-B2	40.79	-	-	40.79
Rajgamar	13.96	-	-	13.96
<b>Jvs</b>				
Mandakini	-	39.30	3.00	42.30
Urthan North	-	5.75	0.09	5.84
Morga-3	-	0.98	5.56	6.54
	36.46	46.03	8.65	109.44

No adjustment has been made against impairment of assets since the final compensation amount is not yet ascertained / under litigation.

48. The Company has accumulated losses resulting in substantial erosion of its net worth and has incurred net cash losses in the current and in immediately preceding financial year. The current liabilities of the Company exceeded its current assets as at the balance sheet date.

These conditions may cast doubt about the Company's ability to continue as a going concern. However, as detailed in note number 52 on invocation of SDR by the lenders of the Company, the lenders now hold 51% equity shares in the Company. As per SDR scheme, the lenders will take steps to identify a new investor within a period of 18 months from the date of invocation of SDR to take over management control of the company. As on the date of signing of financial statements the lenders have initiated the process of selecting such investor. In view of the same, these financial statements have been prepared on going concern basis.

49. Opening raw material inventory included 3.09 lac tons of iron ore valued at 233.13 crores lying Sponge Iron Division of the Company's Raigarh plant. Out of the above, 1.74 lac tons was consumed during the year and balance 1.35 lac tons was lying unconsumed. Third party valuation of the stock was carried out and revealed that the residual stock was impaired and its commercial value was estimated at Rs.1500 per ton as against the book value of Rs.7544 per ton. It was further established that this inventory is not suitable for being used for sponge iron manufacturing, but can be used in sinter / pallet plant after blending with other raw material.

Based on the above, the Company has recognized impairment loss of Rs. 81.71 crores in its financial statements and classified the same as an exceptional item, considering its nature and amount.

50. The Board of Directors of the Company in their meeting held on February 12, 2016 had, subject to the approval of Members and other requisite approvals, decided to make divestment in its Subsidiary Monnet Power Company Limited (MPCL) by transferring or selling Company's 100% stake to a potential buyer. A special resolution in this regard was passed by members of the Company through postal ballot / e-voting. The Company had executed anon-binding MOU with a potential buyer but no final agreement has been signed with the party. Pending finalization of sale consideration & other terms, investment in MPCL has been stated at cost in these financial statements.
51. Earning Per Share (EPS)–The numerators and denominators used to calculate Basic and Diluted Earning per share :

#### Basic Earning Per Share

	Year Ended on 31.3.2016	Year Ended on 31.3.2015
Profit for the Year (Rs. In Lacs)	-168323.17	-79587.04
Less : Preference Dividend including Tax	0.00	0.00
Less : Undeclared Preference Dividend including tax	1369.10	1364.93
Profit attributable to the Equity Shareholders –		
(Rs in Lacs) (A)	-169692.27	-80951.97
Basic Weighed average number of Equity Shares		
outstanding during the year (B)	99,745,669	65,825,681
Nominal value of Equity Shares (Rs)	10.00	10.00
Basic Earning per share (Rs)- (A)/(B)	-170.12	-122.98

## Diluted Earning Per Share

Profit attributable to the Equity Shareholders – as above (Rs in Lacs)	<b>-169692.27</b>	-80951.97
Interest Paid on Potential Equity Shares net of tax impact (Rs. In Lacs)	<b>0</b>	0
Profit considered for Diluted E.P.S. ©	<b>-169692.27</b>	-80951.97
Basic Weighed average number of Equity Shares outstanding during the year as above	<b>99,745,669</b>	65,825,681
Weighted Average Potential Equity Shares for the Year	<b>0</b>	0
Total weighted average shares considered for Diluted E.P.S. (D)	<b>99,745,669</b>	65,825,681
Nominal value of Equity Shares (Rs)	<b>10.00</b>	10.00
Diluted Earning per share (Rs)- (C)/(D)	<b>-170.12</b>	-122.98

52. In the Joint Lenders Meeting (JLM) held on 22<sup>nd</sup> August, 2015, the lenders of the Company reviewed performance of the Company and decided to invoke Strategic Debt Restructuring (SDR) in terms of master circular no. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 of Reserve Bank of India. The same has been approved by the Board of Directors of the company in their meeting held on 6<sup>th</sup> November 2015 and approval of the shareholders on the SDR was accorded on 21<sup>st</sup> December, 2015.

Subsequently Joint Lenders Meeting held on 28<sup>th</sup> December, 2015 the lenders, on the basis of necessary approvals as aforesaid, has decided to implement SDR for the company. According to the scheme proportionate share of each member bank in the debt is converted into equity share in the company in a manner and to the extent that the joint holding of the lenders stands at 51% of total share capital of the company. Accordingly allocation of 102,391,803 equity shares to be allotted to eligible banks was decided in the meeting. Further, JLM gave approval for additional 32,550,758 shares to be issued to promoters and their associates against the unsecured loans outstanding. These shares were allotted on 31<sup>st</sup> December, 2015 as per detail given under:

Allottee group	No. of Shares	Price Per Share	Total Amount (Crores)	Total Debt Converted into Equity (Crores)
Joint Lenders Forum (JLF)	102,391,803	34.20* (Price at which debts were converted)	350.18	350.18
Promoters and their associates	32,550,758	40.00	130.20	130.20
<b>TOTAL</b>	<b>134,942,561</b>		<b>480.38</b>	<b>480.38</b>

On the allotment of shares, as above, JLF holding stands at 51% equity share capital in the Company. Pending settlement, dues of other lenders, who have not participated till date of balance sheet in the SDR, have been classified as Long term / Short term based on original tenure of their loans.

**53 Foreign currency exposure not hedged by derivative instrument or otherwise:**

Particulars		31-03-2016	
		Foreign Currency	Indian Rupee
<b>Advances recoverable</b>			
For Capital Expenditure	AUD	180	9,158
	EURO	45,280	34,00,303
	USD	95,209	63,15,501
<b>Payables</b>			
Payables for Capital Expenditure	CAD	8,700	4,43,991
	EURO	8,04,425	6,04,08,721
	GBP	871	82,852
	USD	11,79,234	7,99,93,029
	YEN	19,89,502	11,75,000
For Goods and Services	USD	30,05,640	19,93,72,835
<b>Receivable</b>			
For Goods	USD	1,75,299	1,16,28,094
<b>Advances received</b>			
For Goods	USD	12,50,79,511	8,29,68,86,699
<b>Fixed deposit Receipts</b>	USD	1,05,928	70,26,532
<b>Borrowings</b>	USD	22,94,86,827	15,20,37,35,185
	EURO	24,76,103	18,46,58,382

**54. Disclosure of Movement in Provisions during the year as per AS- 29 :**

Particulars	Balance As on 1.4.2015	Provided During the year	Paid/Adjusted During the year	Balance As on 31.03.2016
<b>Long Term Provisions</b>				
Gratuity	4,30,56,119	1,52,43,314	3,53,18,341	2,29,81,092
Provision for leave Encashment	4,59,48,293	-99,76,679	-23,15,778	3,82,87,392
<b>Total</b>	<b>8,90,04,412</b>	<b>52,66,635</b>	<b>3,30,02,563</b>	<b>6,12,68,484</b>
<b>Short Term Provisions</b>				
Provision for leave Encashment	73,00,240	46,68,636	73,00,240	46,68,636
<b>Total</b>	<b>73,00,240</b>	<b>46,68,636</b>	<b>73,00,240</b>	<b>46,68,636</b>
<b>Grand Total</b>	<b>9,63,04,652</b>	<b>99,35,271</b>	<b>4,03,02,803</b>	<b>6,59,37,120</b>

**55. Information under Section 186(4) of the Companies Act 2013:**

- A. **LOANS GIVEN:**  
There are no loans besides those shown in note no. 19.
- B. **INVESTMENT**  
There is no investment besides those shown in note no. 13.
- C. **GUARANTEE GIVEN**  
Guarantees given to subsidiary companies shown in note no. 43.
- D. The company had provided security of Rs671.54 Crores for borrowing by its subsidiary / Joint Venture companies during the previous years. There is no further transaction in current year.

**56. Previous year figures have been regrouped or recasted wherever necessary.**

**For O.P. BAGLA & CO.**

Chartered Accountants

**(Atul Bagla)**

Partner

M. No. 091885

FRN : 000018N

PLACE : NEW DELHI

DATED : 30/05/2016

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**

Chairman & Managing Director

DIN: 00082869

**Raj Kumar Ralhan**

Chief Financial Officer

**J. P. Lath**

Director

DIN: 00380076

**Hardeep Singh**

Company Secretary

M. No. FCS-4967



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF MONNET ISPAT AND ENERGY LIMITED

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of MONNET ISPAT AND ENERGY LIMITED (hereafter referred as the holding company) and its subsidiaries, joint ventures and associates (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Financial Statements by the directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in para of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Basis for Qualified Opinion**

In one of the Subsidiary Companies, Monnet Power Company Limited, Loan accounts (long term and short term borrowings) have been classified as non-performing by most of the

lenders during the year and therefore and actual liability towards interest etc. will only be crystalized after settlement/agreement with the lenders. In view of uncertainty the company has not provided interest including penal interest and other dues for the year on borrowings, to the extent the same have remained unpaid. Had the interest been provided, loss for the year would have been higher by Rs. 432.15 crores (based on original terms of sanction of the loans) with a corresponding increase in liability towards interest.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the impact of the matter described in “Basis for qualified opinion” para hereinabove, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2016, and its consolidated loss, and its consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- Note no. 43 regarding cancellation of coal blocks of the Group, impact whereof on the financial statements is uncertain.
- Note no. 44 in the financial statements which indicates that the Group has accumulated losses resulting in substantial erosion of net worth and has incurred net cash losses in the current and immediately preceding financial year. The current liabilities of the Group exceeded its current assets as at the balance sheet date. These conditions may cast doubt about the Group's ability to continue as a going concern. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

### Other Matters

We did not audit the financial statements / financial information of the following subsidiary companies, jointly controlled entities and associates whose financial statements / financial information reflect the details given below of assets as at 31<sup>st</sup> March 2016, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the Consolidated Financial Statements:

(₹ In Lacs)

Name of the Companies	Assets	Total Revenues	Net Cash Flows
<b>Subsidiary Companies</b>			
1) Monnet Global Ltd	40868.03	81.34	-12.55
2) Monnet Overseas Ltd	111.68	-	-5.27
3) Monnet Enterprises PTE Ltd	1712.92	-	1.24
4) Chomal Exports Private Limited	38.58	1.13	-10.64
<b>Joint Ventures:</b>			
1) MP Monnet Mining Company Ltd	89.46	-	-0.03
2) Mandakini Coal Company Ltd	9357.10	-	-0.06
3) Urtan North Mining Company Ltd	586.95	-	10.44
4) Monnet Ecomaister Enviro Pvt Ltd	4258.08	4.41	-266.33
<b>Total</b>	<b>57022.80</b>	<b>86.88</b>	<b>-283.20</b>

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and jointly controlled entities, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid entities, is based solely on such unaudited financial statements / financial information.

