



## ANKIT METAL & POWER LIMITED

(Company Registration No. 21-94979)

(The Company was originally incorporated as Ankit Steel Works Private Limited on 7th August, 2002 by the Registrar of Companies, West Bengal. The name of the Company was changed to Ankit Metal & Power Private Limited and a fresh Certificate of Incorporation consequent to change of name was granted to the Company on 9th July, 2004. The Company subsequently became a Public Limited Company and the name of the Company was further changed to Ankit Metal & Power Limited and the fresh Certificate of Incorporation was granted to the Company on 31st August, 2004.)

**Registered Office:** 35 Chittaranjan Avenue, Kolkata – 700 012, West Bengal

Tel No: 033-22119805/06, Fax No: 033-22110522,

E-Mail: cs@ankitmetal.com, Website: www.ankitmetal.com

**Corporate Office:** 33 Chittaranjan Avenue, Kolkata – 700 012

Tel No: 033-22119805/06, Fax No: 033-22110521,

**Contact Person: Mr. Chandra Kumar Jain, Company Secretary & Compliance Officer**

For private circulation to the Equity Shareholders of the Company only

### LETTER OF OFFER

**ISSUE OF [\*] EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS [\*] EACH INCLUDING A PREMIUM OF RS. [\*] PER EQUITY SHARE AGGREGATING TO AN AMOUNT NOT MORE THAN RS. 17500.00 LACS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [\*] EQUITY SHARES FOR EVERY [\*] EQUITY SHARES HELD ON RECORD DATE i.e. [\*]. THE ISSUE PRICE IS [\*] TIMES OF THE FACE VALUE OF THE EQUITY SHARE.**

### GENERAL RISKS



Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **Investors are advised to refer to “Risk Factors” on Page No. [\*] of this Draft Letter of Offer before making an investment in this Issue.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Equity Shares offered through this Draft Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approvals from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number [\*] dated [\*].

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>Sumedha Fiscal Services Limited</b> 8B, Middleton Street, Geetanjali, Room No.6A, Kolkata-700071 <b>Ph:</b> (033) 2229 8936/6758/3237, <b>Fax:</b> (033) 2226 4140/ 2265 5830 <b>SEBI Regn. No.</b> INM000008753 <b>Web Site :</b> www.sumedhafiscal.com <b>E-mail:-</b> compliance@sumedhafiscal.com Contact Person:- Mr. Deb Kumar Sett</p>	 <p><b>Link Intime India Pvt. Ltd.</b> C-13, Pannalal Silk Mill Compound, LBS Road, Bhandup West, Mumbai – 400078 <b>Ph:</b> (022) 2596 3838, 2594 6970, <b>Fax:</b> (022) 2594 6969 <b>SEBI Regn. No.</b> INR000004058 <b>Web Site:</b> www.linkintime.co.in <b>E-mail:</b> - sachin.achar@linkintime.co.in Contact Person:- Mr. Sachin Achar</p>

### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[*]	[*]	[*]

## TABLE OF CONTENTS

TITLE	PAGE NO.
<b>SECTION – I. DEFINITIONS AND ABBREVIATIONS</b>	
1. CONVENTIONAL / GENERAL TERMS	
2. ISSUE RELATED TERMS	
3. COMPANY / INDUSTRY RELATED TERMS & ABBREVIATIONS	
<b>SECTION - II. RISK FACTORS</b>	
1. FORWARD LOOKING STATEMENTS & MARKET DATA	
2. RISK FACTORS	
<b>SECTION - III. INTRODUCTION</b>	
1. SUMMARY	
A. OFFERING DETAILS	
B. SUMMARY OF FINANCIAL, OPERATING AND OTHER DATA	
2. GENERAL INFORMATION	
3. CAPITAL STRUCTURE	
<b>SECTION - IV. PARTICULARS OF THE ISSUE</b>	
1. OBJECTS OF THE ISSUE	
2. REQUIREMENT OF FUNDS	
3. MEANS OF FINANCE	
4. APPRAISAL	
5. SCHEDULE OF IMPLEMENTATION	
6. DEPLOYMENT OF FUNDS	
7. TAX BENEFITS	
8. KEY INDUSTRY REGULATIONS	
9. INTEREST OF PROMOTERS & DIRECTORS	
<b>SECTION - V. ABOUT THE ISSUER COMPANY</b>	
1. MANAGEMENT	
<b>SECTION – VI. FINANCIAL STATEMENTS</b>	
1. AUDITED FINANCIAL STATEMENTS	
2. MATERIAL DEVELOPMENTS	
3. STOCK MARKET DATA	
4. ACCOUNTING RATIOS & CAPITALISATION STATEMENTS	
<b>SECTION - VII. LEGAL &amp; OTHER INFORMATION</b>	
1. OUTSTANDING LITIGATIONS & DEFAULTS	
2. GOVERNMENT & OTHER APPROVALS	
3. MATERIAL DEVELOPMENT	
<b>SECTION - VIII. OTHER REGULATORY AND STATUTORY DISCLOSURES</b>	
<b>SECTION – IX. ISSUE INFORMATION</b>	
1. TERMS OF THE ISSUE	
<b>SECTION - X. OTHER INFORMATION</b>	
1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	
2. DECLARATION	

**SECTION – I. DEFINITION AND ABBREVIATIONS**

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Draft Letter of Offer.

<b>Terms</b>	<b>Description</b>
“Ankit Metal & Power Limited”, “AMPL”, “the Company”, “the Issuer Company”, “ the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Ankit Metal & Power Limited, a public limited company incorporated under the Companies Act, 1956.
Promoter and Promoter Group	Mr. Suresh Kumar Patni, Mr. Ankit Patni, Mr. Rohit Patni, Mrs Sarita Patni, Vasupujya Enterprise Pvt. Ltd., Poddar Mech Tech Services Pvt. Ltd., Suanvi Trading & Investment Co. Pvt. Ltd., Invesco Finance Pvt. Ltd., VNG Mercantiles Pvt. Ltd., Nucore Exports Pvt. Ltd. & Arthodock Vinimay Pvt. Ltd.

**1. CONVENTIONAL / GENERAL TERMS**

<b>Terms</b>	<b>Description</b>
Articles / Articles of Association	The Articles of Association of the Company
Auditors	The statutory auditors of the Company, being M/s. R. Kothari & Company, Chartered Accountants, 16A Shakespeare Sarani, Kolkata – 700 071
Board of Directors / Board	The Board of Directors of the Company or a Committee thereof, duly constituted
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Company unless otherwise specified
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed there under
Financial Year / Fiscal Year / FY	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Policy	The Industrial policy and guidelines issued there under by Ministry of Commerce and Industry, Government of India.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum of Association	The Memorandum of Association of the Company
MoU	Memorandum of Understanding
NOC	No Objection Certificate
Non Resident	A “person resident outside India”, as defined under FEMA including FIIs
Non-Resident Indian	A “person resident outside India” as defined under FEMA and who is a citizen of India or is a person of Indian Origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Registered Office	35, Chittaranjan Avenue, Kolkata – 700 012
Registrar of Companies / RoC	Registrar of Companies at Kolkata, West Bengal
Securities Act	The United States Securities Act of 1933, as amended from time to time
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations / SEBI (ICDR) Regulations 2009	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and any amendments thereto
SEBI Insider Trading	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,

Regulations	1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to the Issue) Regulations,

## 2. ISSUE RELATED TERMS

Terms	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to the eligible Equity Shareholders of the Company with respect to this Issue, in accordance with SEBI Regulations.
Application	Unless the context otherwise requires, the application for allotment of Equity Shares in the Issue
Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investor	An application who intends to apply through ASBA process and: <ol style="list-style-type: none"> <li>holds the shares of the Company in dematerialized form as on the record date and has applied for entitlements and / or additional shares in dematerialized form;</li> <li>has not renounced his/her entitlements in full or in part;</li> <li>is not a renouncee;</li> <li>is applying through a bank maintained with SCSBs</li> </ol>
Bankers to the Issue	HDFC Bank Limited, Indusind Bank Limited
Compliance Officer	Mr. Chandra Kumar Jain, Company Secretary & Compliance Officer
Composite Application Form / CAF	The form used by an investor to make an application for allotment of Equity Shares in this Issue
Consolidated Certificate	In case of holding Equity Shares in physical form, the Company would issue one certificate for the Equity Shares allotted to one folio
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at SEBI's website; that is at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Stock Exchange	The designated stock exchange for the Issue shall be The Bombay Stock Exchange Limited
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated [*] filed with SEBI for its observation.
Equity Shareholder(s)	A holder(s) of Equity Shares of the Company as on the Record Date
Issue	The issue of [*] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [*] per Equity Share aggregating to an amount not more than Rs. 17500.00 Lacs by the Company to the Equity Shareholders on rights basis in the ratio of [*] Equity Shares for every [*] Equity Shares
Issue Closing Date	[*]
Issue Opening Date	[*]
Issue Price	Rs. [*] per Equity Share
Investor(s)	The Equity Shareholders and Renouncees
Lead Manager	Sumedha Fiscal Services Limited
Letter of Offer / LOF	Letter of Offer dated [*] as filed with the Stock Exchange after incorporating SEBI comments on the Draft Letter of Offer
Listing Agreement	The Equity Listing Agreement signed between the Company and the Stock Exchange
Net Proceeds	The Issue Proceeds less the Issue Expenses. For further information about use of the Issue Proceeds and the Issue Expenses see "Objects of the Issue" on page [*] of this Draft Letter of Offer
Record Date	[*]
Registrar to the Issue /	Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Marg,

Registrar	Bhandup West, Mumbai – 400 078
Renounees	Persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to his / her shareholding in the Company as on the Record Date i.e. [*]
Rights Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Bank Account for the issue on the designated date
Stock Exchange	BSE where the Equity Shares of the Company are presently listed

### 3. COMPANY / INDUSTRY RELATED TERMS AND ABBREVIATIONS

Terms	Description
ACFBC	Atmospheric Circulating Fluid Bed Combustor
AFBC	Aerated Fluidized Bed Combustion
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BM	Meeting of Board of Directors
BOF	Basic Oxygen Furnace
BPLR	Benchmark Prime Lending Rate
BSE	Bombay Stock Exchange Limited
BG/LC	Bank Guarantee / Letter of Credit
BV	Book value
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
CPP	Captive Power Plant
DEPB	Duty Entitlement Pass Book
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant Identification Number
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EGM	Extraordinary general Meeting
ESOP/ESOS	Employee Stock Option Scheme
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under Securities & Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities & Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GI	Galvanized Iron
GIR	General Index Registry Number
GOI	Government of India
HBI	Hot Briquetted Iron
HUF	Hindu Undivided family
ICAI	Institute of Chartered Accountants of India
IEC	Importer – Exporter Code
IF	Induction Furnace
IISI	International Iron & Steel Institute
INR	Indian Rupee, the legal currency of the Republic of India
IRR	Internal Rate of Return

ISP	Integrated Steel Plant
ISO	International Organization for Standardization
KVA	Kilo Volt-Ampere
Ltd.	Limited
M <sup>3</sup> /MWH	Meter Cube per Mega Watt Hour
MBF	Mini Blast Furnace
MODVAT	Modified value Added Tax
MTPA	Metric Tons Per Annum
MV	Mega Volts
MW	Mega Watt
N.A.	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NR	Non Resident
NRE Account	Non Resident (External) Account
NRI	Non Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
OEM	Original Equipment Manufacturer
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
R&D	Research & Development
RCC	Reinforced Cement Concrete
RBI	Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SAF	Submerged Arc Furnace
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SMS	Steel Melting Shop
SLC	Standby Line of Credit
TAN	Tax Deduction Account Number
TDER	Total Debt Equity Ratio
TEFR	Techno-Economic Feasibility Reports
TIN	Taxpayers Identification Number
UoI	Union of India
USD/\$/US\$	United States Dollar, the legal currency of the United States of America
WDV	Written Down Value
WHRB	Waste Heat Recovery Boiler

## NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Abridge Letter of Offer and Composite Application Form (“CAF”) to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

### European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 4,30,00,000 and (3) an annual net turnover of more than Euro 5,00,00,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an “offer to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

### **United Kingdom Restrictions**

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **NO OFFER IN THE UNITED STATES**

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“Regulation S”)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a “U.S. person” (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Draft Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. The Company is making this issue of Equity Shares on a rights basis to Equity Shareholders of the Company and the Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.



