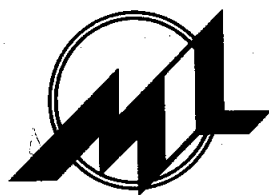


11th Annual Report

2000-2001



MONNET ISPAT LIMITED

MONNET ISPAT LIMITED**ELEVENTH ANNUAL GENERAL MEETING**

Date : 28th September, 2001
 Day : Friday
 Time : 11.30 A. M.
 Place : Chand Khuri Marg,
 Mandir Hasaud,
 Raipur-492 101 (Chhattisgarh)

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 (Chhattisgarh)

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.

Jaipur Stock Exchange Ltd.

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**MONNET ISPAT LIMITED****NOTICE**

Notice is hereby given that the 11th Annual General Meeting of **MONNET ISPAT LIMITED** will be held at the Registered Office of the Company at Chand Khuri Marg, Mandir Hasaud, Raipur in the State of Chhattisgarh on Friday, the 28th day of September, 2001 at 11.30 A. M. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2001, Profit & Loss Account for the year ended on that date along with Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri M. S. Gujral, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to give any guarantee, or provide security, in connection with loans upto a sum of Rs. 77.35 crore to Monnet Power Limited by Punjab National Bank, Bank of Baroda, Bank of India and Jammu & Kashmir Bank Ltd. or such other Bank or Institution as may be changed mutually by these bankers in addition or substitution of any of them."

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company wheresoever situate, present or future and the whole, or substantially the whole of the undertaking(s) of the Company to secure loans of any type or nature and banking facilities given/sanctioned by any Financial Institution/Bank upto a sum of Rs. 200 crore together with interest thereon, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses and other monies."

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

"RESOLVED that subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force), Listing Agreements, and all other applicable laws, approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board for voluntary delisting of the equity shares of the Company from all or any of the Stock Exchanges at Delhi, Calcutta and Jaipur."

By order of the Board of Directors
MONNET ISPAT LIMITED

Place : New Delhi
Date : 24th May, 2001
Registered Office :
Chand Khuri Marg
Mandir Hasaud
Raipur-492101

M. P. KHARBANDA
Company Secretary



MONNET ISPAT LIMITED

NOTES

1. * Pursuant to Section 192A of the Companies Act, 1956, and The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 transactions at Sl. No. 4 and 5 require consent of shareholders through Postal Ballot.
 2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

Proxy in order to be valid must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
 3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 21st September, 2001 to Friday, 28th September, 2001 (both days inclusive).
 4. Members desiring any information on the Accounts are requested to write to the Company at least one week before the date of the meeting so as to enable the Management to keep the information ready.
 5. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out above is annexed hereto.
- * Pursuant to General Circular No. 16/2001 dated 24.7.2001, consent of shareholders through Postal Ballot is not required as the notice calling AGM is prior to 15th June, 2001.**

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Monnet Power Limited (MPL), a Group Company, is setting up power project. Monnet Ispat Limited will consume major part of the power generated. MPL has been sanctioned Term Loans by Bank of India, Bank of Baroda, Punjab National Bank and Jammu & Kashmir Bank Ltd. amounting to Rs.77.35 crores. One of the Terms of Sanction requires Corporate Guarantee from Monnet Ispat Limited in their favour. Since the amount of guarantee is in excess of the limits prescribed under Section 372A of the Companies Act, 1956, a special resolution is required to be passed by the shareholders for the purpose.

It is therefore, proposed that the Company may be authorized to give guarantee to these banks. None of the Directors of the Company is interested in the resolution.

Item No. 5

A Company requires the authorisation of the Shareholders for creating mortgage on the immovable and movable properties of the Company for securing the Term Loans and Banking Limits. The Company is in the process of negotiating with various Central and State Financial Institutions as well as Banks for Term Loans, Working Capital Limits etc. for which it may have to create mortgage in their favour from time to time. For this the Company needs the requisite approval of the shareholders under Section 293(1)(a) of the Companies Act, 1956 to create mortgage and/or charge on Company's entire immovable and movable properties on first/second charge basis. The current limit available with the Board is upto Rs. 100 crore. It is now proposed that this limit may be increased to Rs. 200 crore.

It is therefore, proposed that the Company may be given the requisite authorization. None of the Directors of the Company is interested in the resolution.

Item No. 6

The Equity Shares of the Company are listed at the following stock exchanges :—

- i. Madhya Pradesh Stock Exchange, Indore (the Regional Stock Exchange).
- ii. The Stock Exchange, Mumbai
- iii. The Delhi Stock Exchange Association Ltd.
- iv. The Calcutta Stock Exchange Association Ltd.
- v. Jaipur Stock Exchange Ltd.

MONNET ISPAT LIMITED

Besides, the shares of the Company are regularly traded on National Stock Exchange, Mumbai.

With the extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India (NSE), and the extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the Country. Since long, the trading in the Company's equity shares takes place on the BSE and the NSE only. Further, the Company's Equity Shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors, since 25.6.2001.