We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs. 562310.08 lacs as at 31<sup>st</sup> March 2016, total revenue of Rs. 102.44 lacs and net

cash flows of Rs. 65.52 lacs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of holding company as on 31st March, 2016 taken on record by the Board of Directors of Holding company, the report of auditor of a subsidiary company and representations received from management in respect of other subsidiaries and jointly controlled entities incorporated in India, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) We are enclosing herewith a report in Annexure I for our opinion on adequacy of internal financial controls system in place and the operating effectiveness of such controls.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
  - iii. The holding company, its subsidiary and jointly controlled companies incorporated in India have deposited the amounts, required to be transferred, to the Investor Education and Protection Fund. However there was some delay in transferring the amounts to the fund.

For **O. P. BAGLA & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Regn No. 000018N

**PLACE : NEW DELHI**  
**DATED : 30/05/2016**

**(ATUL BAGLA)**  
 PARTNER  
 M No. 91885

## ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **MONNET ISPAT AND ENERGY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries, joint ventures and associates (collectively referred to as "the Group"), which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its subsidiaries, joint ventures and associates which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to

be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiaries, joint ventures and associates which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting

insofar as it relates to one subsidiary company audited by another auditor, is based on the corresponding report of that auditor.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and four joint venture companies, incorporated in India, which have not been audited, is based on the representation given by the management in this regard.

For **O. P. BAGLA & CO.**  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000018N

**PLACE : NEW DELHI**  
**DATED : 30.05.2016**

**(ATUL BAGLA)**  
PARTNER  
M No. 91885



## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2016 (Amount in ₹)

Particulars	Note	AS AT 31.03.2016	AS AT 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	3,757,854,834	2,408,429,224
Reserves and surplus	3	2,973,083,847	18,257,020,190
		6,730,938,681	20,665,449,413
<b>Minority Interest</b>		1,171,232,496	1,297,951,239
<b>Non-current liabilities</b>			
Long-term borrowings	4	94,454,391,694	93,934,293,166
Deferred Tax liabilities (Net)	5	2,078	2,372
Other Long-term Liabilities	6	8,168,202,435	0
Long-term provisions	7	66,222,982	100,561,525
		102,688,819,188	94,034,857,062
<b>Current liabilities</b>			
Short-term Borrowings	8	18,389,644,702	16,820,301,575
Trade payables	9	3,101,315,367	4,276,382,113
Other current liabilities	10	19,850,974,363	27,756,035,717
Short-term provisions	11	8,895,630	13,088,251
		41,350,830,062	48,865,807,657
<b>TOTAL</b>		<b>151,941,820,427</b>	<b>164,864,065,372</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	67,851,706,198	71,046,631,888
Intangible assets	13	4,204,721,119	4,159,366,719
Capital work-in-progress		58,198,176,700	56,705,111,382
Intangible assets under Development		169,968,841	125,759,315
Non-current investments	14	725,903,055	942,610,799
Long-term loans and advances	15	1,381,993,171	7,340,885,653
Other Non-current Assets	16	1,962,611,677	1,033,219,870
		134,495,080,762	141,353,585,626
<b>Current assets</b>			
Inventories	17	5,551,042,583	10,400,119,058
Trade receivables	18	1,151,593,613	4,470,960,799
Cash and bank balances	19	2,034,329,935	2,661,914,369
Short-term loans and advances	20	8,647,438,633	5,935,007,783
Other current assets	21	62,334,901	42,477,738
		17,446,739,664	23,510,479,746
<b>TOTAL</b>		<b>151,941,820,427</b>	<b>164,864,065,372</b>

### Significant Accounting Policies

1

The accompanying notes form an integral part of these financial statements.  
IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

**For O.P. BAGLA & CO.**  
Chartered Accountants

(Atul Bagla)  
Partner  
M. No. 091885  
FRN : 000018N

**PLACE : New Delhi**  
**DATED : 30/05/2016**

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

**Raj Kumar Ralhan**  
Chief Financial Officer

**J. P. Lath**  
Director  
DIN: 00380076

**Hardeep Singh**  
Company Secretary  
M. No. FCS-4967

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(Amount in ₹)

Particulars	Note	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Revenue:</b>			
Revenue from operations	22	20,412,667,492	34,919,780,467
Less: Excise Duty		1,979,211,382	2,498,300,104
		18,433,456,110	32,421,480,363
Other income	23	627,796,499	646,695,426
<b>Total Revenue</b>		<b>19,061,252,609</b>	<b>33,068,175,789</b>
<b>Expenses:</b>			
Cost of Materials Consumed	24	14,818,504,558	23,577,816,053
Purchases of Stock in Trade		191,867,260	0
Changes in inventories	25	1,677,872,663	(221,793,283)
Employee benefits expense	26	1,478,422,569	2,063,195,863
Finance costs	27	10,391,669,156	6,704,570,754
Depreciation and amortization expense	12 & 13	3,650,736,112	2,884,144,776
Other Expenses	28	4,685,492,767	6,132,982,751
Prior Period Adjustments		867,101	30,000,154
<b>Total Expenses</b>		<b>36,895,432,184</b>	<b>41,170,917,068</b>
<b>Profit / (Loss) before exceptional and extraordinary items &amp; Tax</b>		<b>(17,834,179,576)</b>	<b>(8,102,741,278)</b>
<u>Exceptional items</u>			
Additional Levy on Coal		0	2,529,066,059
Provision for impairment of non current assets		5,926,432	142,260
Expenditure during construction period/Capital Advances written off		18,547,511	0
Profit on sale of non-current investments		(1,931,284)	0
Provision for impairment of inventory (refer Note No.45)		817,108,240	0
<b>Profit / (Loss) before Tax</b>		<b>(18,673,830,475)</b>	<b>(10,631,949,596)</b>
<b>Tax expense:</b>			
<u>Current Tax</u>			
Current year		0	5,682,477
Earlier years		(7,066,653)	1,505,723
<u>Deferred Tax</u>			
Current year		(294)	(1,946,004,459)
<b>Profit/(Loss) for the year (before adjustment for Minority Interest)</b>		<b>(18,666,763,527)</b>	<b>(8,693,133,338)</b>
Less : Share of loss transferred to minority		103,432,521	123,821,300
<b>Profit/(Loss) after Tax (after adjustment for Minority Interest)</b>		<b>(18,563,331,006)</b>	<b>(8,569,312,037)</b>
<b>Earnings per equity share (Par value of Rs.10/- each)</b>			
Basic		(187.48)	(132.26)
Diluted		(187.48)	(132.26)

## Significant Accounting Policies

The accompanying notes form an integral part of these financial statements.  
IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED

**For O.P. BAGLA & CO.**  
Chartered Accountants

**(Atul Bagla)**  
Partner  
M. No. 091885  
FRN : 000018N

**PLACE : New Delhi**  
**DATED : 30/05/2016**

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

**Raj Kumar Ralhan**  
Chief Financial Officer

**J. P. Lath**  
Director  
DIN: 00380076

**Hardeep Singh**  
Company Secretary  
M. No. FCS-4967



## CONSOLIDATED CASH FLOW STATEMENT FOR Y.E. 31.03.2016 (Amount in ₹)

Particulars	31-Mar-2016	31-Mar-2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extra ordinary items	(18,673,830,475)	(10,631,949,596)
Adjustment for :		
Depreciation & amortization	3,650,736,112	2,884,144,776
Unrealised loss in associates	216,481,149	116,382,750
(Profit)/ Loss on Sale of Fixed Assets	(28,702,935)	2,079,219
(Profit)/ Loss on Sale of Investments	(1,931,284)	636,114
Provision for doubtful debts	244,843,772	4,839,446
Provision for impairment of non current assets	5,926,432	142,260
Expenditure during construction period/Capital Advances written off	18,547,511	0
Provision for impairment of inventory	817,108,240	0
Foreign exchange translation reserve	(175,009,709)	(18,309,434)
Interest Income	(317,691,598)	(380,649,895)
Interest & other financial charges	9,661,635,104	6,191,588,779
Dividend Income	(810,666)	(4,535,647)
	<b>14,091,132,128</b>	<b>8,796,318,366</b>
Operating Profit before Working Capital Facilities	(4,582,698,347)	(1,835,631,230)
Adjustment for :		
Trade & Other Receivable	5,021,740,950.91	5,598,541,083
Inventories	4,031,968,235	340,384,975
Trade Payable	(950,453,019)	12,832,302,568
	<b>8,103,256,167</b>	<b>18,771,228,626</b>
<b>Cash generated from operation</b>	<b>3,520,557,820</b>	<b>16,935,597,396</b>
Tax Paid	(48,664,306)	(133,530,059)
Dividend Paid	(4,104)	(210,826,688)
	<b>(48,668,410)</b>	<b>(344,356,747)</b>
<b>Net Cash Flow from operating activities</b>	<b>3,471,889,410</b>	<b>16,591,240,649</b>
<b>B. Cash Flow From Investing activities</b>		
Purchase of fixed assets	(1,613,573,881)	(28,934,855,401)
Sale of Fixed Assets	1,141,111,994	23,307,872
Net movement in CWIP	(1,493,065,318)	11,127,728,644
Intangible assets under development	(44,209,526)	(23,095,811.00)
Purchase of Investments (Net)	2,157,879	(45,764,211)
Interest Income	317,691,598	380,649,895
Dividend Income	810,665.96	4,535,647
	<b>(1,689,076,588)</b>	<b>(17,467,493,365)</b>
<b>Net Cash used in investing activities</b>	<b>(1,689,076,588)</b>	<b>(17,467,493,365)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR Y.E. 31.03.2016** (Amount in ₹)