## **PRESENTATION OF FINANCIAL INFORMATION**

Unless stated otherwise, the financial data in the Draft Letter of Offer is derived from the Company's audited financial statements as on March 31, 2010, prepared in accordance with Indian GAAP, the Companies Act and SEBI Regulations, as stated in the report of the statutory Auditors, M/s. R. Kothari & Company, Chartered Accountants in the chapter titled "*Financial Statements*" beginning on page [\*] of the Draft Letter of Offer.

The Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year. Unless stated otherwise, all references to a particular fiscal year are to the 12 month period ended March 31 of that year.

In the Draft Letter of Offer, and discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

### **Currency of Presentation**

All references to "Rupees", "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

In the Draft Letter of Offer, unless the context otherwise requires, all references to "India" are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom.

## SECTION – II. RISK FACTORS

### 1. FORWARD LOOKING STATEMENTS AND MARKET DATA

Statements included in the Draft Letter of Offer which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to:

- General economic and business conditions in the markets in which the Company operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/ areas in which the Company operates;
- Increased competition in the sector/ areas in which the Company operates;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through the Issue;
- The Company’s ability to meet the capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is involved.

Neither the Company, Directors, the Lead Manager, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares being offered on a rights basis.

For a further discussion of factors that could cause the Company’s actual results to differ, see the sections titled “*Risk Factors*” beginning on page number [\*] of the Draft Letter of Offer respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

#### **Use of Market Data**

Unless stated otherwise, macroeconomic and industry data used throughout the Draft Letter of Offer has been obtained from publications prepared by Government sources, industry sources and data generally available in the public domain. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in the Draft letter of Offer is reliable; it has not been independently verified.

## 2. RISK FACTORS

The investors should consider the following risk factors together with all the information included in the Draft Letter of Offer carefully, in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like “may”, “believes”, “will”, “expect”, “anticipate”, “estimate”, “plan” or other similar words. The Company’s actual results could differ from the anticipated in these forward-looking statements as a result of certain factors including those, which are set forth in the “Risk Factor” below.

### **Materiality:**

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at the time of making disclosure in the Draft Letter of Offer but may be having material impacts in the future.

**Note: Unless specified or quantified in the relevant risk factors below, Company is not in a position to quantify the financial and other implication of any risks mentioned herein under:**

### **A. RISK FACTORS RELATING TO THE COMPANY, BUSINESS, ISSUE & OBJECTS OF THE ISSUE**

#### **1) Any delay in Rights Issue will impact the implementation of the Project.**

The cost of the project is funded partly from the Rights Issue. Any delay/ failure of the Rights Issue will impact the implementation of the project. The promoters will bring in additional funds or will raise unsecured loans to fund the interim requirement in case there is any delay in the Rights Issue.

#### **2) There are restrictive covenants in the agreements the Company had entered into with certain banks for term loan, working capital credit facilities and other borrowings.**

The Company has entered into agreements with certain banks for term loan, working capital credit facilities and other borrowings for which the current assets and future income receivables and fixed assets have been charged. Some of these agreements contain restrictive covenants. For more details of these restrictive covenants, please refer page no. [\*] of this Draft Letter of Offer.

#### **3) A significant portion of the project cost will be financed through debt and therefore Company would have debt servicing obligations that could affect the Company’s ability to declare dividends.**

The Company intends to finance approximately 58.84 percent of the Company’s total Project Cost through debt. This debt imposes a debt-servicing obligation on the Company, which the Company would have to meet from the Company’s future cash flows. The cash flows may not be sufficient to fully meet the debt servicing obligations, and the distributable profit, if any, for declaration of dividends may be consequently affected.

The Company expects that the future cash flow will be sufficient to meet the debt-servicing obligation due to increase in proposed capacity as well as capacity utilisation.

#### **4) If the Company is unable to adapt to technological changes, the Company’s business could suffer.**

The Company has adopted the latest technology for implementation of the Second Integrated Steel Plant. The Company’s future success will depend in part on the company’s ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. The Company cannot assure that it will successfully implement new technologies effectively or adapt the systems to emerging industry standards. If Company is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, the Company’s business, financial performance and the trading price of the company’s Equity Shares could be adversely affected.

The technology that the Company intends to adopt for this plant is a proven technology. The Company has identified various suppliers of machineries who have proven track record and technology. They shall also assist the Company's personnel in technical training for operation of plant and machinery. The Company has started placing orders of the machineries required for the project & have received delivery of few of it & expected to receive delivery of balance in due course.

**5) The Company's operations rely on timely supply of raw materials and inputs to the Company's plant and transportation of finished products to customers, which are subject to risks and uncertainties.**

The Company, depends upon various forms of transport, such as, rail and road to receive raw materials and for delivering the finished products to the Company's customers. These transportation facilities may not adequately support the operations due to traffic congestion and unavailability of respective fleet. Further, disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the company's ability to source raw materials and components and the Company's ability to supply the products to customers. Company can provide no assurance that such disruptions will not occur in future. In addition, significant increases in transportation cost may adversely impact the financial results. The Company has not entered into any agreement with any transport agency on long term basis.

**6) Working capital requirement not appraised and pending for approval.**

The additional working capital requirement of the Company which is to be funded through the proceeds of this Issue is not appraised and pending for approval with Bank. Non sanction/ Delayed sanction of additional working capital by Bank may adversely affect the business, financial condition and results of operations of the Company. In the absence of such independent appraisal, the deployment of funds raised through this issue, as specified in the section titled "objects of the issue" is at the discretion of the management and the Board of Directors of the Company.

**7) The Company relies on contract labour for the performance of many of the operations. The Company does not maintain contractual relationship with these contractors.**

In order to operate and maintain the plant facilities, including the technical and general administration needs, the manpower requirement which has been estimated to approximately 395 numbers for 3 shift work. The part of the manpower requirement will be on Company's payroll and balance will be arranged through contractors. The Company does not maintain contractual relationship with these contractors, hence any change in relationship and any disagreement between the contractor and the company or shortage of labour, the production of the company will be effected.

**8) The promoters/ promoter group have pledged their Equity Shares as collateral security under agreements executed with lenders in connection with the credit facilities obtained from them. In the event of any default under the said agreements, the lenders may enforce aforementioned pledges, which could result in a change in control of the Company.**

As on June 30, 2010; 56,11,650 Equity Shares constituting 17.07% of the total paid-up equity share capital of the Company, held by the Promoter/ Promoter Group have been pledged. In the event of any default under the existing agreements executed in connection with the credit facilities, the relevant lenders are entitled to seek to enforce the pledge on the Equity Shares held by the Promoters/ Promoter Group and could sell such Equity Shares pledged in the open market. Such enforcement of the pledge on the aforementioned Equity Shares could result in the Promoters losing control of the Company. Any such change of control could significantly influence our Company's business policies, operations and profitability.

**9) The deployment of funds to be raised through this issue is completely at the Company's discretion and will not be monitored by any independent agency.**

The Company is professionally managed with persons having sufficient experience in the business and has estimated the funds requirement based upon plans to be implemented by the company but the chances of variation in the implementation of the project may occur.

**10) The Company's operations will have significant raw material requirements, and it may not able to ensure the availability of the raw materials at competitive prices, which may adversely affect results of operations.**

The success of the existing and expanded operation will depend on, among other things, the Company's ability to source raw material at competitive prices. As per the agreement with the Eastern Coalfields Limited (ECL), the Company's existing and the new project will source significant portion of its coal requirements from the mines of ECL. Currently, the Company has not entered into any firm arrangement for purchase of the balance coal requirement. Further, there is no such agreement for sourcing Iron Ore. Company may be unable to procure raw material requirement or may have to procure it at a higher price, which may adversely affect the results of operations and financial performance.

**11) Equipment failure, production curtailment and shutdown may affect performance.**

Interruptions in production will inevitably increase production costs and reduce the sales and earnings. In addition to equipment failures, the Company's facilities are also subject to risk of catastrophic loss due to unanticipated events including fire, explosions or adverse weather conditions. Company's manufacturing processes depend on critical steel making equipment, including furnaces and continuous casters, as well as electrical equipments, including transformers, and these equipments may, on occasion, be out of service as a result of unanticipated failures. The Company has taken utmost care while short-listing the equipments for all the major plants and has ensured that they follow the state of art and contemporary technologies. Company may experience material plant shutdowns or periods of reduced production as a result of any equipment failures. Furthermore, any interruption in its production capability may require the company to make capital expenditures, which may have a negative effect on the profitability and cash flows.

Company's manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant governmental authorities. Although the Company takes precautions to minimize the risk of any significant operational interruptions at the Company's facilities, and there have been no such interruptions in the past, there can be no assurance that there will be no such interruptions in the future or that any such interruptions that might occur will not have a material adverse effect on the financial condition and results of operations.

**12) The Company requires certain approvals or licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect the Company's operations.**

Company requires certain approvals, licenses, registrations and permissions for operating the company's business, some of which may have expired and for which the Company may have either made or are in the process of making an application for obtaining the approval or its renewal. If Company fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, the company's business may be adversely affected. For further details please refer page no. [\*] of this Draft Letter of Offer.

**13) Common Pursuits amongst Group Companies.**

There is no non-compete agreement between the group companies promoted by Mr. Suresh Kumar Patni. Such common pursuits may affect business strategies and thus the financial performance of Issuer Company.

**14) The Company has unsecured loans that are payable on demand, which may adversely affect its operations and financial performance.**

The Company has unsecured loans which are repayable on demand and it cannot assure that the Company would be able to replace these facilities on similar terms, or terms favorable to the Company, which may adversely impact the Company's operations and financial performance.

**15) The Company had negative cash flows for the year ended 31st March, 2010.**

The Company had a negative cash flow from investing activities of Rs. 2345.07 lacs in fiscal 2010. Any negative cash flows in the future could adversely affect the Company's operations and financial condition. For further details, see the section titled "Financial Statements" beginning on page [\*] of this Draft Letter of Offer.

**16) The registered office and other premises from which the Company operate are not owned by the Company.**

The Company does not own premises from which the registered office is functioning nor do the Company own the premises at which the Corporate Office is located. The Company operates from leased/rented premises in

respect of which it has entered into lease/tenancy agreements. If these agreements are not renewed or renewed on terms and conditions which are unfavourable, the Company may suffer a disruption in the operations which could have a material adverse effect on the business, financial condition and results of operations.

- 17) The Company's ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in certain short-term and long term debt facilities provided to the Company by the lenders.**

The Company's ability to pay dividends will depend on its earnings, financial condition, cash flows and working capital requirements. The Company's ability to pay dividends could also be restricted under certain financial arrangements that the Company may enter into. The Company's future dividend policy will depend upon the Company's capital requirements and financial arrangements for the existing and the new project, financial condition and result of operation.

- 18) The Company does not own the trademark. The Company may be unable to adequately protect the intellectual property. Furthermore, the Company may be subject to claims alleging breach of third party intellectual property rights.**

The Company has not applied for registration of the logo under the provisions of the Trademarks Act, 1999. As such, the Company does not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that the Company will be able to register the trademark and the logo or that, third parties will not infringe its intellectual property, causing damage to its business prospects, reputation and goodwill. Further, the Company cannot assure that any application for registration of the trademark in the future by the Company will be granted by the relevant authorities in a timely manner or at all.

Company's efforts to protect the intellectual property may not be adequate and may lead to erosion of the business value and operations could be adversely affected. The Company may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. The Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property.

