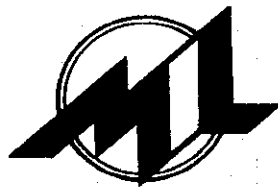


10th Annual Report

1999-2000

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MONNET ISPAT LIMITED

MONNET ISPAT LIMITED**BOARD OF DIRECTORS****Shri M.S. Gujral****Chairman**

Shri H.C. Bhasin

Shri G.C. Mrig

Shri M.L. Lath

Shri Sandeep Jajodia**Managing Director****REGISTERED OFFICE & WORKS**

Chand Khuri Marg,
Mandir Hasaud,
Raipur - 492 101 (M.P.)

CORPORATE OFFICE

Mohta Building, 3rd Floor,
4, Bhikaji Cama Place,
New Delhi - 110 066

BANKERS

Punjab National Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala

AUDITORS

M/s. O. P. Bagla & Co.
New Delhi

SHARES LISTED WITH EXCHANGES

Madhya Pradesh Stock Exchange
The Stock Exchange Mumbai
The Calcutta Stock Exchange Association Ltd.
The Delhi Stock Exchange Association Ltd.
The Jaipur Stock Exchange Ltd.

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MONNET ISPAT LIMITED**NOTICE**

NOTICE is hereby given that the Tenth Annual General Meeting of the members of Monnet Ispat Limited will be held on Saturday, the 30th September, 2000 at 11.00 A.M. at its Registered Office & Works, Chand Khuri Marg, Mandir Hasaud, Raipur - 493 101 (M.P.) to transact the following business :-

AS AN ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2000 & the Balance Sheet as on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri H.C. Bhasin who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the relevant provisions of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board or Committee of the Board to issue, offer and allot Equity Shares, through prospectus and/or offer letter or by way of private placement or preferential allotment or otherwise to Promoters or Domestic Investors, Corporate Bodies, Finance and Investment Companies and other alike Institutions, and/or individual as may be permitted by law and as may be deemed appropriate by the Board or Committee of the Board for an amount not exceeding Rs. 550.00 lacs (Rupees Five Hundred Fifty Lacs Only)."

"RESOLVED FURTHER THAT such new shares when allotted shall rank pari passu in all respects with the existing equity shares except that they shall be entitled to dividend that may be declared or paid by the Company only on pro-rata basis from the date of allotment."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board and Committee thereof be and are hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter which may arise in connection therewith."

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution** :

RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being), to mortgage and/or charge the immovable and moveable properties of the Company both present and future, and the whole of the undertaking of the Company, save and except book debts and subject to the charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for Working Capital requirements in such form and manner and with such ranking and on such terms as the Board of Directors may determine and as required by the Financial Institutions/Banks together with power to take over the management of the business and concern of the Company in certain events to or in favour of the following :-

The Industrial Development Bank of India (IDBI) and to secure :

Rupee Term Loan not exceeding Rs. 500.00 lacs (Rupees Five Hundred Lacs only) lent and advanced by the IDBI.

to the Company together with the interest at the respective agreed rates, compound/additional interest, liquidated damage, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IDBI in respect of their Loan Agreement and terms and conditions, entered into/to be entered into by the Company, in respect of the said loans for the purpose of meeting Long Term Working Capital requirement of the Company.

FURTHER RESOLVED THAT the mortgage/charge created/to be created and/or all agreements/documents executed or to be executed and all acts done by and with the authority of the Board of Directors are hereby confirmed and ratified.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalise with aforesaid Lending Institution the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to above resolution."

6. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED that in supersession to the resolution passed by the Company in the 4th Annual General Meeting held on 26th September, 1994 pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow money [excluding the temporary loans obtained or to be obtained from the Company's Bankers] from time to time upto a limit of Rs. 200.00 Crores over and above the Paid-up Capital and Free Reserves of the Company."

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution** :

MONNET ISPAT LIMITED

"RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association of the Company be and are hereby altered, substituted or inserted suitably in the manner enumerated below :

- I. In Article 1 the existing definition of "Member" shall be substituted by the following definition :
 - "Member" means the duly registered holder from time to time of the shares of the Company of any class, and includes every person whose name is entered as a beneficial owner in the records of the depository, but does not include the bearer of a share warrant of the Company issued in pursuance of Section 114 of the Act.
- II. A new Article 58A be inserted under the new heading after Article 58 as under.

58A DEMATERIALISATION/REMATRIALISATION OF SECURITIES**(i) Definitions :**

For the purpose of this Article :

"Beneficial Owner" means a person or persons whose name is recorded as such with a Depository ;

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act, 1992 ;

"Depositories Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;

"Registered Owner" means a Depository whose name is entered as such in the records of the Company ;

"Securities" means such security as may be specified by the Securities & Exchange Board of India from time to time.

(ii) Dematerialisation/Rematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/rematerialise its securities and to offer securities in the dematerialised form pursuant to the Depositories Act.

(iii) Options for Investors :

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 law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his/her 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 securities.

(iv) Securities in Fungible Form :

All securities held by a Depository shall be dematerialised and shall be in fungible form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 157C and 372A of the Act shall apply to the Depository in respect of the Securities held by it on behalf of the beneficial owner.

(v) Transfer of Securities :

Nothing contained in Section 108 of the Act, or the Articles shall apply to transfer of securities held in Depository.

(vi) Allotment of Securities :

Where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(vii) Service of Documents :

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

(viii) Distinctive Numbers of Securities held in a Depository :

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.

(ix) Register and Index of Beneficial Owners :

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members and other security holders for the purpose of the Articles.