Particulars	31-Mar-2016	31-Mar-2015
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(9,661,635,104)	(6,191,588,779)
Proceed from Share Premium and changes in Other Reserves	0	(264,190,120)
Proceeds from Minority Interest	(23,286,222)	10,003,540
Proceeds / (Repayment) of borrowings	6,893,271,636	8,676,973,696
<b>Net Cash used in financing activities</b>	<b>(2,791,649,689)</b>	<b>2,231,176,120</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(1,008,836,867)</b>	<b>1,354,923,404</b>
<b>Cash &amp; Cash equivalent Opening</b>	<b>2,033,036,523</b>	<b>678,113,120</b>
<b>Cash &amp; Cash equivalent Closing</b>	<b>1,024,199,656</b>	<b>2,033,036,523</b>

**NOTES:-**

- 1 The above Cash Flow statement has been prepared pursuant to clause No 32 of the listing Agreement with Stock Exchanges and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 2 Figures in brackets indicate cash outflow.
- 3 Significant Accounting Policies and Notes on Accounts form an integral part of Cash Flow Statement.
- 4 Previous year figures have been regrouped/reclassified to confirm to current year's classification.

**IN TERMS OF OUR REPORT OF EVEN DATE ANNEXED**

**For O.P. BAGLA & CO.**  
Chartered Accountants

**(Atul Bagla)**  
Partner  
M. No. 091885  
FRN : 000018N

PLACE : NEW DELHI  
DATED : 30/05/2016

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

**Raj Kumar Ralhan**  
Chief Financial Officer

**J. P. Lath**  
Director  
DIN: 00380076

**Hardeep Singh**  
Company Secretary  
M. No. FCS-4967

## Note on Account

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### I. Principles of Consolidation

The consolidated financial statements of Monnet Ispat & Energy Ltd ("the Company") and its subsidiaries, associates and joint ventures have been prepared on the following basis:-

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together with the book value of like items of assets, liabilities, income and expenses and after fully eliminating the intra group balances and intra group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) – 27 – "Financial Reporting of Interest in Joint Ventures".
- c) In respect of foreign subsidiaries, being non- integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.
- d) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's

shareholders.

- g) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) – 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- h) The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates'. Profit or Loss through its reserves for the balance, based on available information.
- i) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- j) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

- II. Investment other than in subsidiaries, joint ventures and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

#### III. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Monnet Ispat & Energy Limited.

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 2 : Share Capital</b>		
<b>AUTHORISED</b>		
<u>Equity Shares</u>		
211,000,000 shares of par value of Rs.10/- each (Previous year 82,000,000 shares of par value of Rs. 10/- each)	2,110,000,000	820,000,000
<u>Preference Shares</u>		
1,75,00,000 shares of par value of Rs.100/- each (Previous year 1,75,00,000 shares of par value of Rs.10/- each)	1,750,000,000	1,750,000,000
	<b>3,860,000,000</b>	<b>2,570,000,000</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
<u>Equity Shares</u>		
200,768,242 shares of par value of Rs.10/- each (Previous year 65,825,681 shares of par value of Rs.10/- each)	2,007,682,420	658,256,810
Add : Shares Forfeited (Amount Originally Paid up)	172,414	172,414
<u>Preference Shares</u>		
1,75,00,000 6.5% Cumulative Non Convertible Redeemable Preference Shares of par value of Rs.100/- each	1,750,000,000	1,750,000,000
<b>Total</b>	<b>3,757,854,834</b>	<b>2,408,429,224</b>

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period is given below:

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<u>Equity Shares</u>		
Number of shares outstanding as at the beginning of the year	65,825,681	65,825,681
Shares issued during the year*	134,942,561	0
Shares bought back during the year	0	0
Number of shares outstanding as at the closing of the year	<b>200,768,242</b>	<b>65,825,681</b>
<u>Preference Shares</u>		
Number of shares outstanding as at the beginning of the year	17,500,000	17,500,000
Shares allotted during the year	0	0
Number of shares outstanding as at the closing of the year	<b>17,500,000</b>	<b>17,500,000</b>

- b) (i) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

(ii) Non Convertible Preference Shares : The holders of preference shares are entitled to preferential dividends from the date of allotment. Such shares shall rank for capital and dividend and for repayment of capital in a winding up, in priority to the ordinary shares of the Company. The holders of such shares shall have the right to receive notice of general meetings of the Company but shall not confer on the holders thereof, the right to vote at any meetings of the Company, save to the extent and in the manner provided in the Companies Act.

- c) Following share holders held more than 5% shares in the company as at the end of the year:

Name of Shareholder	% of Shareholding 31.03.2016	% of Shareholding 31.03.2015
<b>Equity Shares</b>		
Udhyam Merchandise Pvt Ltd	12.51	38.17
Oswal Greentech Limited	6.87	0.00
Umra Securities Limited	9.34	0.00
State Bank of Patiala	6.72	0.00
Blackstone GPV Capital Partners Mauritius	2.28	6.94
Deutsche Securities Mauritius Ltd	2.07	7.62
<b>NON CONVERTIBLE PREFERENCE SHARES</b>		
Monnet Industries Ltd	100.00	100.00

Name of Shareholder	No. of Shares 31.03.2016	No. of Shares 31.03.2015
<b>Equity Shares</b>		
Udhyam Merchandise Pvt Ltd	25123675	25123675
Oswal Greentech Limited	13800758	0
Umra Securities Limited	18750000	0
State Bank of Patiala	13488304	0
Blackstone GPV Capital Partners Mauritius	4567647	4567647
Deutsche Securities Mauritius Ltd	4154977	5018300
<b>NON CONVERTIBLE PREFERENCE SHARES</b>		
Monnet Industries Ltd	17500000	17500000

- d) The company has issued the following shares for a consideration other than cash or bonus shares during the immediately preceding 5 years:  
47,22,539 equity shares of Rs. 10 each were allotted as fully paid up for consideration other than cash pursuant to scheme of amalgamation of M/s. Mount Everest Trading & Investment Limited with the Company as per order dated 19.11.2010 passed by Honourable High Court of Chattisgarh.
- e) The Company has bought back 1894385 equity shares during the last five years.
- f) Non Convertible Preference shares were issued on 30th March, 2013 for the period of 9 years with periodical put and call options.

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 3 : Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	777,655,899	777,655,899
<b>Securities Premium Account</b>		
As per last Balance Sheet	9,173,904,476	9,175,705,280
Less: Transferred on account of further acquisition of subsidiary	0	(127,200,644)
Add: Addition During The Year	3,454,404,372	125,399,839
	<b>12,628,308,848</b>	<b>9,173,904,476</b>
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	860,164,156	860,164,156
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	18,923,850	18,923,850
<b>Capital Reconstruction Reserve</b>		
	196,801,760	196,801,760
<b>Foreign Exchange Translation Reserve (Net)</b>		
As per last Balance Sheet	(20,997,017)	(2,687,583)
Add: Exchange translation adjustment	(175,009,709)	(18,309,434)
	<b>(196,006,726)</b>	<b>(20,997,017)</b>
<b>Amalgamation Reserve</b>		
As per last Balance Sheet	33,050,090	33,050,090
<b>Revaluation Reserve</b>		
As per last Balance Sheet	410,723,054	410,723,054
<b>General Reserve</b>		
As per last Balance Sheet	1,639,222,970	1,901,612,286
Less: Amount Withdrawn From Reserve	0	(262,389,316)
	<b>1,639,222,970</b>	<b>1,639,222,970</b>
<b>Surplus</b>		
As per last balance sheet	5,167,570,951	13,736,884,188
Less: Loss for the year from Statement of Profit & Loss	(18,563,331,006)	(8,569,312,037)
Less : Proposed dividend on preference shares	0	(1,000)
Less : Tax on proposed dividend	0	(199)
	<b>(13,395,760,055)</b>	<b>5,167,570,951</b>
<b>Total</b>	<b>2,973,083,847</b>	<b>18,257,020,190</b>

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 4 : Long-Term Borrowings</b>		
<b>Bonds/Debentures</b>		
<b>Secured</b>		
Non-Convertible Redeemable Debentures redeemable at par. (For Coupon rate, Terms of Redemption / Conversion, refer note 42)	7,950,000,000	8,155,000,000
<b>Term Loans</b>		
<b>Secured</b>		
Foreign currency loans from banks	19,130,667,383	22,025,156,601
Rupee loans (including equity mezzanine loan) from banks	65,518,207,841	62,804,683,089
Rupee loans from Non Banking Finance Co.s	1,312,011,750	920,715,787
Hire Purchase loans from banks	2,843,389	4,134,688
<b>Unsecured</b>		
From Related parties	540,661,330	24,603,000
<b>Total</b>	<b>94,454,391,694</b>	<b>93,934,293,165</b>

- 1 Term Loans, External Commercial Borrowings (ECB) and Non Convertible Debentures (NCD) from financial institutions / Banks, are secured by first charge on all immovable and movable assets (present & future) of the company (subject to prior charges on movables in favour of working capital banks) ranking pari - passu with the charges created in favour of participating financial institutions. Some of the loans / facilities are also guaranteed by the Managing Director of the company.
- 2 The repayment terms and rate of interest of term loans are as under:  
**RUPEE LOANS**
  - a) Rupee Term Loan for Steel, Other Projects & for Other Requirements :- The Company has an outstanding balance of Rs 3306.03 crores of Rupee term loan with interest band of 1.50% to 2.50% plus base rate. These loans are repayable in quarterly installments commencing from FY 2013-14 & ending in 2027.
  - b) Rupee Term Loan for Power Division :- The Company has an outstanding balance of Rs 7.19 crores of Rupee term loan with interest band of 11.75% to 12.95% repayable by FY 2015-2016.
  - c) Rupee Term Loan for Washery Project :- The Company has an outstanding balance of Rs 283.19 crores of Rupee term loan with interest of 12.50% repayable by FY 2022-2023.
  - d) Rupee Mezzanine Terms loans from Banks and Financial institutions in MPCL for Rs.288.59 crores are:
    - a) secured by second charge in favour of Security Trustee M/s IL & FS Trust Company Ltd on behalf of all the mezzanine lenders. The loans are further secured with the English Mortgage & assignment of Project Rights and also secured inter-alia on second charge basis by mortgage of deposit of original title deed of land of the company and;
    - b) subordinate debts and are classified by the lenders in the nature of quasi-equity towards part financing of equity capital for the 1050 MW power project of the company. The loan though classified as non current liability in the financial statements, it is considered as part of equity capital by the management. The loans are obtained at a rate of interest 2% over and above the rate of senior debt.
    - c) The loans have been restructured during the year and according to revised terms the same continue to be repayable in equal quarterly installments as per



the terms of the revised agreements over a period of 12.5 years after a revised moratorium period of 1.5 years from the scheduled commencement of the project.

