

MINUTES OF THE PROCEEDINGS OF THE EXTRA ORDINARY GENERAL MEETING OF THE MEMBERS OF ISPAT INDUSTRIES LIMITED HELD AT KALAKUNJ, 48, SHAKESPEARE SARANI, KOLKATA 700017 ON TUESDAY, 18TH JANUARY, 2011 AT 10.30 A.M.

Present : Directors

Mr Vinod Mittal	- Vice Chairman & Managing Director
Mr U Mahesh Rao	- Director & Member
Mr Vinod Kothari	- Director
Mr Vinod Garg	- Executive Director (Marketing)
Mr Anil Sureka	- Executive Director (Finance) & Member

Members

602 Members present in person

12 Members present by Proxy

1. Chairman

In terms of Article 100 of the Articles of Association of the Company, Mr.Vinod Mittal, Vice Chairman and Managing Director was elected by the members to chair the meeting.

2. Quorum

The Chairman declared that the requisite quorum, pursuant to Section 174 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company, was present and, thereafter, proceeded with the business of the meeting.

3. Register of Directors' Shareholding.

The Register of Directors' Shareholding maintained pursuant to Section 307 of the Companies Act, 1956 was produced at the commencement of the meeting and kept open and accessible during the continuance thereof.

4. Notice of the meeting.

With the consent of the members present, the Notice convening the meeting together with the explanatory statement annexed thereto was taken as read.

5. Chairman's Speech

The Chairman invited attention of the Members to the resolution proposed at Item No.1 of the Notice dated 20th December, 2010 convening the Extraordinary General Meeting. Chairman informed that the Company has entered into a Subscription cum Shareholders Agreement on 20th December, 2010 with its Promoters and JSW Steel Limited. In terms of the Agreement, JSW Steel Limited would be infusing Rs.2157 Crores in the Company towards subscription to Equity Shares. The significant infusion of funds of Rs.2157 Crores by JSW Steel Limited would strengthen the Company's finances and enable it to achieve its vision of being India's top quality, lowest cost steel producer.



Chairman further highlighted the following significant benefits likely to accrue from the partnership between Ispat Industries Limited and JSW Steel Limited:-

- i. Stronger Balance Sheet with a larger equity capital base.
- ii. Improved credit ratings and better access to capital markets in the future.
- iii. Completion of our backward integration projects – the coke oven plant, iron ore pellet plant, the captive power plant and domestic iron ore and coal mining.
- iv. Strategic raw material procurement :-
 - Arrange linkage for power at competitive price, subject to regulatory approval.
 - Coke supply meeting 35% of our requirements, replacing imported coke.
 - Pellets supply from May, 2011.
 - Cheaper iron-ore sourcing.
- v. Marketing synergies with JSW's downstream steel plants in Maharashtra saving freight costs, resulting in higher sales realization.
- vi. JSW Steel Limited stand to benefit by way of direct access to the Company's world class manufacturing facilities and fast-growing markets in western region.

The Chairman further briefed the members about the proposed issue of 108,66,49,874 Equity Shares of Rs.10/- each to JSW Steel Limited, on preferential basis, at a premium of Rs.9.85 per share, as well as the post-issue holding of JSW Steel Limited in the equity capital of the Company.

Thereafter, the Chairman invited attention of the Members to Item No.2 of the Notice dated 20th December, 2010 convening the Extraordinary General Meeting. Chairman informed that the accumulated losses of the Company as at 30th June, 2010, being the latest completed financial year, was Rs.2134.23 Crores. As a result, there has been an erosion of over 50 percent of the peak net-worth of the Company during the immediately preceding four financial years.

The reasons for the accumulated losses were explained as under :-

- The worldwide economic crisis and financial turbulence, resulting in a sharp dip in global steel consumption during most of 2009.
- The steel industry in India being severely affected periodically by a virtual crash in demand and steep fall in prices.
- The sharp increase in the prices of key raw materials in 2009-10.