- 19) The Company has not entered into any long term supply contracts with the customers.**

The Company does not, as a matter of practice, enter into long-term supply contracts with the customers for the sale of the products. The Company carries on business with customers on the basis of purchase orders received from time to time, and does not have any long term commitments from the customers to make purchases from the Company of its products. There is no assurance that the Company will continue to receive purchase orders for the products either on substantially the same terms or at all, which could have an adverse effect on the Company's operations and profitability.

- 20) The insurance coverage may not adequately protect against certain operating hazards and this may have a material adverse effect on the company's business.**

The Company generally takes insurance policies to cover fire, earthquake, etc in respect of its business. While the Company believes that the insurance coverage that it maintains would be reasonably adequate to cover the risks, there can be no assurance that any claim under the insurance policies maintained by the company will be honoured fully, in part or on time. To the extent that the company suffers loss or damage that is not covered by insurance or which exceeds the insurance coverage, the results of operations or cash flows may be affected.

- 21) If the Company is unable to commence operations as expected, there may be a cost or time overrun, which may adversely affect the project cost and the results of operations.**

Steel plants typically have long gestation period. The scheduled completion target for the Company Project is an estimate and is subject to delays as a result of, among other things, contractor performance shortfalls, unforeseen engineering problems, dispute with workers, force majeure events, availability of financing, unanticipated cost increases or changes in scope and inability in obtaining certain property rights, fuel supply and government approvals, any of which could give rise to cost overruns or the delay in our implementation schedule. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities as a result, the returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of the Company.

- 22) There is no assurance that the Rights Equity Shares will be listed on the stock exchanges in a timely manner or at all and any trading closures at the stock exchanges may adversely affect the trading price of the Equity Shares.**

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after the Rights Equity Shares have been issued and allotted. Such permission will require that all other relevant documents authorising the issue of the Rights Equity Shares to be submitted. There could be a failure or a delay in listing the Rights Equity Shares on BSE. Any failure or delay in obtaining the approval would restrict the Investor's ability to dispose of their Rights Equity Shares.

- 23) The Company's business could be greatly affected by price volatility, which is largely the result of high fixed costs characteristic of the steel industry.**

The production of steel is capital intensive, with a high proportion of fixed costs to total costs. Consequently, steel producers generally seek to maintain high capacity utilization. If capacity exceeds demand, there is a tendency for prices to fall sharply if supply is largely maintained. Conversely, expansion of capacity requires long lead times so that, if demand grows strongly, prices increase rapidly, as unutilized capacity cannot be brought on line as quickly. The result can be substantial price volatility. While the Company has taken steps to reduce operating costs, the Company may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market, and incur operating losses as a result.

- 24) If the Indian Government imposes price controls, the prices that the Company is able to receive for its steel products may decline and Company's results of operations and financial condition could be adversely affected.**

The Indian Ministry of Steel is responsible for coordinating and formulating policies for the growth and development of the Indian iron and steel industry. Prior to 1992, the Ministry of Steel controlled the price. Indian primary steel producers could charge for steel. Today, the Indian steel industry is deregulated and steel prices in India are generally determined by market forces. Nonetheless, no assurance can be given that the Indian Government will not reinstitute price controls in the future. If the Indian Ministry of Steel intervenes in determining the price of steel in India, Company's results of operations and financial condition could be adversely affected.

- 25) The Company face substantial competition in the steel industry, both from Indian and international companies, which may affect the revenues in case the Company is not able to obtain customers and orders.**

The Company may face significant competition from existing players and potential entrants in the Indian steel industry. Further, the Company will face significant competition mainly from large vertically integrated companies in Steel industry. Some of the Indian competitors are larger than us and have greater financial resources.

The current high demand and prospects for steel manufacturing businesses could lead to other companies increasing their production capacity in these segments. Some existing and new players are already in the process of expanding capacity or setting up plants in the country. This could result in excess capacity in the market.

- 26) Any inability to meet the financing requirements may adversely affect the Company's growth and operations.**

The iron and steel business is very capital-intensive requiring large-scale investments in capacities, new technologies and processes in order to fuel the future growth and profitability. The working capital requirement is also high due to higher holding levels of inventory and debtors during times of slowdown in the market. Any inability to raise appropriate funds in a timely manner to meet the future capital requirements may adversely affect the growth, operations and consequently the financial performance.

- 27) A failure/ inability to manage the growth due to factors beyond the Company's control could disrupt the business and reduce profitability.**

Over the past few years, the Company have expanded its capacities and have grown in terms of sales and profitability. Maintaining such continued growth will place significant demands on us and will require us to continuously evolve and improve our operational, financial and internal controls and efficiencies across the organisation. An inability, due to factors beyond our control, to keep up with the demands of such growth could disrupt our business thereby reducing profitability.

**28) The Promoter Group has significant control over the management and affairs, as a result of which, the remaining shareholders may not be able to affect the outcome of shareholder voting.**

As on June 30, 2010, the Promoter Group owned an aggregate of 65.25% of the Equity Shares. As a result, the Promoter Group, acting together, will influence the matters requiring shareholder approval, including the election of all or majority of our Directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. The Promoter Group will therefore have the ability to exercise controlling influence over the business and management affairs and may cause to take actions that may conflict with the interests of some of our shareholders.

**29) The Company's business is dependent on the expertise of the senior management and skilled employees; the results of operations may be adversely affected by the cessation of senior management and experienced employees.**

The Company's business is dependent on the directors and senior management for setting the strategic direction and managing the business, which are crucial to the success. Continued success also depends upon the ability to attract and retain a large group of experienced professionals and staff. The loss of the services of the senior management or the inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on the operations and profitability. The Company do not maintain any key managerial insurance policies for the senior management. The Company's ability to retain experienced staff members as well as senior management will in part depend on having in place appropriate staff remuneration and incentive schemes. The Company cannot be sure that the remuneration and incentive schemes in place will be sufficient to retain the services of senior management and skilled employees.

**30) The Company has entered into certain business transactions with related parties.**

The Company has entered into certain transactions with related parties, including group companies. These transactions or any future transactions with the related parties could potentially involve conflicts of interest. For more information, see section titled "Related Party Transactions", beginning on page [\*] of this Draft Letter of Offer.

Related Party Transactions entered into by the Company for the period 01.04.2009 to 31.03.2010 are as follows:

(Rs. in Lacs)				
Name of Entity	Relationship	Nature of Transaction	Cumulative Value of the Transaction for 2009-10 (Rs. in Lacs)	For the year ended 31.03.2010
<b>Key Managerial Personnel</b>				
Rohit Patni	Director	Remuneration	24.00	-
Ankit Patni	Director	Remuneration	36.00	-
Suanvi Trading & Investment Co. Pvt. Ltd.	Group Company	Body Corporate Interest on Loan	9.00	-
Vasupujya Enterprises Pvt. Ltd.	Group Company	Body Corporate Interest on Loan	8.10	-
Poddar Mech Tech Services Pvt. Ltd.	Group Company	Body Corporate Interest on Loan	7.20	-
Invesco Finance Pvt. Ltd.	Group Company	Body Corporate Interest on Loan	14.40	-
VNG Merchantiles Pvt. Ltd.	Group Company	Body Corporate Interest on Loan	4.33	-
VNG Merchantiles Pvt. Ltd.	Group Company	Body Corporate Loan	325.00	325.00
Suanvi Trading & Investment Co. Pvt. Ltd.	Group Company	Body Corporate Loan	-	100.00
Vasupujya Enterprises Pvt. Ltd.	Group Company	Body Corporate Loan	-	90.00
Poddar Mech Tech Services Pvt. Ltd.	Group Company	Body Corporate Loan	--	80.00
Invesco Finance Pvt. Ltd.	Group Company	Body Corporate	-	160.00



Name of Entity	Relationship	Nature of Transaction	Cumulative Value of the Transaction for 2009-10 (Rs. in Lacs)	For the year ended 31.03.2010
		Loan		
Impex Metal & Ferro Alloys Pvt. Ltd.	Group Company	Purchase / Creditor	26.25	-
Impex Steel Pvt. Ltd.	Group Company	Purchase / Creditor	374.62	-
Rohit Ferro Tech Ltd.	Group Company	Purchase / Creditor	91.40	-
Hira Concast Pvt. Ltd.	Group Company	Purchase / Creditor	189.34	-
Kalyaneshwary Metals Pvt. Ltd.	Group Company	Purchase / Creditor	50.65	-
Impex Metal & Ferro Alloys Pvt. Ltd.	Group Company	Sale / Debtor	1478.25	-
Impex Steel Pvt. Ltd.	Group Company	Sale / Debtor	135.70	-
Impex Ferro Tech Ltd.	Group Company	Sale / Debtor	13.79	-
Rohit Ferro Tech Ltd.	Group Company	Sale / Debtor	453.14	9.29
Hira Concast Pvt. Ltd.	Group Company	Sale / Debtor	649.59	5.55
Kalyaneshwary Metals Pvt. Ltd.	Group Company	Sale / Debtor	13.75	0.48
Rohit Ferro Tech Ltd.	Group Company	DEPB Licence Sale	9.29	-
Marble Arch Properties Pvt. Ltd.	Group Company	Advance	18.00	68.00
Kalyaneshwary Metals Pvt. Ltd.	Group Company	Advance	-	6.90
SKP Power Ventures Pvt. Ltd.	Group Company	Investment	-	1.00
Divine Trading Co. Pvt. Ltd.	Group Company	Rent	1.08	-

#### B. MATERIAL LITIGATIONS WHICH IMPACT THE COMPANY'S BUSINESS

- 31) The Company and its Group Companies are involved in certain litigations, a summary of which is given hereunder:

Sl. No.	Particulars	No. of Cases	Amount (Rs. in Lacs)
1.	Litigation filed against Issuer Company	8	1798.08
2.	Litigation filed against Group Company	31	3816.12
3.	Litigation filed by the Issuer Company	2	37.08
	<b>TOTAL</b>	41	5651.28

For further details, please refer to page no. [\*] to [\*] of the Draft Letter of Offer

- 32) The Company has certain Contingent Liabilities which, if materialized, may adversely affect our financial condition.

As of March 31, 2010, the Company had following contingent liabilities that have not been provided for in our restated consolidated financial statements.

(Rs. in Lacs)

Sl. No.	Particulars	31st March, 2010
1.	Bill Discounting	1259.02
2.	Letter of Credit	508.92
3.	Bank Guarantee	254.55
4.	Capital Commitments	1238.35
5.	Appeal at D.C.I.T Circle – 3 (Assessment Year 2006-07)	10.00
6.	Appeal at D.C.I.T Circle – 3 (Assessment Year 2007-08)	3.54
7.	Appeal at Sales Tax Department (Financial Year 2005-06)	318.99
8.	Appeal at Sales Tax Department (Financial Year 2006-07)	1003.34
9.	Appeal at Excise Duty regarding for search operation	120.00
	<b>Total</b>	<b>4716.71</b>

In the event any of these Contingent Liabilities materialize, the Company financial condition may be adversely affected. For details see “Financial Statements” and “Outstanding Litigation and Material Developments” on pages [\*] and [\*], respectively.

## EXTERNAL RISK FACTORS

### **33) Political, economic and social changes in India could adversely affect the business.**

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business, and the market price and liquidity of the shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of the Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of project companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect us.

### **34) A slowdown in economic growth in India or financial instability in Indian financial markets could materially and adversely affect the results of operations and financial condition.**

The Company's performance and the growth of the business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates. A slowdown in the Indian economy could adversely affect the business, including the Company's ability to implement the strategy and expand the operations. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon the business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy and government policy may change in response to such conditions. Any downturn in the macroeconomic environment in India could adversely affect the price of the shares, business and results of operations.

### **35) Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.**

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting the business and the price of the Equity Shares.