- e) Other rupee Terms loans from Banks and Financial institutions in MPCL for Rs.3193.89 crores are: a) secured by first charge in favour of Security Trustees M/s IDFC Ltd on behalf of all the lenders. The loans are secured with the English Mortgage & assignment of Project Rights and also secured inter-alia on first charge basis by mortgage of deposit of original title deed of land of the company. The term loans are further secured by pledge of share of the company held by the holding company to the extent of 60%; b) The loans have been restructured during the year and according to revised terms the same continue to be repayable in equal quarterly installments as per the terms of the revised agreements over a period of 12.5 years after a revised moratorium period of 1.5 years from the scheduled commencement of the project. c) The interest rates of banks are guided by terms and conditions of respective banks and as per the Common Rupee Loan Agreement (CLRA) signed with the banks. The rate of interest of all the consortium bankers are linked to their respective base rates and were aligned at 13.03% at the time of signing of Debt Restructuring Agreement (DRA)
- f) Hire Purchase Loans are Secured by Charge on Respective Vehicles Finance. These are repayable in 36 To 60 Monthly installments and carry interest rate of 10.25 To 11.25 %

#### **FOREIGN CURRENCY LOAN**

- g) Foreign Currency Term Loan \$ 209.06 Million : the loans are repayable in installments from FY 14-15 to FY 19-20 and carries interest rate of libor plus 4.25 to 4.6%.
- h) The external commercial borrowings \$90 million - Monnet Power Co. Ltd : carried rate of interest of 6 month LIBOR plus spread of 450 to 500 bsp on 360 days basis. The loans are repayable in 10 semi-annual unequal installments after a moratorium period of three/four years from the scheduled COD.
- i) Foreign Currency Term Loan \$40 million - Monnet Global : the loan is repayable in FY 16-17 to FY 18-19 and carries interest rate of libor plus 3.5%.
- j) Foreign Currency Term Loan - Monnet Ecomaister : a) Term Loan is secured by Guarantee of Shareholders. b) The Loan is at rate of interest of 6 month LIBOR plus 2.62% on 360 days basis. The loan is repayable in five half yearly equal installments after a moratorium period of 36 months from the first disbursement. First instalment is due in December 2015.
- k) Foreign Currency Term Loan - Monnet Ecomaister : a) Term Loan is secured by Guarantee of Shareholders. b) The Loan is at rate of interest of 6 month LIBOR plus 550 basis points. Interest amount is payable quarterly. The loan is repayable in five yearly equal installments after moratorium period.

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 5 : Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Difference of book depreciation and Tax depreciation	7,511,189,302	4,624,702,303
<b>Less: Deferred Tax assets</b>		
Unabsorbed Losses and Disallowances u/s 43B of the Income Tax Act, 1961	7,511,187,224	4,624,699,930
<b>Total</b>	<b>2,078</b>	<b>2,372</b>
<b>Note No. 6 : Other Long-term Liabilities (Secured)</b>		
Advance against Export under EPBG scheme	8,168,202,435	0
	<u>8,168,202,435</u>	<u>0</u>
<b>Note No. 7 : Long-term Provisions</b>		
Provision for employee benefits		
Provision for gratuity	27,953,590	52,358,150
Provision for leave benefits	38,269,392	48,203,375
<b>Total</b>	<b>66,222,982</b>	<b>100,561,525</b>
<b>Note No. 8 : Short-term Borrowings</b>		
<b><u>Working Capital Facilities (Secured)</u></b>		
From Banks	14,110,212,383	12,145,856,014
<b><u>Short Term Loans (Unsecured)</u></b>		
From Banks		
Foreign currency loans (buyers' credit)	2,210,867,541	1,416,769,639
Other Rupee loans	1,650,702,126	814,551,300
Loans from other bodies corporate (Unsecured)	417,862,651	2,443,124,622
<b>Total</b>	<b>18,389,644,702</b>	<b>16,820,301,575</b>

Working capital facilities from banks are secured by first charge on movable current assets and second charge on all immovable assets of the company. Some of the loans are guaranteed by Managing Director of the company.

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 9 : Trade Payables</b>		
Trade Payables - Micro and Small Enterprises	38,725,896	59,927,701
- Others	3,062,589,471	4,216,454,412
<b>Total</b>	<b>3,101,315,367</b>	<b>4,276,382,113</b>
Disclosure w.r.t. Micro and Small Enterprises as required by MSMED Act is made in Note No.37.		
<b>Note No. 10 : Other Current Liabilities</b>		
Current maturities of long term debts	8,307,020,269	14,242,351,471
Payable for Capital Expenditure	3,354,741,084	3,908,901,792
Interest accrued but not due on borrowings	459,711,774	688,860,808
Interest accrued and due on borrowings	1,497,694,210	76,449,539
Unpaid Dividends	4,825,189	6,343,830
Advances from customers and others	219,719,606	1,036,046,652
Provision for Expenses	1,815,147,200	2,998,535,053
Statutory dues	305,404,004	553,099,758
Security Deduction & Deposits	2,635,201,953	2,571,276,007
Other Liabilities	1,251,509,076	1,674,170,808
<b>Total</b>	<b>19,850,974,363</b>	<b>27,756,035,717</b>
<b>Note No. 11 : Short-term Provisions</b>		
Provision for proposed dividend on equity and preference shares	3,500	3,500
Provision for Corporate Dividend Tax	604	604
Provision for leave benefits	8,891,526	13,084,147
<b>Total</b>	<b>8,895,630</b>	<b>13,088,251</b>

Note No. 12 : Tangible Fixed Assets

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		(Amount in ₹)	
	AS AT 01/04/15	ADDITIONS <sup>#</sup>	ADJUSTMENTS	AS AT 31/03/16	UPTO 31/03/15	FOR YE 31/03/2016	ADJUSTMENTS	UPTO 31/03/16		AS AT 31/03/16
LAND & SITE DEVELOPMENT	564,560,751	220,192	69,485,609	495,295,334	2,128,164	709,388	0	2,837,552	492,457,782	562,432,587
LEASE HOLD LAND	701,815,121	65,084,316	103,632,851	663,266,586	58,769,314	7,762,692	27,333,579	39,198,428	624,068,159	643,045,807
BUILDING LEASEHOLD	15,482,774	1,899,938	0	17,382,712	1,415,667	525,559	0	1,941,226	15,441,486	14,067,107
BUILDING OTHERS	7,624,833,211	486,121,916	158,619,825	7,952,335,302	798,083,463	286,220,937	37,348,145	1,046,956,255	6,905,379,047	6,826,749,748
PLANT & MACHINERY	70,963,645,833	1,426,481,861	2,238,327,862	70,151,799,831	8,860,619,980	3,274,485,306	1,010,239,500	11,124,865,785	59,026,934,046	62,103,025,853
OFFICE EQUIPMENT	140,788,884	413,723	6,758,977	134,443,630	68,588,358	20,887,532	3,838,011	85,637,879	48,805,751	72,200,526
FURNITURE & FIXTURES	504,684,468	643,231	10,442,609	494,885,091	248,634,681	26,288,270	2,873,318	272,049,632	222,835,459	256,049,787
VEHICLE (INCLUDING AIRCRAFTS)	831,069,745	7,890,736	37,121,277	801,839,204	262,009,272	52,335,394	28,289,930	286,054,735	515,784,469	569,060,473
CURRENT YEAR	81,346,880,787	1,988,755,913	2,624,389,010	80,711,247,690	10,300,248,899	3,669,215,077	1,109,922,483	12,859,541,492	67,851,706,198	71,046,631,888
PREVIOUS YEAR	52,233,520,215	29,156,698,392	43,337,821	81,346,880,787	7,131,592,464	3,186,613,020	17,956,585	10,300,248,899	71,046,631,888	45,101,927,751

Note No. 13 : Intangible Assets

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01/04/15	ADDITIONS <sup>#</sup>	ADJUSTMENTS	AS AT 31/03/16	UP TO 31/03/15	FOR PE 31/03/2016	ADJUSTMENTS	UP TO 31/03/16	AS AT 31/03/16	AS AT 31/03/15
SOFTWARE	5,670,916	0	3,448	5,667,467	5,644,935	5,873	5,465	5,645,342	22,125	25,981
GOODWILL	2,634,012,581	0	0	2,634,012,581	0	0	0	0	2,634,012,581	2,634,012,581
MINING RIGHTS	1,525,328,156	45,358,256	0	1,570,686,412	0	0	0	0	1,570,686,412	1,525,328,156
CURRENT YEAR	4,165,011,653	45,358,256	3,448	4,210,366,461	5,644,935	5,873	5,465	5,645,342	4,204,721,119	4,159,366,719
PREVIOUS YEAR	4,084,385,840	80,631,688	5,855	4,165,011,653	5,638,516	6,418	0	5,644,935	4,159,366,719	4,078,747,324



## Note No. 14 : Non Current Investments

(Amount in ₹)