- Frequent interruption in iron ore supplies, delays in regulatory approvals for raw material linkages etc.
- The value of our inventory being written down by Rs.327 Crores in 2008-09 on account of the sharp fall in steel prices.
- Foreign exchange differences of Rs.322 crores in 2008-09, with on account of the depreciation of the Rupee under abnormal global financial conditions.
- No access to captive sources of iron ore, pellets, coke and power.
- Delays for the implementation of our strategic projects for raw materials and power, due to delays in achieving financial closure.

The Chairman thereafter informed the members about the requirement of reporting of such erosion of net-worth to the Board for Industrial and Financial Reconstruction, in accordance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Chairman then invited questions from the Members on the resolutions recommended for being approved. Queries were raised by members in relation to:-

- Strategic benefits likely to accrue out of the agreement entered into with JSW Steel Limited.
- Cost benefits likely to arise in the future.
- Proposed utilization of subscription to equity by JSW Steel Limited.
- Plans for completion of on-going integration projects.
- Global and Indian steel scenario.

The questions raised/ clarifications sought by the Members were replied / clarified, in detail. Thereafter, the agenda items were taken up for consideration of the Members.

6. **Issue of Equity Shares to JSW Steel Limited, on preferential basis.**

The Chairman requested one of the Members present to propose the resolution contained under Item No.1 of the Notice dated 20th December, 2010.

Mr. M S Dey, a Member of the Company, proposed the following resolution as a Special Resolution :-

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, (the "Act") and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the listing agreement entered into with the



Stock Exchanges where the equity shares of the Company (Equity Shares) are listed (the "Stock Exchanges"), the existing Guidelines for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") and other applicable guidelines/regulations issued by the Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI"), the Government of India ("GOI") or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required by law and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee constituted or to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot on a preferential basis to JSW Steel Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Jindal Mansion, 5A Dr. G Deshmukh Marg, Mumbai - 400 026, India ("Investor"), upto 1,086,649,874 Equity Shares of the face value of Rs.10/- each in the Company, for cash at a price of Rs.19.85 per Equity Share, which price is not less than the minimum price at which the Equity Shares are permitted to be issued as per the ICDR Regulations.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted, as mentioned hereinabove, shall rank pari passu in all respects with the existing Equity Shares in the Company, including entitlement to dividend.

RESOLVED FURTHER THAT the Relevant Date for the preferential issue, in relation to the aforesaid Equity Shares, for the purpose of determining the issue price under the ICDR Regulations shall be December 19, 2010.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient in relation to the creation, offer, issue and allotment of the Equity Shares and listing thereof and to resolve and settle all questions and difficulties that may arise in the proposed creation, issue, offer and allotment of the said Equity Shares and utilization of the issue proceeds, sign all documents and undertakings as may be required and generally to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the Company to give effect to this resolution."



Mr. M K Bubna, a member of the Company, seconded the resolution.

The Chairman, thereafter, put the resolution to vote by show of hands.

On vote by show of hands, the Chairman declared that the resolution was passed unanimously as Special Resolution.

7. **Erosion of Networth as at 30th June, 2010.**

The Chairman requested one of the Members present to propose the resolution contained under Item No.2 of the Notice dated 20th December, 2010

Mr. J N Kundu, a Member of the Company, proposed the following resolution as an Ordinary Resolution :-

"RESOLVED THAT the Company do hereby take on record the erosion of net worth as at 30th June, 2010, being the date of the last audited Accounts of the Company, by more than 50% of the peak net worth of the Company during the immediately preceding four financial years and authorize the Board to report such fact to the Board for Industrial and Financial Reconstruction and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient in relation thereto without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the Company to give effect to this resolution."

Mr. Manoj Gupta, a member of the Company, seconded the resolution.

The Chairman, thereafter, put the resolution to vote by show of hands.

On vote by show of hands, the Chairman declared that the resolution was passed unanimously as an Ordinary Resolution.

8. **Vote of Thanks**

There being no other business to conduct, the meeting concluded with a vote of thanks to the Chair.

SD/-
CHAIRMAN