Therefore, the Company has proposed this resolution, which will enable it to delist its equity shares from all or any of the following stock exchanges : The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. and Jaipur Stock Exchange Ltd.

In line with the SEBI regulations and approval, if any, required, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said other Stock Exchanges.

A Special Notice of the proposed enabling resolution for the said delisting is being published in a Newspaper pursuant to provisions of Section 190 of the Companies Act, 1956. The Board is confident that in view of above facts, the proposed delisting of the Company's securities from The Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. and/or Jaipur Stock Exchange Ltd. as and when the same takes place, will not adversely effect the investors. The Company's securities will continue to be listed on M.P. Stock Exchange as the Regional Stock Exchange and BSE. However, the delisting will be effective only when the requisite approvals have been obtained and permissions and sanctions have been received. The date(s) of delisting will be notified as and when the same takes place.

Your Directors recommend the Special Resolution for approval of members. None of the Directors of the Company is interested in the resolution.

By order of the Board of Directors
MONNET ISPAT LIMITED

Place : New Delhi
Date : 24th May, 2001
Registered Office :
Chand Khuri Marg
Mandir Hasaud
Raipur-492101

M. P. KHARBANDA
Company Secretary

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MONNET ISPAT LIMITED

DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors present the Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

The Working Results of the Company for the year under review are summarised as under :

		(Rs. in Lacs)
	2000-2001	1999-2000
Gross Profit before Interest and Depreciation	1601.98	1416.03
Less : Interest	504.07	534.63
Depreciation	314.86	818.93
Profit before Tax	783.05	595.48
Less : Provision for Tax	66.00	70.00
Profit after Tax	717.05	525.48
Less : Income Tax adjust. relating to earlier years	(13.27)	(2.31)
Add : Balance of Profit brought forward from Previous Year	1164.58	770.74
	1868.36	1293.91
Less : Appropriations		
Transfer to Debenture Redemption Reserve	129.33	129.33
Balance carried to Balance Sheet	1739.03	1164.58

OPERATIONS

During the year under review, your Company produced 82001 MT of Sponge Iron and 39015 MT of M.S. Products as against production of 95816 MT of Sponge Iron and 39413 MT of M.S. Products in the immediately preceding year.

OUTLOOK FOR 2001-2002

The outlook for Sponge Iron continues to be buoyant and the prices are ruling firm and are expected to remain so in future. This is mainly on account of the falling imports and higher landed cost of scrap. The Company having increased the capacity of Sponge Iron from 1 lac TPA to 2.3 lac TPA, will be able to cater to the full requirements of existing customer base and also explore new markets for better price realisability. Besides, the Company's production cost will also be lower due to increased capacity of Sponge Iron.

In order to take advantage of the economies of scale, your Company proposes to further enhance the capacity of Sponge Iron from 2.3 lac TPA to 3.6 lac TPA during the year. The capital outlay for this expansion is expected to be around Rs. 41 crores, which is lesser by Rs. 10 Crores than the cost of expansion of second Kiln. Some of the facilities created for the second Kiln are proposed to be shared with a third Kiln, as such the capital expenditure will be lower. The production cost of the Company after the expansion is going to be highly competitive and will provide greater leverage to the Company in the market.

During the year, the Company signed an MOU with the Govt. of Chhattisgarh to undertake expansion upto Rs. 1200 Crores in the State at Raipur and Raigarh. The Company will in turn be entitled to tax incentives from the State Govt. presently in vogue and to be announced in the future. The Company will have complete Sales-tax exemption as per the State Govt. laws on the production effected by the present and future expansions.

DIVIDEND

Your Directors have decided to conserve the resources for the operations of the Company. As such, the Board has not recommended any dividend for declaration.

DIRECTORS

Pursuant to Section 255 of the Companies Act, 1956, Shri M. S. Gujral, Director & Chairman, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.



MONNET ISPAT LIMITED

RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

PUBLIC DEPOSITS

The Company has not invited or accepted any deposits during the year from the Public under Section 58A of the Companies Act, 1956.

AUDITORS

M/s. O. P. Bagla & Co., Chartered Accountants, New Delhi, Auditors of the Company, hold the office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. A certificate from the auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

DEMATERIALISATION OF EQUITY SHARES

As per the notification of Securities & Exchange Board of India (SEBI), the Equity Shares of the Company are being traded in compulsory demat mode w.e.f. 25th June, 2001.

PERSONNEL

Since none of the employee is drawing salary in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up-to-date, the same are not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

As required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 the relevant data is enclosed as Annexure A forming part of this report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to offer their sincere thanks to the various Departments of the Central and State Government, Financial Institutions, Bankers to the Company, all Customers, Suppliers and contractors for their continued valued assistance and support. Your Directors also wish to place on record their appreciation for dedicated services rendered by all officers, staff and workers of the Company at all levels.

For and on behalf of Board of Directors

Place : New Delhi
Date : 24.05.2001

(M. S. Gujral)
Chairman