NAME OF SCRIIP	31/03/16			31/03/15		
	No. of Share/Units	Face Value Per Share/ Unit	AMOUNT	No. of Share/Units	Face Value Per Share/ Unit	AMOUNT
<b>NON TRADE</b>						
<b>A. Investment in Subsidiaries (Equity Shares,fully paid up)</b>						
<b>Unquoted</b>						
Chattel Constructions Pvt Ltd	9,999	10.00	99,990	9,999	10.00	99,990
			99,990			99,990
<b>B. Investment in Associates (Equity shares,fully paid up)</b>						
<b>Quoted</b>						
Orissa Sponge Iron & Steel Ltd.	9,494,633	10.00	58,170,100	9,494,633	10.00	274,647,128
<b>Unquoted</b>						
Mandakini Exploration and Mining Ltd	0		0	13,500	10	135,000
Orrisa Sponge Iron & Steel Ltd.( Pref Share)	19,510,000	10.00	195,100,000	19,510,000	10	195,100,000
			253,270,100			469,882,128
<b>C. Other Investments - fully paid up</b>						
<b>Unquoted</b>						
<b>Equity Shares</b>						
Monnet Engineering & Infrastructure P Ltd	4,000	10.00	40,000	4,000	10.00	40,000
Rameshwaram Steel & Power Pvt Ltd	4,152,273	10.00	362,150,871	4,152,273	10.00	362,150,871
Falcon Internal Forces and Fire Services Pvt Ltd	1,000	10.00	10,000	1,000	10.00	10,000
Business India Publications Ltd	100,000	10.00	5,500,000	100,000	10.00	5,500,000
Nutek India Ltd	480,000	5.00	30,000,000	480,000	5.00	30,000,000
<b>Preference Shares</b>						
<b>Tirumala Balaji Ferro Alloys Ltd</b>	140,000	100.00	14,000,000	140,000	100.00	14,000,000
			411,700,871			411,700,871
<b>Non Convertible Debentures &amp; Bonds</b>						
IFCI Tax Free Bonds	0		0	0		0
			0			0

(Amount in ₹)

NAME OF SCRP	31/03/15			31/03/14		
	No. of Share/Units	Face Value Per Share/Unit	AMOUNT	No. of Share/Units	Face Value Per Share/Unit	AMOUNT
<b>Quoted</b>						
<b>Equity Shares</b>						
IFSL	1,300,000	1.00	2,434,217	1,300,000	1.00	2,434,217
Aditya Birla Nuvo Ltd	1,000	10.00	994,550	1,000	10.00	994,550
XL Telecom Ltd	166,808	10.00	18,250,450	166,808	10.00	18,250,450
Kamanwala Housing Construction Ltd	63,343	10.00	0	63,343	10.00	0
Indiabulls Real Estate Ltd	25,000	10.00	13,460,501	25,000	10.00	13,460,501
Ratan India Infrastructure Ltd	73,750	10.00	1,636,492	73,750	10.00	1,636,492
Indiabulls Wholesale Services Ltd	3,125	10.00	1,305,650	3,125	10.00	1,305,650
Bellary Steel Ltd.	803,243	1.00	5,103,277	803,243	1.00	5,103,277
Pioneer Investment Ltd.	23,392	10.00	13,308,318	23,392	10.00	13,308,318
Sujana Towers Ltd	12,500	10.00	833,468	12,500	10.00	833,468
			57,326,925			57,326,925

#### D. Capital Contribution in Partnership Firm

Khasjamda Mining Company	3,505,169	
<b>TOTAL</b>	725,903,055	942,610,799

#### Quoted Investments

Book Value	115,497,025	331,974,053
Market Value	2,198,937,483	1,428,865,448
Unquoted Investments		
Book Value	610,406,030	565,504,528

Investment in Partnership Firm	Capital Contribution		% in Profits	
	31.3.2016	31.3.2015	31.3.2015	31.3.2014
Monnet Ispat & Energy Ltd	3,505,169	3,600,885	99%	99%
Sanjay P Date	3,407,756	3,407,756	1%	1%

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 15 : Long-term Loans and Advances</b> (Unsecured Considered good, unless otherwise stated)		
<b>Capital Advances</b>		
- Secured	28,660,149	170,023,591
- Unsecured	1,046,473,680	6,773,248,598
Security Deposits	306,859,343	397,613,464
<b>Total</b>	<b>1,381,993,171</b>	<b>7,340,885,653</b>
<b>Note No. 16 : Other Non-current Assets</b>		
Non-Current bank deposits	1,962,611,677	1,033,219,870
<b>Total</b>	<b>1,962,611,677</b>	<b>1,033,219,870</b>
Non current bank balances include:		
Deposits provided as collateral against credit facilities	1,525,020,673	307,243,850
<b>Note No. 17 : Inventories</b> (As taken, valued and certified by the management)		
Raw Materials	2,022,180,087	5,178,308,392
Work-in-Process	79,114,153	64,701,104
Finished Goods	2,740,058,634	4,457,570,011
Stores and Spares	709,689,710	699,539,551
<b>Total</b>	<b>5,551,042,583</b>	<b>10,400,119,058</b>
Inventories include material in transit.		
<b>Note No. 18 : Trade Receivables</b> (Unsecured)		
<b>Debts outstanding for a period exceeding six months</b>		
Considered Good	471,118,075	2,238,216,628
Considered doubtful	273,486,862	28,643,089
Less: Provision for bad & doubtful debts	273,486,862	28,643,089
	471,118,075	2,238,216,628
Other debts-Considered Good	680,475,537	2,232,744,170
<b>Total</b>	<b>1,151,593,613</b>	<b>4,470,960,799</b>
<b>Note No. 19 : Cash and Bank Balances</b>		
<b>Cash &amp; Cash Equivalents</b>		
Balances with banks		
- in current accounts	167,238,819	169,435,543
Cash on hand	6,313,201	5,042,874
Bank deposits with less than three months maturity	850,647,636	1,858,558,106
	1,024,199,656	2,033,036,523
<b>Other Bank Balances</b>		
Bank deposits with more than three months maturity	1,005,305,090	622,534,016
Balance in unpaid dividend accounts	4,825,189	6,343,830
<b>Total</b>	<b>2,034,329,935</b>	<b>2,661,914,369</b>
Deposits with banks include the following:		
Deposits provided as collateral against credit facilities	1,613,165,893	580,711,363



(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 20 : Short Term Loans and advances</b> (Unsecured Considered good, unless otherwise stated)		
<u>Loans</u>		
To Associates / JV Companies	44,124,796	39,584,990
To Others	769,617,474	693,937,930
<u>Advances Recoverable In Cash or Kind</u>		
From Associates / JV Companies	211,087,385	177,284,549
From Others	6,482,589,424	3,754,121,789
<u>Advances</u>		
To employees	10,724,103	68,664,835
Prepaid Expenses	74,796,434	150,300,275
Balances with Excise Authorities	257,361,965	309,707,323
Advance Income Tax	564,015,363	508,284,403
MAT Credit Entitlement	233,121,689	233,121,689
<b>Total</b>	<b>8,647,438,633</b>	<b>5,935,007,783</b>
<b>Note No. 21 : Other Current Assets</b>		
<u>Interest accrued on :</u>		
Investments	0	0
Term deposits	62,334,901	42,477,738
Others	0	0
<b>Total</b>	<b>62,334,901</b>	<b>42,477,738</b>
<b>Note No. 22 : Revenue from Operations</b>		
Sale of Products		
Finished Goods	41,780,061,533	60,717,634,795
Sale of Services		
- Income from Job Work / other Service	208,366,841	102,851,047
	41,988,428,374	60,820,485,842
Others Operating Income		
Scrap Sales	36,429,237	123,950,615
Coal Beneficiation Charges	128,254,192	(24,131,768)
	42,153,111,804	60,920,304,690
Less : Inter Division Transfers	21,740,444,312	26,000,524,223
<b>Total</b>	<b>20,412,667,492</b>	<b>34,919,780,467</b>
Detail of Sales of Finished Goods		
Sponge Iron	10,736,931,249	13,644,936,944
M.S/S.S Products	15,957,299,879	28,174,684,928
Structure	10,287,124,242	9,942,691,473
Ferro Alloys	1,360,092,842	2,625,621,505
Coal	247,914,742	2,113,821,945
Power	2,683,664,758	3,944,519,573
Others	880,084,090	474,028,323
	42,153,111,804	60,920,304,690

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 23 : Other Income</b>		
<b>Interest Income</b>		
From Long Term Investments	0	7,947,998
From Bank Deposits	282,277,471	294,075,019
Others	35,414,127	78,626,878
<b>Dividend</b>		
-Non Current Investments	810,666	4,535,647
Net gain on sale of Investments	0	504,930
Rent Received	25,726,545	25,444,313
Insurance Claim Received	51,028,900	923,630
Other Miscellaneous Income	64,794,269	70,844,808
Exchange fluctuation	139,041,586	163,792,204
Profit on disposal of fixed assets	28,702,935	0
<b>Total</b>	<b>627,796,499</b>	<b>646,695,426</b>
<b>Note No. 24 : Cost of Materials Consumed</b>		
Inventories at the Beginning The Year	5,178,308,392	5,738,425,081
Add: Purchases (Net)	25,839,450,064	44,174,696,902
Less : Inventory at the end of Year	2,022,180,087	5,178,308,392
	<u>28,995,578,369</u>	<u>44,734,813,591</u>
Less : Inter Division Transfers	14,177,073,811	21,156,997,538
<b>Total</b>	<b>14,818,504,558</b>	<b>23,577,816,053</b>
<b>Detail of Materials Consumed</b>		
Iron Ore	8,694,770,820	11,354,089,570
Coke & Coal	6,798,877,096	10,133,173,780
Magnese Ore & Hi Mn Slag	376,394,579	1,118,718,172
Billets	5,282,765,404	8,900,785,208
Pig Iron & Hot Metal	4,093,728,881	6,757,574,249
M.S. Scrap	158,430,972	415,382,355
Ferro Alloys	270,355,436	290,847,826
Sponge Iron	2,186,858,639	3,923,181,302
Others	1,133,396,540	1,841,061,128
	<u>28,995,578,369</u>	<u>44,734,813,591</u>