Pandemic disease, caused by a virus such as H5N1 the ("avian flu" virus) or H1N1 (the "swine flu" virus), could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

### **36) Any downgrading of India's debt rating by an international rating agency could have a negative impact on the business and the trading price of the Equity Shares.**

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the Company to obtain financing to fund the growth on favourable terms or at all and, as a result, could have a material adverse effect on the results of operations and financial condition.

### **37) You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchanges. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.**

Under the SEBI Regulations, we are permitted to allot Equity Shares within 15 days of the Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your dematerialized account with Depository Participants until 15 days of the Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

**PROMINENT NOTES:**

- (i) Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para “Basis of Allotment” given on Page No. [\*].
- (ii) Net Worth of the Company as on March 31, 2010 is Rs. 14064.61lacs as per Audited Financial Statement.
- (iii) The Book Value per Equity Share as on March 31, 2010 is Rs. 42.78 as per Audited Financial Statement, included in this Draft Letter of Offer. For further information, see the section “Financial Statements” beginning on page [\*].
- (iv) The Rights Issue comprises of [\*] Equity Shares of Rs. 10/- at a price of Rs. [\*] per share (including a premium of Rs. [\*] per share) aggregating to an amount not more than Rs. 17500.00 lacs in the ratio of [\*] Equity Shares for every [\*] Equity Shares held as on [\*] (i.e. record date)
- (v) Except as stated under point no. [\*] of notes to Capital Structure, there have been no transactions in the Company’s Equity Shares by the Promoters, Promoter Group, Directors of the Issuer Company during a period of one year preceding the date of filing of this Draft Letter of Offer with SEBI.
- (vi) All information is being made available by the Lead Manager and the Company to the existing shareholders of the Company, public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- (vii) For details on related party transactions, please refer to the section titled “Related Party Transaction” on page [\*] of this Draft Letter of Offer.
- (viii) The Company, its promoters / Directors, Company’s Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The promoters, their relatives, Issuer, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them except as mentioned in Section “Outstanding Litigation & Defaults” on page no. [\*].
- (ix) No loans and advances have been granted to the Directors.
- (x) The Lead Manager and the Company shall update this Draft Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement and the company shall continue to make all material disclosures as per the terms of the listing agreement.
- (xi) There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
- (xii) Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue.
- (xiii) All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.
- (xiv) There has been no financing arrangements made whereby the promoter group, the directors of the company and their relatives have financed the purchase by any other persons of securities of the company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of the draft letter of offer with SEBI.

- (xv) The Company satisfies the following conditions as prescribed under Regulation 57(2)(b) of Part E of Schedule VIII of the ICDR Regulations.
- a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with the designated stock exchange.
  - b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE) one of the recognized stock exchange with nationwide trading terminal
  - c. The Company has investor grievance handling mechanism which includes meeting of the Shareholder's or Investor's Grievance Committee at frequent intervals, appropriate delegation of power by the board of directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
- (xvi) The contact details of the Compliance Officer is hereunder:

**Mr. Chandra Kumar Jain**  
35, Chittaranjan Avenue  
Kolkata – 700 012  
Ph. No.: (033) 2211 9805/06  
Fax No.: (033) 2211 0522  
Email: [cs@ankitmetal.com](mailto:cs@ankitmetal.com)  
Website: [www.ankitmetal.com](http://www.ankitmetal.com)

## SECTION – III. INTRODUCTION

i **SUMMARY**A. **OFFERING DETAILS**

Issue of [\*] Equity Shares of Rs. 10/- each for cash at a price of Rs. [\*] each including a premium of Rs. [\*] per Equity Share aggregating to an amount not more than Rs. 17500.00 lacs to the Equity Shareholders on Rights Basis in the ratio of [\*] Equity Shares for every [\*] Equity Shares held on record date i.e. [\*]. The Issue Price is [\*] times of the face value of the Equity Share.

No. of Equity Shares to be issued	[*]
Issue Size	[*]
Entitlement Ratio	[*]
Record Date	[*]
Face Value	Rs. 10/-
Offer Price	[*]
Equity Share outstanding prior to issue	3,28,75,500
Equity Share outstanding after the issue	[*]
Terms of the Issue	Please see the section entitle “Basic Terms of the Issue” on Page [*] of this Draft Letter of Offer
Security Codes :	
ISIN	INE106101010
BSE	532870

**B. SUMMARY FINANCIAL INFORMATION**

The following tables set forth the summary financial information derived from the standalone financial statements as of and for the fiscal year ended March 31, 2010. The financial statements have been prepared in accordance with Indian GAAP and the SEBI (ICDR) Regulations are presented in the section titled "Financial Statements" beginning on page [\*] of this Draft Letter of Offer. The summary financial information presented below should be read in conjunction with the financial statements, and the notes thereto.

**Balance Sheet as at March 31, 2010**

<b><u>SOURCES OF FUNDS</u></b>	<b><u>Schedule</u></b>	<b><u>As on 31st MARCH 2010 (Rs.)</u></b>	<b><u>As on 31st MARCH 2009 (Rs.)</u></b>
<b><u>1. Shareholders' Funds</u></b>			
a) Share Capital	1	328,755,000	328,755,000
b) Reserves and Surplus	2	1,077,705,572	868,979,034
<b><u>2. Loan Funds</u></b>			
a) Secured	3	1,245,753,515	1,158,311,131
b) Unsecured	4	540,377,753	362,279,005
Deferred Tax Liability		85,872,623	111,707,681
<b>Total</b>		<b><u><u>3,278,464,463</u></u></b>	<b><u><u>2,830,031,851</u></u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>1. Fixed Assets</u></b>			
a) Gross Block	5	1,960,402,390	1,901,093,120
Less: Depreciation		297,861,994	189,221,982
Net Block		<u>1,662,540,396</u>	<u>1,711,871,138</u>
b) Capital Work-In-Progress		189,227,762	56,759,987
<b><u>2. Investment</u></b>	6	150,000	150,000
<b><u>3. Current Assets Loans &amp; Advances</u></b>			
a) Inventories	7	911,531,782	771,670,680
b) Sundry Debtors	8	963,454,160	844,313,810
c) Cash & Bank Balances	9	107,509,366	72,954,103
d) Loans & Advances	10	476,427,576	316,344,647
		<u>2,458,922,884</u>	<u>2,005,283,240</u>
e) Less : Current Liabilities & Provisions	11	1,032,376,579	944,032,514
<b>Net Current Assets</b>		<b><u><u>1,426,546,305</u></u></b>	<b><u><u>1,061,250,726</u></u></b>
<b>Total</b>		<b><u><u>3,278,464,463</u></u></b>	<b><u><u>2,830,031,851</u></u></b>

**Profit and Loss Account for the year ended March 31, 2010**

<u>INCOME</u>	<u>Schedule</u>	<u>For the Year Ended 31.03.2010 (Rs.)</u>	<u>For the Year Ended 31.03.2009 (Rs.)</u>
Sales		6,873,091,734	5,358,442,862
Less:- Excise Duty/ Vat		584,312,255	438,937,587
Net Sales		<u>6,288,779,479</u>	<u>4,919,505,275</u>
Other Income	12	74,124,377	141,902,957
Increase/ (Decrease) in Closing Stocks	13	109,574,178	(11,351,230)
		<u><b>6,472,478,034</b></u>	<u><b>5,050,057,002</b></u>
<b>EXPENDITURE</b>			
Raw Materials Consumed	14	3,922,630,295	2,001,040,172
Manufacturing & Other Expenses	15	2,015,090,956	2,579,791,323
Payments to & Provisions for Employees	16	37,025,370	27,021,960
Administrative, Selling & Other Expenses	17	73,318,765	73,124,123
Interest & Financial Charges	18	132,881,156	176,355,108
Depreciation (Net)		108,640,012	104,399,187
		<u><b>6,289,586,554</b></u>	<u><b>4,961,731,873</b></u>
<b>Profit Before Tax</b>		<b>182,891,480</b>	<b>88,325,129</b>
Provision For Taxation:			
- Current		(31,122,602)	(10,037,626)
- Deferred		25,835,058	(23,289,783)
- Fringe Benefit		-	(664,443)
- Deferred MAT Credit Entitlement		31,122,602	10,037,626
<b>Profit After Tax</b>		<u><b>208,726,538</b></u>	<u><b>64,370,903</b></u>
Surplus From Earlier Year		413,535,255	349,164,352
<b>Balance Carried to Balance Sheet</b>		<u><b>622,261,793</b></u>	<u><b>413,535,255</b></u>
<b>Earning Per Shares - Basic/ Diluted</b>		<u><b>6.35</b></u>	<u><b>1.96</b></u>

## Cash Flow Statement for the year ended March 31, 2010

	<u>Year Ended 31.03.2010</u>		<u>Year Ended 31.03.2009</u>	
	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>
<b><u>Cash Flows from Operating Activities</u></b>				
Net Profit before Tax & Extraordinary Items		182,891,480		88,325,129
Adjustments for:				
Depreciation	108,640,012		104,399,187	
Interest Income	(6,197,642)		(3,904,277)	
Interest Expenses	132,881,156		176,355,108	
Exchange Fluctuation loss/(Gain)	1,221,956	236,545,482	(4,913,092)	271,936,926
<b>Operating Profit before Working Capital Changes</b>		<b>419,436,962</b>		<b>360,262,055</b>
Adjustments for:				
Trade & Other Receivables	(169,697,714)		(383,742,291)	
Inventories	(139,861,102)		(148,233,153)	
Trade Payables & Other Liabilities	65,103,306	(244,455,510)	372,456,666	(159,518,778)
<b>Cash Generated from Operations</b>		<b>174,981,452</b>		<b>200,743,277</b>
Income Taxes Paid		(3,119,473)		(98,734,403)
Exchange Fluctuation loss/(Gain)		(1,221,956)		4,913,092
<b>Net Cash from Operating Activities</b>		<b>170,640,023</b>		<b>106,921,966</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Purchase of Fixed Assets & Capital W.I.P.	(250,877,045)		(252,522,726)	
Capital Subsidy Received	25,000,000		-	
Interest Received	2,449,621		3,435,477	
Investment in Shares & Others	-		(150,000)	
Fixed Deposits	(11,079,769)		(23,589,113)	
<b>Net Cash from Investing Activities</b>		<b>(234,507,193)</b>		<b>(272,826,362)</b>
<b><u>Cash Flows from Financing Activities</u></b>				
Proceeds from Borrowings	265,541,132		367,970,650	
Dividend paid	-		(16,437,750)	
Corporate Dividend Tax	-		(2,793,596)	
Interest Paid	(178,090,033)		(176,355,108)	
<b>Net Cash used in Financing Activities</b>		<b>87,451,099</b>		<b>172,384,196</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>23,583,930</b>		<b>6,479,800</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>		<b>8,847,395</b>		<b>2,367,595</b>
<b>Cash and Cash Equivalents at the end of the period</b>		<b>32,431,325</b>		<b>8,847,395</b>



ii **GENERAL INFORMATION**

**Dear Shareholder(s),**

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on 06.07.2010 and the resolution approved by the shareholders in the 8th Annual General Meeting held on 08.09.2010, it has been decided to make the following offer to the Equity Shareholders of the Company:

**ISSUE OF [\*] EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [\*] EACH INCLUDING A PREMIUM OF RS. [\*] PER EQUITY SHARE AGGREGATING TO AN AMOUNT NOT MORE THAN RS. 17500.00 LACS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [\*] EQUITY SHARES FOR EVERY [\*] EQUITY SHARES HELD ON RECORD DATE i.e. [\*]. THE ISSUE PRICE IS [\*] TIMES OF THE FACE VALUE OF THE EQUITY SHARE.**

<b>Registered Office</b>	Ankit Metal & Power Limited 35, Chittaranjan Avenue Kolkata – 700 012
<b>Manufacturing Plant (Existing)</b>	Village: Jorehira, Mouza: Burat & Jorehira P.S.: Chhatna Dist.: Bankura West Bengal
<b>Corporate Office</b>	33, Chittaranjan Avenue Kolkata – 700 012
<b>Corporate Identification Number</b>	L27101WB2002PLC094979
<b>Company Registration Number</b>	21-94979
<b>Registrar of Companies</b>	Registrar of Companies West Bengal Nizam Palace, 2nd MSO Building, 2nd Floor 234/4, A.J.C. Bose Road Kolkata – 700 020
<b>Company Secretary &amp; Compliance Officer</b>	Mr. Chandra Kumar Jain 35, Chittaranjan Avenue Kolkata – 700 012 Ph No.: (033) 2211 9805/06 Fax No.: (033) 2211 0522 Email: cs@ankitmetal.com

## BOARD OF DIRECTORS

The Board of Directors of the Company comprises of:

<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Suresh Kumar Patni	Chairman	Promoter – Non-Executive
Mr. Ankit Patni	Managing Director	Promoter – Executive
Mr. Rohit Patni	Joint Managing Director	Promoter – Executive
Mr. Kailash Chand Jain	Director	Independent – Non-Executive
Mr. Vijay Kumar Jain	Director	Independent – Non-Executive
Mr. Jatindra Nath Rudra	Director	Independent – Non-Executive

### Listing

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Equity Shares offered through this Draft Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approvals from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number [\*] dated [\*].

