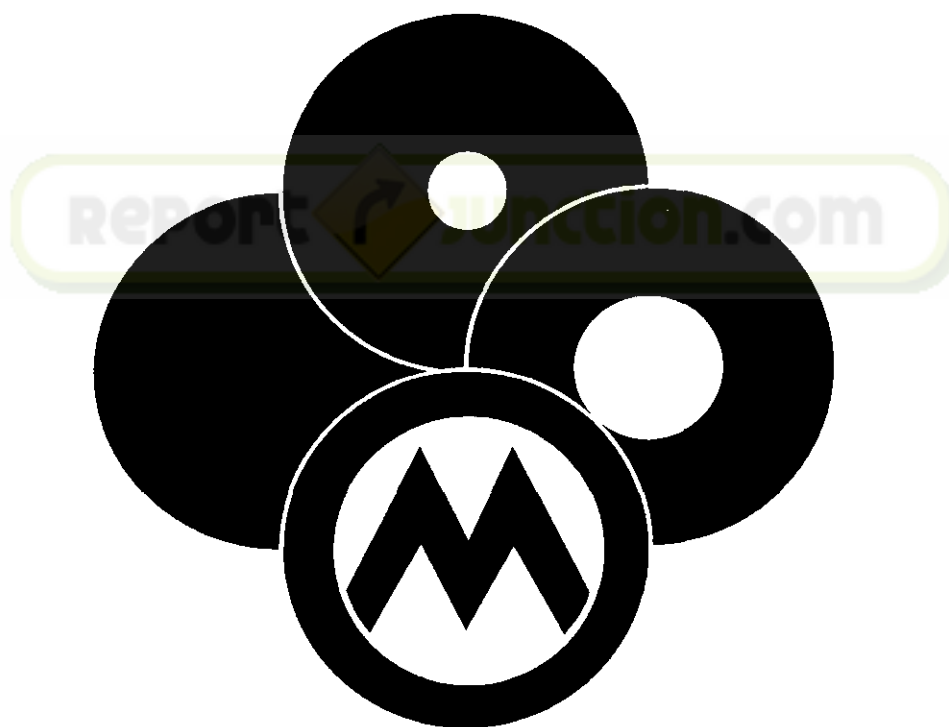


**20th
Annual Report
1999-2000**



Mipco Seamless Rings (Gujarat) Limited

Certified true copy
For Mipco Seamless Rings (Guj.) Ltd.

[Signature]
K. S. KRISHNAN
(Sr. Accounts Manager)

MIPCO SEAMLESS RINGS (GUJARAT) LTD.

**MIPCO
SEAMLESS
RINGS
(GUJARAT)
LIMITED**

DIRECTORS	Mr. M.I.Patel,	<i>Chairman</i>
	Mr. P.M.Patel,	<i>Vice Chairman</i>
	Mr. S.M.Patel,	<i>Managing Director</i>
	Mr. T.M.Patel	
	Mr. B.C.Randeria	
	Mr. Y.H.Malegam	
	Mr. Y.P.Dandiwalla	
	Mr.S.N.Bhandari (Nominee of iCICI)	

AUDITORS	Messrs.Parikh & Shah Chartered Accountants
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BANKERS	Bank of Baroda
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REGISTERED OFFICE AND WORKS	Plot No. 109 G.I.D.C. Industrial Estate, Bharuch - 392 015, (Gujarat)
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Twentieth Annual General Meeting on
Wednesday, the 26th July 2000 in the
Conference Room of The Antifriction
Bearings Corporation Limited, GIDC
Estate, Bharuch 392 015 (Gujarat) at
4.00 p.m.

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED** will be held in the Conference Room of The Antifriction Bearings Corporation Limited at GIDC Industrial Estate, Bharuch 392 015 on **Wednesday, the 26th July, 2000, at 4.00 p.m.**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Y.H. Malegam who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Y.P. Dandiwalla who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in terms of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages, charges, pledge and hypothecation on the assets of the Company, both movable and immovable, whether in existence or to be acquired in future to secure any Debentures/Bonds or any other instruments or Loans (including Foreign Currency Loans) received or to be received from the Financial Institutions/Banks, Finance Companies or others, including additional interest, liquidated damages, commitment charges, premia on prepayment or any other charges payable by the Company to such Bank/Financial Institutions, Finance Companies, Debenture holders/Bondholders or any other instrument holders from whom the Company has/would have received loans, not exceeding Rs.30 crores, being the borrowing powers delegated by the members to the Board of Directors."
6. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:
 After Article 31, insert the following Articles as Article 31A

(31A) DEMATERIALISATION OF SECURITIES

- (i) For the purpose of this Article:

Definitions

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

- (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for Investors

- (iii) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

- (iv) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners

- (v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

MIPCO SEAMLESS RINGS (GUJARAT) LTD.**Service of documents**

- (vi) Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository or the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

- (vii) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in a depository

- (viii) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a depository

- (ix) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and index of beneficial owners

- (x) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

7. To receive and consider the Report under Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985.
To receive and consider the Report of the Board of Directors regarding the erosion of network by more than 50% of the peak network of the Company in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from the 20th July, 2000 to 26th July, 2000 (both days inclusive).
3. Members are requested to intimate the change in their address, if any.
4. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
5. Members are requested to write to the Company for any queries, regarding Accounts, so as to reach the Company at least ten days before the meeting to enable the management to keep the information ready at the Meeting.