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 25 : Changes in Inventories</b>		
<b>A. Opening Stock As on 01.04.2015</b>		
Work-in-Process	64,701,105	32,423,068
Finished Goods	4,457,570,011	4,282,719,886
<b>Total A</b>	<b>4,522,271,116</b>	<b>4,315,142,953</b>
B.Stock Trfd from Trial Run	0	36,338,261
C.Finished Goods used for Fixed Assets / self use	25,225,667	51,003,383
<b>D. Closing Stock As on 31.03.2016</b>		
Work-in-Process	79,114,153	64,701,104
Finished Goods	2,740,058,634	4,457,570,011
<b>Total D</b>	<b>2,819,172,786</b>	<b>4,522,271,114</b>
( A+B-C-D)	1,677,872,663	(221,793,283)
<b>Detail of Finished Goods Inventory</b>		
Sponge Iron / Pig Iron	1,231,009,690	986,148,653
M.S/S.S Products	386,509,661	734,552,655
Structure	180,432,766	1,121,747,555
Si Manganese	9,026,484	105,875,865
Coal	18,584,094	280,566,575
Sinter	313,893,972	355,049,069.00
<u>Other</u>		
Char	89,441,375	32,516,329
End Cutting/ Miss Rolls / Slag	510,937,808	840,437,855
Bricks	222,784	675,455
	2,740,058,634	4,457,570,011
<b>Note No. 26 : Employee Benefits Expenses</b>		
Salaries and wages	1,359,175,536	1,891,211,282
Contribution to provident and other funds	83,184,302	114,536,630
Staff welfare expenses	36,062,731	57,447,950
<b>Total</b>	<b>1,478,422,569</b>	<b>2,063,195,863</b>
<b>Note No. 27 : Finance Costs</b>		
Interest on borrowings	9,661,635,104	6,191,588,779
Other Financial Charges	730,034,053	512,981,976
<b>Total</b>	<b>10,391,669,156</b>	<b>6,704,570,754</b>

(Amount in ₹)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>Note No. 28 : Other Expenses</b>		
<b>MATERIAL, MANUFACTURING AND OTHERS</b>		
Stores and Spares Consumed	709,334,663	1,376,397,783
Power and Fuel	3,330,602,888	4,464,042,719
Coal Handling & Washing Charges	93,087,535	512,567,981
Excise Duty on Stocks	(85,334,782)	(56,071,476)
Other Manufacturing Expenses	673,859,740	399,987,604
Less : Inter Division Transfers	(2,598,070,965)	(3,688,380,175)
	<b>2,123,479,079</b>	<b>3,008,544,436</b>
<b>ADMINISTRATION &amp; OTHER EXPENSES</b>		
Printing and Stationery	5,977,417	6,863,479
Rent	7,566,284	6,973,394
Rates & Taxes	7,624,070	15,618,273
Vehicle Expenses	52,196,308	74,553,771
Communication Expenses	18,005,955	17,766,523
Travelling & Conveyance	90,604,166	73,094,864
Insurance Charges	96,173,161	89,423,089
Legal & Professional Charges	564,018,496	201,207,177
Directors Sitting Fees	1,022,800	612,358
Auditors' Remuneration		
- As Audit Fees	3,715,675	4,023,034
- For Limited Review	300,000	300,000
- For Tax Matters	547,500	1,047,500
- For Certification & Other Matters	1,868,954	2,113,231
- Reimbursement of Expenses	192,328	239,555
Miscellaneous Expenses	76,433,648	70,666,683
CSR Expenses	27,551,428	40,856,383
Lease Rent & Hire Charges	4,795,217	4,754,591
Share Transfer Expenses	285,470	313,286
Internal Audit Fees & Expenses	6,150,814	5,252,474
Loss from Partnership Firm	95,716	308,405
Bank Charges	146,539,996	120,552,637
Security Service Charges	90,797,197	115,321,002
Provision For Doubtful Debts	244,843,772	4,839,446
Bad Debts W.off	14,919,051	55,228,890
Loss on Sale of Fixed Assets	0	2,079,219
Distribution & Marketing Expenses	724,092,705	1,774,928,718
Claims for under / over loading & shortages	75,878,687	128,395,800
Loss on Sale of Investment	0	636,114
Share in loss of Associate	216,481,149	116,382,750
Miscellaneous Expenditure w.off	14,242	0
	<b>2,478,692,206</b>	<b>2,934,352,646</b>
<b>REPAIR &amp; MAINTENANCE</b>		
Machinery	69,958,637	163,440,583
Building	5,115,065	14,178,069
Others	8,247,779	12,467,017
	<b>83,321,481</b>	<b>190,085,670</b>
<b>Total</b>	<b>4,685,492,767</b>	<b>6,132,982,751</b>

## OTHER NOTES ON ACCOUNTS

29. a) Particulars of subsidiaries and step subsidiaries considered in the consolidated financial statements are :

Name of the Subsidiary	Main Activities	Country of Incorporation	Proportion of ownership interest
<b>Subsidiaries</b>			
Monnet Overseas Ltd	Investments	U.A.E.	100%
Monnet Global Ltd	Investments	U.A.E.	100%
Monnet Enterprises Pte. Ltd.	All kinds of business activities	SINGAPORE	100%
Monnet Power Company Ltd	Power Generation	INDIA	88.31%
Monnet Cement Ltd.	Cement	INDIA	99.97%
Chomal Exports Pvt Ltd	Mining	INDIA	51%
Monnet Sports Foundation	Promotion of sports	INDIA	100%
<b>Step Subsidiaries</b>			
PT Monnet Global	Imports/Exports and Mining	INDONESIA	99%
PT Sarwa Sembada Karya Bumi	Mining	INDONESIA	95%
Monnet Global Mali – SA	Mining / Exploration	Mali	100%
Monnet Enterprises DMCC	Trading, Investments	U.A.E.	100%
LLC Black Sea Natural Resources	Mining / Exploration	Russia	100%

Apart from the above, the Company also holds 9999 equity shares of M/s. Chattel Constructions Pvt Ltd, which corresponds to 99.99% holding. However, the accounts of the subsidiary have not been consolidated as the control is intended to be temporary and the subsidiary is held exclusively with a view to subsequent disposal in near future.

### b) Interest in joint ventures

The Company has a 33.33% interest in the assets, liabilities, income and expenses of Mandakini Coal Company Limited & Urtan North Mining Company Limited. It also has a 49% interest in the assets, liabilities, income and expenses of MP Monnet Mining Company Limited and 50% interest in the assets, liabilities, income and expenses of M/s. Monnet Ecomaister Enviro Pvt Ltd. All these Companies are incorporated in India, and involved in setting up and operation of coal mines except for M/s. Monnet Ecomaister Enviro Pvt Ltd which has set up a plant for manufacturing of PS Balls from slag generated from steel plant.

### c) Accounting of Investments in associates:

- The company has 35.17% interest in an associate namely Orissa Sponge Iron and Steel Limited and has accounted the investment in accordance with the Equity method as defined in Accounting Standard (AS) - 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”.

### d) Other Notes related to subsidiaries, joint venture and associates

- The goodwill recorded in these Consolidated Financial Statements has not been amortized, but instead evaluated for impairment. The group evaluates the carrying amounts of its goodwill

whenever events or changes in circumstances indicate that its carrying amount may be impaired, for diminution other than temporary. Amount paid over and above the face value of investments in one of the foreign subsidiaries is towards mining rights owned by subsidiary of such subsidiary and has been accounted for as intangible assets.

- ii. Capital Work in Progress in respect of Monnet Cement Limited represented "Expenditure during construction period" to the tune of Rs.183.37 Lacs for a Cement Plant envisaged by the company in earlier years. The amount spent was towards survey, testing, analysis charges and other allied costs in nature of preoperative expenses. In view of the fact that the said project has been kept in abeyance and no activities are in progress the amount, has been written off during the year and is shown as Exceptional Item in the statement of profit & loss.
- iii. One of its subsidiary, Monnet Ecomaister Enviro Private Limited, has installed plant for production of a product Namely P.S. Ball from waste material provided by one of the Joint Venture Promoter Company. Waste material is product generated from Integrated Steel Plant of Joint Venture Promoter Company and has no realisable value. During the year the aforesaid plant of the Joint Venture Promoter Company was partially operated which has resulted in lower capacity utilisation for the company. In view of projection of the Joint Venture Promoter Company for its plant, the company has not provided any impairment loss during the year
- iv. A.) In respect of 1050 MW Power Plant being set up by one of its subsidiary, Monnet power Company limited in Odisha, the company has been confronting the difficulties arisen due to various economic and technical constraints and construction activities has remained substantially stalled during the year.

During the year the borrowings of the company have been classified as non-performing (NPA) by most of the banks/financial institutions. Consequently amount claimed/charged by lenders towards interest/penal interest has remained unpaid except for some cases. In view of uncertainty in actual liability of unpaid interest, which shall be arrived upon on settlement/agreement/payment with/to the lenders, no amount has been provided for the unpaid interest for the year towards any of the lenders as referred in Note 4 and Note 5. Had the interest been provided (based on the original terms of loans with the lenders) the loss for the year would have been higher by Rs. 432.15 crores (the company has discontinued to capitalize the borrowing cost) and with a corresponding increase in liability towards interest. Accordingly balances as appearing in the financial statements including accounts appearing in deposits in form of margin money etc., are subject to confirmation from the lenders. In view of restructuring agreement entered into in previous year the borrowings have been stated in financial statements on the same basis as in last year.

In view of the suspension of activities at plant as aforesaid and inability of the promoter holding company to infuse funds required for further progress, the management of the promoter holding company has decided to disinvest their holding in the company and necessary enabling approval from shareholders has been accorded by the holding company during the year.

Nonetheless, considering the management perception, the accounts have been prepared on going concern basis stating the entire assets and liabilities at book value. Pursuant to provisions of AS 16, interest paid for the year has been charged to Statement of Profit & Loss in view of delay in completion of project.

B.) Further balances of vendors, contractors and suppliers are stated at the book value, adjustment if any shall be carried out at the time of reconciliation with the party. Certain contractors have made representations towards escalatory claims for elongation of the construction work at project. Value of such claims is not ascertainable at the end of the year.