(x) Rights of Depository and Beneficial Owners :

As a registered owner, Depository shall not have any voting rights or any other rights in respect of the securities held by it. Every person whose name is entered as the beneficial owner of shares in the records of the Depository shall be deemed to be a member of the Company. Every beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by the Depository.

MONNET ISPAT LIMITED

Provided further that notwithstanding anything to the contrary contained in these Articles, the shares and securities issued and/or held in electronic medium in fungible form, will be governed by the provisions of the Depository Act, 1996.

III. The following Article be inserted as Article 58B under the new heading after Article 58A

58B. NOMINATION

- a. Every shareholder or debentureholder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.
- b. Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
- c. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holder, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, canceled in the prescribed manner.
- d. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

IV. The following Article be inserted as Article 58C after Article 58B :-

58C TRANSMISSION OF SECURITIES BY NOMINEE

A nominee, upon production of such evidence as may be required by the Board and subject, as hereinafter provided, elect, either :-

- i) to be registered himself as holder of the share or debenture, as the case may be; or
- ii) to make such transfer of the shares or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by the stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

By Order of the Board

[A. B. CHUGH]
Sr. Vice President-Finance
& Company Secretary

Place : New Delhi
Date : 21st July, 2000.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed in all respects should reach at the Registered office of the Company not later than 48 hours before the time of the meeting.
3. The Register of Members and the Register of Share Transfers of the Company will remain closed from 21st September, 2000 to 28th September, 2000 both days inclusive.
4. Members are requested to inform changes, if any, in their Registered Address alongwith Pin Code Number to the Company at the Registered office of the Company.
5. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall. Attendance at the Annual General Meeting will not be allowed without production of attendance slip duly signed.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
7. Members desiring any information on the Accounts are requested to write to the company atleast one week before the date of the meeting so as to enable the Management to keep the information ready.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business as set out in the Notice at Item No. 4, 5, 6 and 7 is annexed hereto.

MONNET ISPAT LIMITED**EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956)****Item No. 4**

The Company is expanding its existing capacity of Sponge Iron from 1,00,000 TPA to 2,00,000 TPA. The total Capital Outlay of Rs. 5100 lacs is proposed to be part financed by way of Term Loan from IDBI & the balance by way of Internal accruals & equity contribution by the promoters. As per the terms of sanction of term loan by IDBI, the promoters are required to bring in Rs. 550 lacs by way of Equity which is proposed to be allotted to them by way of preferential allotment.

In accordance with the provision of Section 81(1A) of the Companies Act, 1956 and the Guidelines dated 4-8-1994 for Preferential Issues as issued by Securities and Exchange Board of India (SEBI), consent of the shareholders of the Company is required by way of a Special Resolution for issuing/allotting shares on preferential basis.

Further, as required by clause (c) of Sub-Regulation (1) of Regulation 3 of the SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997, the following disclosures are being made :

- i) Identity of the proposed allottees and their present holding : Chilka Traders (P) Ltd. 149600 Equity Shares. and Veravel Properties & Finance Ltd. 1283400 Equity Shares.
- ii) Price at which the allotment is proposed to be made : At a premium of Rs. 20/-; (The price arrived at by following the formula under the SEBI guidelines for preferential allotment works out to below par value of Rs. 10/-).
- iii) Purpose/reason for the allotment : To part finance the expansion of the project.
- iv) Any likely changes in the Board of Directors or any change in control as a result of the proposed allotment : None.

The Directors recommend the resolution for shareholders approval.

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

Item No. 5

Industrial Development Bank of India (IDBI) has extended the term loan of Rs. 500.00 lacs to the Company for meeting the Long Term Working Capital requirement of the Company. The said facility is required to be secured by a Mortgage/Charge on all or any of the immoveable properties both present and future save and except book debts, subject to the charges created/to be created in favour of the Company's bankers on current assets for securing borrowings for the Working Capital Requirements, in such manner and with such ranking as agreed among the Company, IDBI and other existing Term Lending Commercial Banks and Financial Institutions.

Since the mortgage and/or charge by the Company on its immoveable and moveable properties in favour of the Lending Institutions requires specific approval of the shareholders to the Board of Directors in terms of Section 293(1)(a) of the Companies Act, 1956.

The Directors recommend the resolution for shareholders approval.

None of the Directors is in any way concerned or interested in the resolution. A copy of the IDBI sanction letter is available for inspection at the Registered Office of the Company.

Item No. 6

The existing borrowing power of the Board of Directors is Rs. 100.00 Crores as approved by the shareholders in their Annual General Meeting held on 26th September, 1994. In order to meet the present and future borrowing requirements, it is considered necessary to increase the borrowing powers of the Board of Directors from the existing limit of Rs. 100.00 Crores to Rs. 200.00 Crores over and above the paid-up-capital and free reserves.

The Directors recommend the resolution for shareholders approval.

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

Item No. 7

With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to issue, holding, transfer and transmission of shares and other securities have been amended to facilitate implementation of the new system.

Further, by the Companies (Amendment) Act, 1999 the holders of security of the Company have given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of his/her death. It is desirable to include such nomination provisions in the Articles of Association of the Company.

It is proposed to amend the Articles of Association of the Company suitably to incorporate therein necessary provisions relating to the depository system and to include the new provisions relating to nomination.

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

The Board of Directors recommend the passing of the Resolution as a Special Resolution.

A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 11 A.M. to 1 P.M. on any working day till the date of the meeting.

By Order of the Board

[A. B. CHUGH]

**Sr. Vice President-Finance
& Company Secretary**

Place : New Delhi
Date : 21st July, 2000.