Dated: 24th May, 2000.

By order of the Board
For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Regd. Office:

Plot No.109,
GIDC Industrial Estate,
BHARUCH - 392 015.

S.M. PATEL
MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5 :**

The members at their 14th Annual General Meeting held on 1st September, 1994 had authorised the Board of Directors (Board) to borrow moneys from time to time not exceeding Rs.30 crores to meet your Company's business. For securing the said borrowings, your Company may be required to create mortgage/s in favour of the Lenders which again requires the prior approval of the Members at the General Meeting under Section 293(1)(a) of the Companies Act, 1956. Convening of a General Meeting is a time consuming process and an expensive proposition. Many a time, the transaction gets delayed due to this procedural aspects.

Therefore, Members' approval is sought to authorise the Board of Directors to create security on the assets of the Company upto the extent of the borrowing powers delegated to the Board by the members. This would help the Company to speed up the whole process.

The Board recommends the above said resolution for your approval.

None of the Directors is in any way concerned or interested in the said resolution.

**ITEM NO. 6 :**

With the introduction of the Depositories Act, 1996, and the introduction of the Depository System, some of the provisions of the Companies Act, 1956 (the Act) relating to the issue, holding, transfer, transmission of shares and other Securities have been amended to facilitate the implementation of the new system. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a company. Therefore, your Company also proposes to join a Depository so that its Securities can be dematerialised and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in Resolution to enable it to dematerialise its Securities and to spell out the rights of the beneficial owner of the Securities in such a system.

The Board recommends the Resolution at Item No.6 for your approval.

A copy of the Articles of Association of your Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between the hours of 11 a.m. and 1 p.m. on any working day of the Company."

ITEM NO.7:

Members are aware that your Company has been incurring losses for the last three financial years. Due to this, your Company's networth has been eroded by more than 50% of its peak networth during the immediately preceding four financial years. The Company's peak networth during the immediately preceding four years was Rs.1078.83 lacs, i.e. as on 31.03.1997. Your Company's networth as on 31.03.2000 is Rs.180.20 lacs, therefore the erosion of networth is more than 50%. Hence the Company has become potentially sick in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. In terms of the said Act, such erosion of networth of the Company is to be considered by the Members of the Company at a General Meeting. Accordingly, this notice has been sent along with the Notice for the 20th Annual General Meeting of your Company. The Report of the Board of Directors regarding causes for such erosion and steps taken to turn the Company around is annexed hereto.

None of the Directors is concerned and/or interested in the subject matter mentioned above at item No.7 of the Special Business.

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS UNDER SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

Due to the losses incurred by the Company during the last three financial years, the Company's peak networth of Rs.1078.83 lacs as at 31st March, 1997, has been reduced to a Networth of Rs.180.20 lacs as at 31st March, 2000, resulting in an erosion of more than 50%.

The main causes for the losses incurred by the Company are:

1. The poor performance during the last three years of the automobile sector. Your Company has been manufacturing Bearing Races, which are being used in the manufacture of Bearings, used as Original Equipment by all the major automobile producers of the country.
2. Incidental to the above poor performance of the Automobile Sector, your Company's plant capacity had to be utilised at very low level.
3. The poor market conditions had also resulted in reduction in the prices of bearings and correspondingly the bearing races by more than 30%.

REVIVAL STRATEGIES:

1. Your Company has already identified and stopped product lines which have been unprofitable. Losses arising due to manufacture of these symbols have since been arrested.
2. Your Company has already identified alternate markets for its products in Gear Blanks/Tractor and other Two Wheeler manufacturers.
3. Your Company is effectively negotiating with suppliers of Raw Materials and other suppliers for reduction in their prices, thereby reducing the over all cost to your Company.
4. There has been a definite improvement in the market, as is evidenced by the improvement in the Company's turnover during the year 1999/2000 as compared to the previous two years.
5. In the context of all the above measures, your Company hopes to improve its performance during the year 2000/2001 and stabilise its position.

The Report of the Board of Directors of the Company is placed for consideration by the Shareholders.

Dated: 24th May, 2000.

By order of the Board
For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Regd. Office:
Plot No.109,
GIDC Industrial Estate,
BHARUCH - 392 015.

S.M. PATEL
MANAGING DIRECTOR