C.) Pursuant to bidding system of Ministry of Coal, the company has been allotted coal blocks namely Utkal C for which necessary formalities as per guidelines of Ministry of Coal are still pending. In respect of this coal block the company has filed a writ petition in Hon'ble High Court of Delhi on certain terms of bidding. Pending disposal of the petition the company has not advanced in the matter

(₹ in Lacs)

Particulars	AS AT 31.03.2016	AS AT 31.03.2015
<b>30. CONTINGENT LIABILITIES</b>		
(excluding matters separately dealt with in other notes):		
<b>Claims against the Company not acknowledged as debt</b>		
- Excise Demands	3,528.73	3248.44
- VAT Demands	82.84	153.05
- Entry Tax Demands	3,711.67	3,711.67
- Income Tax Demands	12,020.77	11,826.20
- Provident fund Demands	0.00	6.43
- Claims of PSPCL	0.00	20890.00
- Demands for water charges by Water Resources Division.	0.00	1,502.19
- Electricity Duty on generation of power	14,484.01	14,484.01
- Cess on generation of power	3,508.80	3602.06
- Risk purchase claim of customers	3,810.56	3810.56
- Other claims against the Company not acknowledged as debt.	20,357.74	14056.08
- Royalty on soil excavated	200.01	200.01
- Arrears of 6.5% Redeemable Cumulative Preference Shares ( Dividend including taxes)	2,734.03	1364.93
- DMF & NMET liability for raw material purchased (The above are basic amounts excluding interest, if any.)	587.28	0.00
<b>31. COMMITMENTS</b>		
a. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	1,42,483.55	150,751.09
b. Letters of Credit opened in favour of inland/overseas suppliers (Net)	13,669.75	23,141.59
c. Capital commitment towards new coal mine at Gare Palma IV/ 7 [The company has issued a guarantee for equivalent amount in favour of nominated authority (Ministry of Coal)]	32,923.20	32923.20



(₹ in Lacs)

	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
32.	<b>Guarantees</b>		
a.	Counter guarantees issued in respect of guarantees issued by company's bankers	1,24,290.35*	51564.31*
b.	Guarantees issued on behalf of limited companies	39533.33	37814.21

\* i) includes guarantee for Rs.32923.20 lacs issued to nominated authority (Ministry of Coal) for acquisition of new coal mine at Gare Palma IV/ 7.

ii) BG for 31.3.2016 includes 82925.91 lacs for which liability is already stated in the financial statements.

33. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by The Institute of Chartered Accountants of India, excise duty amounting to Rs. 2062.00 Lacs (Previous Year Rs. 2867.00 lacs) has been included in the value of inventories as on 31.3.2016 and the corresponding amount of excise duty payable has been included in other liabilities. However, this has no impact on the Loss for the year.
34. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet except where stated otherwise.
35. No provision has been made for diminution in value of long term quoted investments as, in the opinion of the management, the diminution is temporary in nature.
36. Some of the balances of trade/other receivables/payables and loans and advances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.

(₹ in Lacs)

37.	Particulars	AS AT 31.03.2016	AS AT 31.03.2015
	Dues to Small & Micro Enterprises #:		
	1. Principal amount outstanding	387.26	278.37
	2. Interest due on (1) above and the unpaid interest	0.00	0.00
	3. Interest paid on all delayed payments under MSMED Act	0.00	0.00
	4. Payment made beyond the appointed date during the year	0.00	0.00
	5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
	6. Interest accrued and remaining unpaid	0.00	0.00
	7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

# The details of amounts outstanding to Micro & Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

38. Rupee equivalent of export obligation to be completed by 20<sup>th</sup> March, 2022 under EPCG Scheme as on 31<sup>st</sup> March, 2014 is Rs. 49918.70 Lacs (Previous year 36505.41 Lacs).

39. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

**a) Current Year Charge:**

No Income Tax on normative basis or MAT u/s 115JB is payable during the year as per provisions of the Income Tax Act.

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year.

As on 31<sup>st</sup> March, 2016, the deferred tax assets exceeded deferred tax liabilities. In view of there being no virtual certainty of availability of sufficient future taxable income against which the deferred tax assets (net) at the close of the year can be realized, deferred tax assets, have been recognized only to the extent of deferred tax liabilities :-

Particulars	Opening Balance as at 01.04.2015 (Rs. in Lacs)	Charge/ credit during the year (Rs. in Lacs)	Closing as at 31.3.2016 (Rs. in Lacs)
Depreciation	46075.92	29035.94	75111.84
Adjustments u/s 43B	-10.47	-193.27	-203.74
Unabsorbed Depreciation	-46065.42	-28842.7	-74908.12
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>

**40. Related Party Disclosures**

In accordance with the Accounting Standard (AS-18) on related party disclosure, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship on identified, are given below:-

**A. Relationships**

Key Managerial Personnel	:	Shri Sandeep Kumar Jajodia (Chairman & Managing Director) Shri C. P. Baid (Dy. Managing Director)
Relative of Key Managerial Personnel	:	Shri Nikunj Jajodia
Enterprise where KMP / Relative has significant influence	:	A.P. Coal Washeries Pvt Ltd Tirumala Balaji Alloys Pvt. Ltd. Paras Traders Ltd. M.K. Jajodia & Sons HUF
Joint Ventures	:	MP Monnet Mining Company Ltd Mandakini Coal Company Ltd Urtan North Mining Company Ltd Monnet Ecomaister Enviro Pvt Ltd.
Associates	:	Orrissa Sponge Iron & Steel Ltd
Partnership Firm	:	Khasjamda Mining Company

**B. The following transactions were carried out with related parties in the ordinary course of business :-**

(₹ in Lacs)

Particulars	Key Managerial Personnel & Relatives	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
<b>Remuneration Paid</b>				
Mr. Sandeep Kumar Jajodia	0.00			
	(544.37)			
Mr. C.P.Baid	0.00			
	(126.95)			
<b>Remuneration to Relatives of KMP</b>				
Nikunj Jajodia	2.91			
	(4.28)			
<b>Reimbursement of Expenses Payable</b>				
Paras Traders Ltd.			0.10	
			( - )	
M.K.Jajodia & Sons HUF			0.12	
			(0.30)	
<b>Reimbursement of Expenses Receivable</b>				
Monnet Ecomaster Enviro Pvt. Limited		14.66		
		(30.47)		
<b>Sales of goods / service / fixed assets/ Raw Material</b>				
Monnet Ecomaster Enviro Pvt. Limited		16.24		
		(43.61)		
<b>Rent Received</b>				
Monnet Ecomaster Enviro Pvt. Limited		-1.59		
		(3.96)		
<b>Loan Given</b>				
Orissa Sponge Iron & Steel Limited				12.88
				(219.65)

(₹ in Lacs)

Particulars	Key Managerial Personnel & Relatives	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
Mandakini Coal Company Limited		24.62 (83.34)		
<b>Loan Received</b>				
Tirumala Balaji Alloys Pvt. Limited			500.00	
			( - )	
<b>Interest received on Loan</b>				
Mandakini Coal Company Limited		0.00 (13.59)		
Orissa Sponge Iron & Steel Limited				0.00
				(16.18)
<b>Interest Paid on Loan</b>				
Tirumala Balaji Alloys Pvt. Limited			30.94	
			( - )	
<b>Sale of Investments</b>				
Monnet Mining Co. Ltd.			254.48	
			( - )	
<b>Rent Paid</b>				
Paras Traders Ltd.			3.96	
			(6.46)	
M.K.Jajodia & Sons HUF			12.47	
			(13.38)	
<b>Purchase of Raw Material / stores / fixed assets</b>				
Tirumala Balaji Alloys Pvt. Limited			38.47	
			(170.83)	
Monnet Ecomaster Enviro Pvt. Limited		2.92 ( - )		

(₹ in Lacs)

Particulars	Key Managerial Personnel & Relatives	Joint Ventures	Enterprises where KMP or their relatives hold significant influence	Associates
<b>Dividend Received</b>				
Tirumala Balaji Alloys Pvt. Limited			2.80	
			(2.8)	
<b>Guarantees issued on behalf of other Body Corporates</b>				
Mandakini Coal Co. Ltd.		5795.62 (5795.62)		
Monnet Ecomaister Enviro Pvt .Ltd.		1970.09 (1858.95)		

**C. Outstanding balance:-**

(₹ in Lacs)

Description	Outstanding Balances	
	Debit / (Credit)	Debit / (Credit)
	31.3.2016	31.3.2015
<b>Associates</b>		
Orissa Sponge Iron & Steel Ltd	241.26	228.10
<b>Joint Ventures</b>		
MP Monnet Mining Company Ltd	8.16	8.16
Mandakini Coal Company Ltd	200.28	175.66
Urtan North Mining Company Ltd.	5.85	5.85
Monnet Ecomaister Enviro Pvt. Ltd.	344.03	244.49
<b>Enterprises where KMP hold significant influence</b>		
Tirumala Balaji Alloys Pvt. Ltd.	-530.94	0.00
M.K. Jajodia & Sons (HUF)	-3.26	-1.02
Paras Traders Pvt Ltd	0.10	-0.50
<b>Partnership Firm</b>		
Khasjamda Mining Company	35.05	36.01

#### 41. Segmental Reporting :

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

As part of Secondary reporting, the company has no geographical segment by location.

#### Information about Business Segment -Primary

(Rs. in Lacs)

REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
<b>Revenue</b>				
Sales And Other Income	1,80,447	2,264	1,624	1,84,335
Inter-Segment Sales	327	24,572		-
<b>Total Revenue</b>	<b>1,80,774</b>	<b>26,837</b>	<b>1,624</b>	<b>1,84,335</b>
Segment Result/Operating Profit	-92,688	7,798	-4,209	-89,100
Financial Charges				1,03,917
Other Income				6,278
Profit Before Tax				-1,86,738
Less : Provision For Tax & Deferred Tax				-71
<b>Profit After Tax</b>				<b>-1,86,668</b>
REPORTABLE SEGMENTS	Iron & Steel	Power	Others	TOTAL
Other Information				
Segment Assets	8,69,540	5,71,744	54,767	14,96,050
Unallocated Assets				23,368
Total Assets				15,19,418
Segment Liabilities	1,61,197	63,618	5,459	2,30,274
Unallocated Liabilities				12,21,835
Total Liabilities				14,52,109
Capital Expenditure	6,33,344	6,26,319	44,582	13,04,246
Depreciation	33,845	2,105	557	36,507
Amortization of Misc. Expenditure				
Non-Cash Expenditure Other Than Depreciation & Amortization	0	0	0	0

#### Notes:

- Unallocated Assets include investments, Interest Bearing Loans and Deposits, Income Tax Advances and Miscellaneous expenditure.
- Unallocated Liabilities include interest bearing liabilities, dividend and Income tax provisions.