**ISSUE MANAGEMENT TEAM**

<p><b>LEAD MANAGER TO THE ISSUE:</b></p>  <p><b>Sumedha Fiscal Services Limited</b>              8B Middleton Street,              Geetanjali, Room No. 6A              Kolkata – 700 071              Ph: (033) 2229 8936/6758/3237              Fax: (033) 226 4140 / 2265 5830              E-mail: <a href="mailto:compliance@sumedhafiscal.com">compliance@sumedhafiscal.com</a>              Web Site: <a href="http://www.sumedhafiscal.com">www.sumedhafiscal.com</a>              Contact Person: Mr. Deb Kumar Sett</p>	<p><b>REGISTRAR TO THE ISSUE:</b></p>  <p><b>Link Intime India Pvt. Ltd.</b>              C-13, Pannalal Silk Mill Compound              LBS Road, Bhandup West              Mumbai – 400 078              Ph: (022) 2596 3838, 2594 6970              Fax: (022) 2594 6969              E-mail: <a href="mailto:sachin.achar@linkintime.com">sachin.achar@linkintime.com</a>              Web Site: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>              Contact Person: Mr. Sachin Achar</p>
<p><b>LEGAL ADVISOR TO THE ISSUE:</b></p> <p><b>Mr. Bidyut Dutt</b>              Advocate, High Court Kolkata              ‘Temple Chambers’              6 Old Post Office Street              3rd Floor, Room No. 79/2              Kolkata – 700 001              Ph: (033) 2210 3662              Fax: (033) 3022 4995              E-mail: <a href="mailto:bidyut_dutt@rediffmail.com">bidyut_dutt@rediffmail.com</a></p>	<p><b>AUDITORS:</b></p> <p><b>M/s R. Kothari &amp; Company</b>              Chartered Accountants              16A, Shakespeare Sarani              Kolkata – 700 071              Ph: (033) 2282 6807/ 6809, 2282 6776              Fax: (033) 2282 5921              E-mail: <a href="mailto:kolkata@rkothari.in">kolkata@rkothari.in</a>              Web Site: <a href="http://www.rkothari.in">www.rkothari.in</a>              Contact Person: Mr. K. C. Soni</p>
<p><b>BANKER TO THE ISSUE:</b></p> <p><b>HDFC Bank Limited</b>              Bank House              3A, Gurusaday Road              Kolkata – 700 019              Ph: (033) 3057 8217/18/19/20/34              Fax: (033) 22836922              Email: <a href="mailto:zafar.ehsan@hdfcbank.com">zafar.ehsan@hdfcbank.com</a>              Contact Person: Mr. Zafar Ehsan</p>	<p><b>BANKER TO THE ISSUE:</b></p> <p><b>Indusind Bank Limited</b>              IBL House, 1<sup>st</sup> Floor              Cross “B” Road              MIDC, J. B. Nagar              Andheri Kurla Road              Andheri (East)              Mumbai – 400 059              Ph: (022) 6772 8721              Fax: (022) 6641 2349              Email: <a href="mailto:suresh.esaki@indusind.com">suresh.esaki@indusind.com</a>              Contact Person: Mr Suresh Esaki</p>

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letters of allotment/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

**Self Certified Syndicate Bankers**

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.**

**BANKERS TO THE COMPANY:**

**State Bank of India**  
**Commercial Branch**  
8 N. S. Road  
Kolkata – 700 001  
**Ph.:** 033 2242 0448/49/50/53  
**Fax:** 033 2242 0452  
**E-mail:** sbi.04125@sbi.co.in  
**Contact Person: Mr. Sikandar**

**Andhra Bank**  
**Burrabazar Branch**  
23/1 M. D. Road  
Kolkata – 700 007  
**Ph.:** 033 2274 9733/ 9402  
**Fax:** 033 2274 3384  
**E-mail:** bmc731@andhrabank.co.in  
**Contact Person: Mr. Sumit / Mr. Sanyal**

**Syndicate Bank**  
**Burrabazar Branch**  
132/1 M. G. Road  
Kolkata – 700 007  
**Ph.:** 033 2269 6330  
**Fax:** 033 2273 4133  
**E-mail:** wb.9524@kolro.syndicatebank.co.in  
**Contact Person: Mr. Sashikant Sanganeria**

**IDBI Bank Limited**  
**IDBI House**  
44 Shakespeare Sarani  
Kolkata – 700 017  
**Ph.:** 033 2290 6818/19/20  
**Fax:** 033 2290 3593/5094  
**E-mail:** r.barua@idbi.co.in  
**Contact Person: Mr. Debanshu Bhattacharya**

**United Bank of India**  
**Old Court House Street Branch**  
11, Hemanta Basu Sarani  
Kolkata – 700 001  
**Ph.:** 033 2248 7471  
**Fax:** 033 2248 6570/ 2231 9171  
**E-mail:** bmo@unitedbank.co.in  
**Contact Person: Mr. Arindham**

**State Bank of Travancore**  
**Lake Market Branch**  
91 Rash Behari Avenue  
Kolkata - 700 026  
**Ph.:** 033 2464 3138  
**Fax:** 033 2466 8956  
**E-mail:** lakemarket@sbt.co.in  
**Contact Person: Mr. Basera**

**State Bank of Bikaner & Jaipur**

**N. S. Road Branch**

14 N. S. Road

Kolkata – 700 001

**Ph.:** 033 2210 6045

**Fax:** 033 2230 9058

**E-mail:** sarkarsp@sbbj.co.in

**Contact Person: Mr. Sarkar**

**Allahabad Bank**

Red Cross Place Branch

7 Red Cross Place

Kolkata – 700 001

**Ph.:** 033 2242 6777/2210 8394

**Fax:** 033 2248 4238

**E-mail:** rcpbr@cal.allahabadbank.co.in

**Contact Person: Mr. Rakesh Kr. Gupta**

**Indian Overseas Bank**

**India Exchange Place**

Kolkata – 700 001

**Ph.:** 033 2225 3187/4055/56

**Fax:** 033 2254 4194

**E-mail:** ieplcbr@calmsco.iobnet.co.in

**Contact Person: Mr. Samir Ghosh**

**State Bank of Mysore**

**Bentinck Street Branch**

1&2 Old Court House Street

Tobacco House

Kolkata – 700 012

**Ph.:** 033 2230 0991/0987

**Fax:** 033 2231 1337

**E-mail:** bentinckstreet@sbm.co.in

**Contact Person: Mr. Bhaskar Chakraborty**

**STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGER**

Since the Issue is managed by one Lead Manager, the entire responsibilities shall vest with the Lead Manager.

**CREDIT RATING**

This is being an Issue of Equity Shares, no credit rating is required.

**IPO GRADING**

This being a Rights Issue of Equity Shares, IPO grading is not required.

**TRUSTEES**

This being a Rights Issue of Equity Shares, appointment of Trustees is not required.

**PROJECT APPRAISAL/ APPRAISING AGENCY**

The Company has been appraised and sanctioned loan for the project from Indian Overseas Bank, United Bank of India, State Bank of Travancore, State Bank of Bikaner & Jaipur, State Bank of Indore (Since merged with State Bank of India) and State Bank of Mysore.

### **MONITORING AGENCY**

As this being an Issue of Equity Shares for less than Rs. 50,000 lacs appointment of monitoring agency in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations 2009 is not required. The Board will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

### **UNDERWRITING**

The Present Rights Issue is not underwritten by any third party. However, the Promoters have confirmed vide their Letter of Intent dated 15.09.2010 that they intend to subscribe to the full extent of their entitlement in the Issue. The Promoters intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue size is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

### **IMPERSONATION**

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

**“Any person who**

- (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment of a term which may extend to five years.”**

### **MINIMUM SUBSCRIPTION**

- a) If the Company does not receive the minimum subscription of 90% of the issued amount, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue.
- b) If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount (i.e. 15 days after closure if the Issue), the Company shall pay interest for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

### **DECLARATION BY THE BOARD ON CREATION OF SEPARATE ACCOUNT**

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.

---

**THE PRINCIPAL TERMS OF LOANS AND ASSETS CHARGED AS SECURITY**

<b>Unit I (Old Unit)</b>						
<b>LONG TERM LOAN</b>						
<b>Name of Lender</b>	<b>Date of Sanction</b>	<b>Purpose</b>	<b>Sanction Amount (Rs. In lacs)</b>	<b>Rate of Interest</b>	<b>Securities Offered</b>	<b>Repayment</b>
<b>State Bank Of India</b>	07.06.2004	<b>Term Loan:</b> <b>Term Loan I</b> To establish Sponge Iron Plant	1500.00	Equivalent to SB-I pricing	a) 1ST pari-passu charge on fixed assets by way of equitable mortgage of land and building/shed along with all moveable and immovable machinery and other fixed assets.  b) 2nd pari-passu charge on the company's current Assets.  c) Personal guarantee of promoter director and corporate guarantee of three promoter group companies.  d) Pledge of Promoter Director shares.	20 quarterly instalments commencing from June 2006
	09.06.2005	<b>Term Loan II</b> To establish billet, re-rolling and WHRB captive power plants	2000.00			18 quarterly instalments commencing from December 2006
	05.06.2006	<b>Term Loan III</b> Installation of AFBC Power Plant at the cost of Rs. 1696 lacs.	500.00			20 quarterly instalments commencing from March 2008.
	29.05.2008	<b>Term Loan IV</b> 15 MTIF for Billet Plant with CCM	570.00			20 quarterly instalments commencing from June 2009
	29.05.2008	<b>Term Loan V</b> Installation of 5.5 MVA SAF Plant.	395.00			20 quarterly instalments commencing from June 2009
<b>State Bank Of India</b>	13.07.2009	<b>Working Capital</b>  <b>LC</b>  <b>BG</b>  <b>SLC</b>	4400.00  2800.00  45.00  500.00	Equivalent to SB-I pricing	a) First charge on pari-passu basis on Current Assets.  b) 2 <sup>nd</sup> pari-passu charge by way of extension of charge on the entire fixed assets of factory land, building/shed, etc.	As on demand

<b>Andhra Bank</b>	10.03.05	<b>Term loan I</b> To establish billet, re rolling and WHRB captive power plants.	1150.00	BMPLR + 1.25%	a) First pari-passu charge on fixed assets by way of equitable mortgage of land & building/shed along with all movable and immovable plant & machinery and other fixed assets.	18 quarterly instalments commencing from December 2006
	29.09.06	<b>Term loan II</b> Installation of AFBC Power plant at a cost of Rs.1696 lacs	300.00	BMPLR + 1.25%	b) Second pari-passu charge on the Current Assets.	20 quarterly instalments commencing from March 2008
	16.09.08	<b>Term loan III</b> 15 MTIF for Billet Plant with CCM t a total cost of Rs.1432 lacs.	290.00	BMPLR + 1.25%	c) Personal guarantee of promoter director and corporate guarantee of three promoter group companies.	20 quarterly instalments commencing from June 2009
	16.09.08	<b>Term loan IV</b> Installation of 5.5 MVA SAF Ferro Manganese Plant at a cost of Rs.993 lacs.	205.00	BMPLR + 1.25%	d) Pledge of Promoter Director share	20 quarterly instalments commencing from June 2009
<b>Andhra Bank</b>	13.02.10	<b>Working Capital</b> OCC/EPC/FC	1465.00	BMPLR+1%	a) First charge on pari-passu basis on Current Assets	As on demand
		ILC	810.00		b) Second pari passu charge by way of extension of charge on the entire fixed assets of factory land, building/shed etc.	
		SLC	293.00			
<b>Syndicate Bank</b>	19.03.05	<b>Term Loan</b> to establish billet, re rolling and WHRB captive power plants	850.00	PLR + 0.50% i.e. 11.50% p.a.	a) Pari passu first charge on the fixed assets of the Company b) Second pari-passu charge on the Current Assets.	To be repaid in 18 quarterly instalments starting from December 2006.



	29.03.07	<b>Term Loan II</b> Installation of ABFC Power plant	215.00	PLR + 1.50%.	c) Personal guarantee of promoter director and corporate guarantee of three promoter group companies.  d) Pledge of Promoter Director share	To be repaid in 20 quarterly instalments each w.e.f. March, 08.
<b>Syndicate Bank</b>	18.03.09	<b>Working Capital</b>	275.00	PLR + 1.50%	a) 1 <sup>st</sup> Pari-passu charge on the current assets of the Company	As on Demand
		<b>LC</b>	315.00		b) Second pari- passu charge on he Current Assets.	On due date/ maturity
<b>Industrial &amp; Developm ent Bank Of India (IDBI)</b>	24.09.09	<b>CC/WCDL</b>	1325.00	BPLR-25% p.a	a) First pari-passu charge on entire Current assets of the Company.	Repayable on demand
		<b>LC</b>	675.00		b) Second pari- passu charge on the fixed Assets of the company.	
		<b>SLC</b>	500.00		c) Personal guarantee of promoter director and corporate guarantee of three promoter group companies.	As on Demand

**Negative Covenants in the credit terms of the Bankers:****Towards Term Loan**

- 1) During the currency of the credit facilities, the Company shall not, without the prior approval of the Bank in writing:-
  - a) Effect any change in their capital structure;
  - b) Formulate any scheme of amalgamation or reconstruction;
  - c) Undertake any new project/ schemes, implement any schemes of expansion or acquire fixed assets without obtaining the Bank's prior consent therefore, unless the expenditure on such expansion etc. is covered by the Company's net cash accruals after providing for dividends, investments etc. or from long term funds received for financing such new projects or expansion and approved by the Bank;
  - d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit of security deposits in the usual course of business or advance to employees etc. are, however, not covered by this covenant;
  - e) Enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, Company or otherwise save and except the working capital facilities granted/ to be granted by other consortium-member banks, under consortium arrangement with the Bank and the term loans proposed to be obtained from financial institutions/ banks for completion of the replacement-cum-modernisation programme;
  - f) Undertake guarantee obligations on behalf of the Company;
  - g) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;

- h) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- i) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank;
- j) Enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent;
- k) Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc;
- l) Undertake any trading activity other than the sale of products arising out of its own manufacturing operations; and
- m) Permit any transfer of the controlling interest or make any drastic change in the management set-up.

#### **Towards Working Capital Loan**

- 1) During the currency of the credit facilities, the Company shall not, without the prior approval of the Bank in writing:-
  - a) Effect any change in the capital structure;
  - b) Formulate any scheme of amalgamation or reconstruction;
  - c) Implement any scheme of expansion or acquire fixed assets;
  - d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern, normal trade credit, security deposits in the normal course of business or advances to employees can, however, be extended;
  - e) Enter into borrowing arrangements either secured or unsecured with any Bank, Financial Institution, company or otherwise accept deposits;
  - f) Declare dividends for any year except out of profits relating to that year after making all dues and necessary provisions and provided further that no default had occurred in any repayment obligations and stipulated Net Working Capital has been maintained. In any case, company should obtain Bank's prior approval before declaring dividends.
- 2) The bank will have the option of appointing its nominee on the Board of Directors of the Company to look after its interests. The bank will have the right to appoint a nominee to attend any meetings of shareholders, the agenda papers and proceedings should be send expeditiously.
- 3) The Company should not make any drastic change in their management set up without the Bank's permission.

<b>Unit I (Old Unit)</b>						
<b>SHORT TERM LOAN</b>						
<b>Name of Lender</b>	<b>Date of Sanction</b>	<b>Purpose</b>	<b>Sanction Amount (Rs. In lacs)</b>	<b>Rate of Interest</b>	<b>Securities Offered</b>	<b>Repayment</b>
<b>Allahabad Bank</b>	29.03.10	Short Term Loan	900.00	PLR-1% p.a.w.m.r	1) Subservient Charges over fixed & Current Assets. 2) Personal Guarantee of Promoter Director Mr. Suresh Kumar Patni & Mr. Rohit Patni	By 3 monthly instalment starting from 10th month.

Unit II (New Unit)						
LONG TERM LOAN						
Name of Lender	Date of Sanction	Purpose	Sanction Amount (Rs. In lacs)	Rate of Interest	Securities Offered	Repayment
United Bank of India	05.11.2009	Part financing for setting up of an integrated steel plant (2 <sup>nd</sup> Unit) at Jorehira, P.S. Chhatna, Dist. Bankura	2800.00	BPLR + 0.50% p.a. presently 12.50% p.a.	a) 1 <sup>st</sup> pari-passu with other lenders by way of equitable mortgage/ hypothecation and other immovable and moveable fixed assets of the proposed Integrated Steel Plant.  b) Personal Guarantee of Promoter Directors of the Company.	Payable in 24 quarterly instalments commencing from 4 <sup>th</sup> quarter of F.Y. 2011-12
State Bank of Travancore	17.09.2009	Part financing for setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at Jorehira, P.S. Chhatna, Dist. Bankura	4700.00	SBTPLR + 0.25%, presently 12.50% p.a.	a) 1 <sup>st</sup> pari-passu with other lenders by way of equitable mortgage/ hypothecation and other immovable and moveable fixed assets of the proposed Integrated Steel Plant.  b) Personal Guarantee of Promoter Directors of the Company.	Payable in 24 quarterly instalments commencing from 4 <sup>th</sup> quarter of F.Y. 2011-12
State Bank of Bikaner & Jaipur	30.09.2009	Part financing for setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at Jorehira, P.S. Chhatna, Dist. Bankura	2400.00	BPLR + 0.25%, presently 12.50% p.a.	a) 1 <sup>st</sup> pari-passu with other lenders by way of equitable mortgage/ hypothecation and other immovable and moveable fixed assets of the proposed Integrated Steel Plant.  b) 2 <sup>nd</sup> charge, on pari-passu basis, over all the current assets of the proposed project.  c) Personal Guarantee of Promoter Directors of the Company.	Payable in 24 quarterly instalments commencing from 4 <sup>th</sup> quarter of F.Y. 2011-12
State Bank of Indore	08.09.2009	Part financing for setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at	2300.00	BPLR + 0.25% i.e. 12.50% p.a.	a) 1 <sup>st</sup> pari-passu with other lenders by way of equitable mortgage/ hypothecation and	Payable in 24 quarterly instalments commencing from 4 <sup>th</sup> quarter of F.Y.

Unit II (New Unit)						
LONG TERM LOAN						
Name of Lender	Date of Sanction	Purpose	Sanction Amount (Rs. In lacs)	Rate of Interest	Securities Offered	Repayment
		Jorehira, P.S. Chhatna, Dist. Bankura			other immovable and moveable fixed assets of the proposed Integrated Steel Plant.  b) 2 <sup>nd</sup> charge, on pari-passu basis, over all the current assets of the proposed project.  c) Personal Guarantee of Promoter Directors of the Company.	2011-12
Indian Overseas Bank	04.11.2009	Part financing for setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at Jorehira, P.S. Chhatna, Dist. Bankura	5600.00	BPLR + 0.50% i.e. 12.50% p.a.	a) Pari-passu 1 <sup>st</sup> charge by way of equitable mortgage/ hypothecation of all Block assets of the proposed project.  b) 2 <sup>nd</sup> charge, on pari-passu basis, over all the current assets of the proposed project.  c) Personal Guarantee of Promoter Directors of the Company.	Payable in 24 quarterly instalments commencing from 4 <sup>th</sup> quarter of F.Y. 2011-12
State Bank of Mysore	12.10.2009	Part financing for setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at Jorehira, P.S. Chhatna, Dist. Bankura	2300.00	0.25% above SBMPLR + 0.25% i.e. present 12.50% p.a.	a) 1 <sup>st</sup> pari-passu with other lenders by way of equitable mortgage/ hypothecation and other immovable and moveable fixed assets of the proposed Integrated Steel Plant.  b) 2 <sup>nd</sup> charge over all current assets of the Company of the proposed project  c) Personal Guarantee of Promoter Directors of the Company.	Payable in 24 quarterly instalments commencing from 1 <sup>st</sup> quarter of F.Y. 2012-13

\* Since merged with State Bank of India

**Collateral Security for all facilities:**

- 1) Equitable mortgage/ hypothecation of land & buildings, plant and machineries and other immoveable and moveable fixed assets of the proposed Integrated Steel Plant.
- 2) Charge over all current assets of the Company, of the proposed project, (Unit – II).
- 3) Personal guarantee of Mr. Ankit Kumar Patni, Mr. Suresh Kumar Patni and Mr. Rohit Patni, Directors of the Company reported joint net worth of Rs. 336.00 lacs as on 31.03.2008.

**Negative Covenants in the credit terms of the Bankers:**

During the currency of the Bank's credit facilities, the Company will not;

- 1) Effect any change in the Company's capital structure
- 2) Formulate any scheme of amalgamation or reconstruction.
- 3) Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicted in the funds flow statement submitted to the Bank from time to time and approved by the Bank
- 4) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit or security deposits in the normal course of business or advances to employees can, however, be extended.
- 5) Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution and company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank.
- 6) Undertake any guarantee obligation on behalf of any other company (including group companies).
- 7) Declare dividends for any year out of the profits relating to that year or of the previous years. It is however necessary for the Company to ensure first that provisions are made and that no repayment obligations remain unmet at the time of making the request for Bank's approval for the declaration of dividend.
- 8) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons.
- 9) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank
- 10) Enter into any contractual obligation of a long-term nature or affecting the Company financially to a significant extent.
- 11) Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.
- 12) Undertake any trading activity other than the sale of products arising out of its own manufacturing operations
- 13) Permit any transfer of the controlling interest or make any drastic change in the management set-up.