42. Terms and conditions of issue and redemption of Non convertible Debentures are as under:

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
<b>Non Convertible Debentures</b>			
1000	11.00%	10000.00	Issued on 18 <sup>th</sup> January, 2013. Redeemable at par at the end of 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> Year.
250	11.0%	2500.00	Issued on 28 March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2020.
800	10.50%	8000.00	Issued on 30 January, 2010. Redeemable at par on 30 <sup>th</sup> January 2020.
1000	10.50%	10000.00	Issued on 24 <sup>th</sup> December, 2009. Redeemable at par on 24 <sup>th</sup> December, 2019.
150	11.25%	1500.00	Issued on 28 <sup>th</sup> June, 2013. Redeemable at par on 28 <sup>th</sup> June, 2018.
500	11.25%	5000.00	Issued on 30 <sup>th</sup> May, 2013. Redeemable at par on 30 <sup>th</sup> May, 2018.
150	11.25%	1500.00	Issued on 28 <sup>th</sup> March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2018.
150	11.50%	1500.00	Issued on 28 <sup>th</sup> March, 2013. Redeemable at par on 28 <sup>th</sup> March, 2018.
1500	11.25%	15000.00	Issued on 20 <sup>th</sup> February, 2013. Redeemable at par on 20 <sup>th</sup> February, 2018.
1200	12.50%	12000.00	Issued on 4 <sup>th</sup> November, 2008. Redeemable at par in the ratio of 35:35:30 at the end of 8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> Year.
2500	14.50%	25000.00	Issued on 31 <sup>st</sup> March, 2014. Redeemable at par in 8 installments payable every 6 months starting from 30 <sup>th</sup> September, 2015.

b) Terms and conditions of issue and redemption of Preference shares are as under:

No of Debenture	Rate	Amount (Rs.in Lacs)	Date of commencement of redemption
17500000	6.50%	17500.00	Issued on 30 <sup>th</sup> March, 2013. Redeemable at par after 9 years.

Due to loss in the current year, no dividend has been declared on preference shares.

43. The Hon'ble Supreme Court of India by its Order dated 24th September, 2014 has cancelled a number of coal blocks allocated to various entities which includes five under development mines allotted to the Company or its joint venture companies.

The Ministry of Law and Justice (Legislative Department), Government of India, has promulgated an Ordinance on October 21, 2014 for implementing the order of Hon'ble Supreme Court and fixation of compensation etc.

The Company had invested directly or through Joint Ventures in the following coal blocks which have been cancelled pursuant to the court order as mentioned here in above:



Particulars	Expenditure on fixed assets	Investment in share	Other Current & non current assets	Total
<b>MIEL</b>				
Utkal-B2	40.79	-	-	40.79
Rajgamar	13.96	-	-	13.96
<b>JVs</b>				
Mandakini	-	39.30	3.00	42.30
Urthon North	-	5.75	0.09	5.84
Morga-3	-	0.98	5.56	6.54
	36.46	46.03	8.65	109.44

No adjustment has been made against impairment of assets since the final compensation amount is not yet ascertained / under litigation.

44. The Company has accumulated losses resulting in substantial erosion of its net worth and has incurred net cash losses in the current and in immediately preceding financial year. The current liabilities of the Company exceeded its current assets as at the balance sheet date. These conditions may cast doubt about the Company's ability to continue as a going concern. However, as detailed in note number 52 on invocation of SDR by the lenders of the Company, the lenders now hold 51% equity shares in the Company. As per SDR scheme, the lenders will take steps to identify a new investor within a period of 18 months from the date of invocation of SDR to take over management control of the company. As on the date of signing of financial statements the lenders have initiated the process of selecting such investor. In view of the same, these financial statements have been prepared on going concern basis.
45. Opening raw material inventory included 3.09 lac tons of iron ore valued at 233.13 crores lying Sponge Iron Division of the Company's Raigarh plant. Out of the above, 1.74 lac tons was consumed during the year and balance 1.35 lac tons was lying unconsumed. Third party valuation of the stock was carried out and revealed that the residual stock was impaired and its commercial value was estimated at Rs.1500 per ton as against the book value of Rs.7544 per ton. It was further established that this inventory is not suitable for being used for sponge iron manufacturing, but can be used in sinter / pallet plant after blending with other raw material.

Based on the above, the Company has recognized impairment loss of Rs. 81.71 crores in its financial statements and classified the same as an exceptional item, considering its nature and amount.

46. In the Joint Lenders Meeting (JLM) held on 22<sup>nd</sup> August, 2015, the lenders of the Holding Company reviewed performance of the Company and decided to invoke Strategic Debt Restructuring (SDR) in terms of master circular no. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 of Reserve Bank of India. The same has been approved by the Board of Directors of the holding company in their meeting held on 6<sup>th</sup> November 2015 and approval of the shareholders on the SDR was accorded on 21<sup>st</sup> December, 2015.

Subsequently Joint Lenders Meeting held on 28th December, 2015 the lenders, on the basis of necessary approvals as aforesaid, has decided to implement SDR for the company. According to the scheme proportionate share of each member bank in the debt is converted into equity share in the company in a manner and to the extent that the joint holding of the lenders stands at 51% of total share capital of the company. Accordingly allocation of 102,391,803 equity shares to be allotted to eligible banks was decided in the meeting. Further, JLM gave approval for additional 32,550,758 shares to be issued to promoters and their associates against the unsecured loans outstanding. These shares were allotted on 31<sup>st</sup> December, 2015 as per detail given under:

Allottee group	No. of Shares	Price Per Share	Total Amount (Crores)	Total Debt Converted into Equity (Crores)
Joint Lenders Forum (JLF)	102,391,803	34.20* (Price at which debts were converted)	350.18	350.18
Promoters and their associates	32,550,758	40.00	130.20	130.20
<b>TOTAL</b>	<b>134,942,561</b>		<b>480.38</b>	<b>480.38</b>

On the allotment of shares, as above, JLF holding stands at 51% equity share capital in the Holding Company. Pending settlement, dues of other lenders, who have not participated in the SDR till date of balance sheet, have been classified as Long term / Short term based on original tenure of their loans.

47. Earning Per Share (EPS)—The numerators and denominators used to calculate Basic and Diluted Earning per share :

#### Basic Earning Per Share

	Year Ended on 31.3.2016	Year Ended on 31.3.2015
Profit attributable to the Equity Shareholders –(A) (Rs in Lacs) (after adjusting minority interest)	-185,633.31	-85,693.10
Less : Preference Dividend including Tax	0.00	0.01
Less : Undeclared Preference Dividend including tax	1369.10	1364.93
Basic Weighed average number of Equity Shares outstanding during the year (B)	99,745,669	65,825,681
Nominal value of Equity Shares (Rs)	10.00	10.00
Basic Earning per share (Rs)-(A)/(B)	-187.48	-132.26

#### Diluted Earning Per Share

Profit attributable to the Equity Shareholders as above (Rs in Lacs)	-187002.41	-87058.04
Interest Paid on Potential Equity Shares net of tax impact (Rs. In Lacs)	0.00	0.00
Profit considered for Diluted E.P.S. ©	-187002.41	-87058.04
Basic Weighed average number of Equity Shares outstanding during the year as above	99,745,669	65,825,681
Weighted Average Potential Equity Shares for the Year	0	0
Total weighted average shares considered for Diluted E.P.S. (D)	99,745,669	65,825,681
Nominal value of Equity Shares (Rs)	10.00	10.00
Diluted Earning per share (Rs)-(C)/(D)	-187.48	-132.26

#### 48. Disclosure as per Schedule III to the Companies Act, 2013

Name of the entity	Net assets i.e. total assets minus total liabilities as at 31.03.2016		Share in profit or loss for the year 2015-16	
	As % of consolidated net assets	Amount (Rs.in Lacs )	As % of consolidated profit or loss	Amount (Rs.in Lacs )
1	2	3	4	5
<b>A. Parent</b>	50.82%	81483.99	91.68%	-170191.43
<b>B. Subsidiaries</b>				
<b>Indian</b>				
Monnet Power Company Ltd	54.94%	88098.32	4.15%	-7709.20
Monnet Cement Ltd	0.01%	23.68	0.10%	-185.81
Monnet Enterprises PTE Ltd	1.06%	1699.56	0.00%	0.00
Chomal Exports Pvt Ltd	0.02%	30.14	0.00%	0.00
Monnet Sports Foundation	0.00%	0.00	0.00%	-0.11
<b>Foreign</b>				
Monnet Global Ltd	-10.38%	-16638.13	3.81%	-7071.14
Monnet Overseas Ltd	0.04%	71.57	0.06%	-120.25
<b>C. Joint Ventures</b>				
<b>Indian</b>				
MP Monnet Mining Co. Ltd	0.05%	79.72	0.00%	-0.31
Mandakini Coal Co. Ltd	2.40%	3842.75	0.00%	0.16
Urtan North Mining Co. Ltd	0.36%	575.16	0.00%	0.00

#### 49. Previous year figures have been regrouped or re-casted wherever necessary.

**For O.P. BAGLA & CO.**  
Chartered Accountants

**(Atul Bagla)**  
Partner  
M. No. 091885  
FRN : 000018N

PLACE : NEW DELHI  
DATED : 30/05/2016

**For and on the behalf of Board**

**Sandeep Kumar Jajodia**  
Chairman & Managing Director  
DIN: 00082869

**Raj Kumar Ralhan**  
Chief Financial Officer

**J. P. Lath**  
Director  
DIN: 00380076

**Hardeep Singh**  
Company Secretary  
M. No. FCS-4967

## NOTES

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**Monnet Ispat & Energy Limited**

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