**Details of Auto Loan are as follows:-**

Sl. No.	Type of Loan	Date of Sanction	Name of the Bank	Amount (Rs.)	Remarks
1.	Auto Loan (Loan A/c No. 7000071 92	21.04.10	TATA CAPITAL LIMITED	898,000.00	Repayable in 36 equal monthly payments:

Sl. No.	Type of Loan	Date of Sanction	Name of the Bank	Amount (Rs.)	Remarks
					@Rs. 29,955 starting from 03.05.10
2.	Auto Loan (Loan A/c No. 70000582)	02.11.09	TATA CAPITAL LIMITED	739,000.00	Repayable in 36 equal monthly payments:  @Rs. 24,317 starting from 03.12.09
3.	Auto Loan (Loan A/c No. 7000015010)	29.05.08	TATA CAPITAL LIMITED	450,000.00	Repayable in 36 equal monthly payments:  @Rs. 14,500 starting from 29.05.08
4.	Auto Loan (Loan A/c No. 7000056381 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
5.	Auto Loan (Loan A/c No. 7000056383 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
6.	Auto Loan (Loan A/c No. 7000056386 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
7.	Auto Loan (Loan A/c No. 7000056387 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
8.	Auto Loan (Loan A/c No. 7000056388 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
9.	Auto Loan (Loan A/c No. 7000056389 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
10.	Auto Loan (Loan A/c No. 7000056391 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
11.	Auto Loan (Loan A/c	04.10.09	TATA CAPITAL	178,900.00	Repayable in 36

Sl. No.	Type of Loan	Date of Sanction	Name of the Bank	Amount (Rs.)	Remarks
	No. 7000056392 )		LIMITED		equal monthly payments:  @Rs. 5,984 starting from 03.11.09
12.	Auto Loan (Loan A/c No. 7000056393 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09
13.	Auto Loan (Loan A/c No. 7000056394 )	04.10.09	TATA CAPITAL LIMITED	178,900.00	Repayable in 36 equal monthly payments:  @Rs. 5,984 starting from 03.11.09

iii **CAPITAL STRUCTURE**

The share capital structure of the Company and the related information is as under:

Particulars	Nominal Value	(Rs. in Lacs)
		Aggregate Value at Issue Price
<b>A. AUTHORISED:</b> 8,00,00,000 Equity Shares of Rs.10/- each	8000.00	
<b>B. ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:</b> 3,28,75,500 Equity Shares of Rs.10/- each	3287.55	
<b>C. PRESENT ISSUE:</b> Issue of [*] Equity Shares of Rs. 10/- each for cash at a price of Rs. [*] each including a premium of Rs. [*] per Equity Share aggregating to an amount not more than Rs. 17500.00 lacs to the Equity Shareholders on Rights Basis in the ratio of [*] Equity Shares for every [*] Equity Shares held on record date i.e. [*].	[*]	[*]
<b>D. PAID UP SHARE CAPITAL AFTER THE ISSUE:</b> [*] Equity Shares of Rs.10/- each	[*]	
<b>E. SHARE PREMIUM ACCOUNT</b> Before the Issue	--	4554.44
After the Issue	--	[*]

The share capital statement is prepared on the assumption that the Proposed Rights Issue of [\*] Equity Shares @ Rs. [\*] will be fully subscribed.

**The Company does not have any outstanding warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company.**

#### Notes to the Share Capital Structure

##### 1. Changes in the Authorised Share Capital of the Company since incorporation:

Sl. No.	Particulars of Increase	Date of Resolution
1.	At incorporation Rs. 20 Lacs divided into 2 Lacs Equity Shares of Rs. 10/- each	-
2.	Increase from Rs. 20 Lacs divided into 2 Lacs Equity Shares to Rs. 200 Lacs divided into 20 Lacs Equity Shares of Rs. 10/- each	20.08.2003
3.	Increase from Rs. 200 Lacs divided into 20 Lacs Equity Shares to Rs. 800 Lacs divided into 80 Lacs Equity Shares of Rs. 10/- each	20.11.2003
4.	Increase from Rs. 800 Lacs divided into 80 Lacs Equity Shares to Rs. 1300 Lacs divided into 130 Lacs Equity Shares of Rs. 10/- each	08.11.2004
5.	Increase from Rs. 1300 Lacs divided into 130 Lacs Equity Shares to Rs. 1900 Lacs divided into 190 Lacs Equity Shares of Rs. 10/- each	29.03.2005
6.	Increase from Rs. 1900 Lacs divided into 190 Lacs Equity Shares to Rs. 2500 Lacs divided into 250 Lacs Equity Shares of Rs. 10/- each	27.02.2006
7.	Increase from Rs. 2500 Lacs divided into 250 Lacs Equity Shares to Rs. 3500 Lacs divided into 350 Lacs Equity Shares of Rs. 10/- each	28.07.2006
8.	Increase from Rs. 3500 Lacs divided into 350 Lacs Equity Shares to Rs. 6000 Lacs divided into 600 Lacs Equity Shares of Rs. 10/- each	01.03.2008
9.	Increase from Rs. 6000 Lacs divided into 600 Lacs Equity Shares to Rs. 8000 Lacs divided into 800 Lacs Equity Shares of Rs. 10/- each	08.09.2010



## 2. The present capital structure of the Company has been built-up as under:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	No. of Equity Shares Cumulative	Cumulative paid up Share Capital
07.08.2002	10000	10	10	Cash	Subscription to Memorandum	10000	100000
20.08.2003	105500	10	10	Cash	Further Issue	115500	1155000
30.11.2003	3345000	10	10	Cash	Further Issue	3460500	34605000
31.03.2004	2835000	10	20	Cash	Further Issue	6295500	62955000
06.10.2004	995000	10	20	Cash	Further Issue	7290500	72905000
29.03.2005	5620000	10	20	Cash	Further Issue	12910500	129105000
27.03.2006	8065000	10	20	Cash	Further Issue	20975500	209755000
03.07.2007	11900000	10	36	Cash	Initial Public Issue	32875500	328755000

## 3. The details of shareholding of the promoters and promoter group including details of lock-in, pledge of and encumbrance on such shares as on 30.06.2010 are as follows:

Sl No	Particulars	No. of Shares	As a % of total no. of Shares	No. of Shares locked in	As a % of total no. of Shares held	As a % of total no. of Shares	Shares pledged or otherwise encumbered	As a % of total no. of Shares held	As a % of total no. of Shares
<b>a.</b>	<b>Promoters</b>								
<b>I.</b>	<b>Indian</b>								
1.	Suresh Kumar Patni	505000	1.54	Nil	Nil	Nil	236177	46.77	0.72
2.	Sarita Patni	375400	1.14	Nil	Nil	Nil	175567	46.77	0.53
3.	Rohit Patni	730000	2.22	400270	54.83	1.22	341306	46.75	1.04
4.	Ankit Patni	900100	2.74	Nil	Nil	Nil	100	0.01	0.00
<b>II.</b>	<b>Foreign</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (a)</b>		<b>2510500</b>	<b>7.64</b>	<b>400270</b>	<b>15.94</b>	<b>1.22</b>	<b>753150</b>	<b>30.00</b>	<b>2.29</b>
<b>b.</b>	<b>Promoter Group</b>								
<b>I.</b>	<b>Indian</b>								
1.	Vasupujya Enterprises Pvt. Ltd.	10370000	31.54	5625000	54.24	17.11	3111000	30.00	9.46
2.	Poddar Mech Tech Services Pvt. Ltd.	3640000	11.07	Nil	Nil	Nil	1092000	30.00	3.32
3.	Suanvi Trading & Investment Co. Pvt. Ltd.	2628500	8.00	443500	16.87	1.35	655500	24.94	1.99
4.	Invesco Finance Pvt. Ltd.	2301500	7.00	746500	32.44	2.27	Nil	Nil	Nil
<b>II.</b>	<b>Foreign</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (b)</b>		<b>18940000</b>	<b>57.61</b>	<b>6815000</b>	<b>35.98</b>	<b>20.73</b>	<b>4858500</b>	<b>25.65</b>	<b>14.78</b>
<b>Total Promoters and Promoter Group holding (a) + (b)</b>		<b>21450500</b>	<b>65.25</b>	<b>7215270</b>	<b>33.64</b>	<b>21.95</b>	<b>5611650</b>	<b>26.16</b>	<b>17.07</b>

**4. Details of Shares purchased and sold by the Promoters/ Promoter Group in the last one year immediately prior to the date of filing of the Draft Letter of Offer**

Date	Purchase			Sale		
	Name of the Purchaser	No. of Shares	Rate per Share	Name of the Seller	No. of Shares	Rate per Share
14.09.2010	VNG Mercantiles Pvt. Ltd.	1000	28.78	-	-	-
14.09.2010	Nucore Exports Pvt. Ltd.	1000	28.93	-	-	-
14.09.2010	Arthodock Vinimay Pvt. Ltd.	1000	28.62	-	-	-

5. The Promoters/ Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue subject to compliance with the Takeover Code, the Promoters and Promoter Group Companies reserve their right to subscribe for Equity Shares in this Issue either by themselves or their relatives or combination of entities controlled by them, including by subscribing for renunciation, if any, made within the Promoter Group to another person/ entity forming part of the Promoter Group or any other Equity Shareholder. The Promoters/ Promoter Group have provided an undertaking dated 15.09.2010 to apply for additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement. As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will not exceed 75% of the post issue paid share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Other than meeting the requirements indicated in this section "Objects of the Issue", there is no other intention/purpose for this Issue, including any intention to delist the Company; even if, as a result of allotments to the Promoter and Promoter Group, in this Issue, the Promoter's and Promoter Group's shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

The Promoters/ Promoter Group have bought in Rs. 4379.50 Lacs as unsecured loan. The funds brought in by the Promoters/ Promoter Group as unsecured loan shall be adjusted against the share application money due from them towards their entitlement in the rights issue and also towards subscription in the unsubscribed portion, if any, in the present issue.

6. The Company has duly complied with the following during the last financial year:
- i) Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49.
  - ii) Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledge shares.
  - iii) Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.
7. The Company has not availed bridge loans, which need to be repaid from the proceeds of the Issue, for incurring expenditure on the "Objects of the Issue".

8. The present issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirement of promoters contribution and lock-in are not applicable.
9. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company. The Company does not have any outstanding instruments as on the date of filing of the Draft Letter of Offer.
10. Equity Shares of the Company are being traded in compulsory dematerialized mode. The market lot of the Equity Shares is 1 (One).
11. As on the date of filing the Draft Letter of Offer there are no partly paid up shares in the Company. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.
12. The Equity Shares of the Company are of face value of Rs. 10/- and marketable lot is 1 (one). At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with.
13. The Company has not instituted any ESOP/ ESOS as on the date of this Draft Letter of Offer.
14. No further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Rights Issue or Public Issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the filing of Draft Letter of Offer with the SEBI and the date on which the Equity Shares issued under this Draft Letter of Offer are listed or application money are refunded on account of the failure of the Issue.
15. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

## 16. Shareholding Pattern of the Company as on 30.06.2010

Category of Shareholder		No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledge or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of total No. of Shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>(1)</b>	Indian							
	Individuals / Hindu Undivided Family	4	25,10,500	25,10,500	7.64	7.64	7,53,150	30.00
	Bodies Corporate	4	1,89,40,000	1,39,95,000	57.61	57.61	48,58,500	25.65
	<b>Sub Total</b>	<b>8</b>	<b>2,14,50,500</b>	<b>1,65,05,500</b>	<b>65.25</b>	<b>65.25</b>	<b>56,11,650</b>	<b>26.16</b>
<b>(2)</b>	Foreign							
	Individuals (Non-Residents / Foreign Individuals)	-	-	-	-	-	-	-
	<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>8</b>	<b>2,14,50,500</b>	<b>1,65,05,500</b>	<b>65.25</b>	<b>65.25</b>	<b>56,11,650</b>	<b>26.16</b>
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	Institutions							
	Foreign Institutional Investors	4	28,90,475	28,90,475	8.79	8.79	-	-
	Mutual Funds / UTI	-	-	-	-	-	-	-
	Financial Institutions / Banks	-	-	-	-	-	-	-
	<b>Sub Total</b>	<b>4</b>	<b>28,90,475</b>	<b>28,90,475</b>	<b>8.79</b>	<b>8.79</b>	<b>-</b>	<b>-</b>
<b>(2)</b>	<b>Non-Institutions</b>							
	Bodies Corporate	205	51,41,659	40,26,659	15.64	15.64	-	-
	<b>Individuals</b>							
	Individual shareholders holding nominal share capital up to Rs. 1 lac	2,901	12,57,496	12,57,381	3.83	3.83	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lac	24	21,14,009	21,14,009	6.43	6.43	-	-
	<b>Any Other (Specify)</b>							
	Non Resident Indians	30	21,361	21,361	0.06	0.06	-	-
	<b>Sub Total</b>	<b>3,160</b>	<b>85,34,525</b>	<b>74,19,410</b>	<b>25.96</b>	<b>25.96</b>		
	<b>Total Public Shareholding (B)</b>	<b>3,164</b>	<b>1,14,25,000</b>	<b>1,03,09,885</b>	<b>34.75</b>	<b>34.75</b>		
	<b>Total (A)+(B)</b>	<b>3,172</b>	<b>3,28,75,500</b>	<b>2,68,15,385</b>	<b>100.00</b>	<b>100.00</b>	<b>56,11,650</b>	<b>17.07</b>
<b>(C)</b>	<b>Shares held by Custodians and against with Depository Receipts have been issued</b>							
		-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>3,172</b>	<b>3,28,75,500</b>	<b>2,68,15,385</b>	<b>100.00</b>	<b>100.00</b>	<b>56,11,650</b>	<b>17.07</b>

**17. Details of shareholders holding more than one per cent of the share capital of the Company as on 30.06.2010 is as follows:**

<b>Sl. No.</b>	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>Shares as a % of total No. of Shares</b>
1.	Mavi Investment Fund Limited	12,12,000	3.69
2.	Jignesh Hiralal Shah	11,75,634	3.58
3.	Panchmukhi Agro-Chem Pvt. Ltd	11,15,000	3.39
4.	Lotus Global Investment Limited	10,25,000	3.12
5.	Shriram Insight Share Brokers Limited	7,48,000	2.28
6.	Somerset Emerging Opportunities Fund	5,53,475	1.68
7.	Rotex Intertrade Pvt. Ltd.	5,00,000	1.52
8.	Hollyfield Traders Pvt. Ltd.	5,00,000	1.52
9.	Chitragupta Sales & Services Pvt. Ltd.	5,00,000	1.52
	<b>Total</b>	<b>73,29,109</b>	<b>22.29</b>

## SECTION – IV. PARTICULARS OF THE ISSE

**OBJECTS OF THE ISSUE**

The Rights Issue is being made to raise funds for the following purposes:

- A. Setting up of an Integrated Steel Plant (2nd Unit) at Jorehira, P.S. Chhatna, Dist. Bankura, West Bengal, adjacent to the existing Integrated Steel Plant. The project will comprise of the following:
- 100000 MTPA Direct Reduced Iron (DRI)
  - 59400 MTPA Steel Melting Shop (SMS)
  - 100000 MTPA Wire Rod Mill
  - 33 MW Captive Power Plant
- B. To augment working capital requirements  
 C. General Corporate Purpose  
 D. Expenses towards Rights Issue

The Object Clause of the Memorandum of Association of the Company, enable it to undertake the existing activity and the activities for which the funds are being raised by the Company through the present Rights Issue.

The total estimated expenditure to be incurred to finance the objects of the issue as mentioned below is based on current business plan of the Company and duly appraised and sanctioned by the bankers. In view of the dynamic nature of the steel industry to which the Company caters to, may have to revise business plan from time to time and consequently fund requirement may also change. This may entail rescheduling or revising the planned expenditure and increasing or decreasing the expenditure for a particular purpose from its initial estimate at the discretion of the management.

**TOTAL FUND REQUIREMENT**

The summary of the requirement of funds for the Objects of the Issue is as follows:

(Amount Rs. in Lacs)

Particulars	Total
Project cost setting up of an Integrated Steel Plant (2 <sup>nd</sup> Unit) at Jorehira	34159.70
Augmenting working capital requirement	1936.10
General Corporate Purpose*	[*]
Rights Issue Expenses*	[*]
<b>TOTAL</b>	<b>[*]</b>

\* Amount for general corporate purposes and rights issue expenses will be determined upon finalization of Issue Price

No part of the Rights Issue proceeds will be paid by the Company, as consideration to Promoters, Directors, Company's Key Managerial Personnel or to Associate or Group Companies promoted by the Promoter in the normal course of business.

**MEANS OF FINANCE**

(Amount Rs. in Lacs)

Particulars	Total
Term Loans from Banks	20100.00
Proceeds of the Rights Issue	[*]
Internal Accruals	[*]
<b>TOTAL</b>	<b>[*]</b>

The details of the term loans sanctioned by the Banks are as follows:

Sl. No.	Name of the Bank	Date of Sanction	Amount (Rs. in Lacs)
1.	United Bank of India	05.11.2009	2800.00
2	State Bank of Travancore	17.09.2009	4700.00
3.	State Bank of Bikaner & Jaipur	30.09.2009	2400.00
4.	State Bank of Indore*	08.09.2009	2300.00
5.	Indian Overseas Bank	04.11.2009	5600.00
6.	State Bank of Mysore	12.10.2009	2300.00
	<b>TOTAL</b>		<b>20100.00</b>

\* Since merged with State Bank of India

The Banks have given the sanction to the above mentioned credit facility to the Issuer Company. Taking into consideration the above statement, it state that firm arrangements through verifiable means have been made towards 100% of the above said means of finance, excluding the amount to be raised through this Rights Issue. Accordingly the Issuer Company is in compliant with the Regulation 4(2)(g) of the SEBI (ICDR) Regulations, 2009.

## APPRAISAL

### I. Scope and Purpose of Appraisal:

To part finance in setting up of an Integrated Steel Plant (2nd Unit) at Jorehira, P.S. Chhatna, Dist. Bankura, West Bengal, adjacent to the existing Integrated Steel Plant at a project cost of Rs. 31084.70 Lacs.

### II. Project cost setting up of an Integrated Steel Plant (2nd Unit) at Jorehira

Sl. No.	Particulars	Amount (Rs. in Lacs)		
		As appraised by Bank	Additional Management Estimates	Total
1.	Land & Land Development	579.00	-	579.00
2.	Buildings & Civil Work	2215.00	-	2215.00
3.	Plant & Machinery	20675.00	2775.00	23450.00
4.	Miscellaneous Fixed Assets	3275.00	300.00	3575.00
5.	Preliminary & Pre-operative Expenses	247.00	-	247.00
6.	Margin Money	1027.20	-	1027.20
7.	IDC (Interest During Construction)	1729.30	-	1729.30
8.	Contingency	1337.20	-	1337.20
	<b>Total Cost</b>	<b>31084.70</b>	<b>3075.00</b>	<b>34159.70</b>

### III. Explanation regarding revision in the project cost and the means of finance after the date of issue of the appraisal report:

Based on technological advancement and current demand, the management has decided to install a fully mechanised wire rod mill capable to draw stainless steel wire rods with sophisticated controls including (D. C. Drive DCS operated). The resultant change shall entail an additional cost of Rs. 3075.00 Lacs as per management own estimates which is included in project cost.

### IV. Weakness and Threats as given by appraising Banks:

#### (a) Weakness:

- Rising input cost
- Uncertainty about future capacity additions
- Lacks pan India and international presence

#### (b) Threats:

- Expansion by competitors
- Price regulation by Government of India
- Rising interest rates in Indian Economy

**DETAILS OF VARIOUS HEAD OF THE OBJECTS OF THE ISSUE****A. Setting up of an Integrated Steel Plant (2nd Unit), adjacent to the existing Integrated Steel Plant.****1. Land & Land Development****Land**

The total estimated cost for Land and Site Development is Rs. 579.00 Lacs.

Particulars	Amount (Rs. in Lacs)
Land	16.70
Land & Land Development	562.30

The total land required for the project is 50 acres and the Company has already acquired / purchased land admeasuring 49.590 acres at Jorehira at the same location in an adjoining plot of the existing plant. The land acquired is free from any encumbrance and the Company has a clear title for the same. The details of land are as below:

Sl. No.	Date of Purchase	Location Description	Area (In Acres)	Leasehold/ Freehold	Amount (Rs. in Lacs)
1.	16.12.2003	P.S. Chhatna, 35 Jorehira, Mouza	0.150	Freehold	0.11
2.	01.06.2004	P.S. Chhatna, 35 Jorehira, Mouza	18.295	Freehold	4.00
3.	08.10.2004	P.S.Chhatna, Ward No. 35, Mouza, Jorehira, Khaitan No.L.R. 303/1, Dag No. 782	1.670	Freehold	0.50
4.	06.06.2005	P.S. Chhatna, Mouza Jorehira, J.L.No. 35, Khaitan No. L.R. 233, Dag No. 465,466,467,468,467/1086,468/1087,751	2.530	Freehold	1.00
5.	21.10.2005	P.S. Chhatna, Mouza Sonapura, R.S. & L.S. Plot No. 1187	2.900	Freehold	0.93
6.	21.10.2005	P.S. Chhatna, Mouza Sonapura, Plot No. 470	5.670	Freehold	1.81
7.	10.05.2006	P.S. Chhatna, Mouza Jorehira	14.750	Freehold	6.65
8.	15.06.2006	P.S. Chhatna, 35 Jorehira, Mouza	1.225	Freehold	0.50
9.	28.09.2006	P.S. Chhatna, 35 Jorehira, Mouza	2.400	Freehold	1.20
		<b>Total</b>	<b>49.590</b>		<b>16.70</b>

**Land Development**

Sixty per cent of the land development process would require development which includes removal of vegetation, land levelling, gardening and fencing and making it symmetrical with a view to make it desirable for manufacturing facilities. Primarily the process would aim at improving raw land to make it desirable for manufacturing facilities and currently under implementation.

**2. Buildings and Civil Work**

The buildings and other civil work comprise of steel structures of welded construction like main furnace bays, main working platforms, charging platforms, top floor winch mechanism, finished goods stripping storage shed. Apart from these, there are also some RCC constructions, which include LT Rooms, Substations, Pump Room, Compressor Room, Control Room, Administrative Building, and DG Room etc. The estimated cost of building and civil work has been estimated at Rs. 2215 Lacs. The details of which is here mentioned below:

Sl. No.	Particulars	Construction Type	Amount (Rs. in Lacs)
<b>1.</b>	<b>Direct Reduced Iron (DRI) Plant</b>		
1.1	Ground Hopper	Steel Trusses on steel beams, RCC Flooring	18.37
1.2	Screen building foundation	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	16.77
1.3	Crusher Building	Steel Trusses on steel beams, RCC Flooring with heavy	14.51



Sl. No.	Particulars	Construction Type	Amount (Rs. in Lacs)
	foundation	foundation & GI Roofing Floors	
1.4	Conveyor foundation Trussel	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	11.53
1.5	Transfer House	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	9.16
1.6	kiln/ABC	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	275.71
1.7	ABC Building	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	62.85
1.8	Cooler Building Discharge	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	8.38
1.9	Product Building Storage	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	16.46
1.10	Tippler foundation	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	8.28
1.11	Stock house	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	17.00
1.12	Bag Filters	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	7.23
1.13	Fly Ash Silo	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	3.98
1.14	Intermediate Bin	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	7.91
1.15	Product Sapor Bldg.	Steel Trusses on steel beams, RCC Flooring with heavy foundation & GI Roofing Floors	7.48
1.16	Control Room	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	10.32
1.17	DG Set Room	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	3.76
1.18	ESP Foundation	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	16.36
1.19	ID Fan Foundation	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	2.35
1.20	Chimney	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	22.07
<b>2</b>	<b>Power Plant Division</b>		
2.1	Boiler Building	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	19.11
2.2	Duct Support	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	2.76
2.3	ESP Foundation	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	18.92
2.4	ID Fan Foundation	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	2.95
2.5	Turbine House	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	99.60
2.6	Air Cooled Condensor	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	37.90
2.7	DM Water plant	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	4.88
2.8	Cooling Tower	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	3.96
2.9	Water Tank	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	22.08
2.10	Fly Ash Silo	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	3.98
2.11	Boiler House	Steel Trusses on steel beams with heavy foundation, RCC	52.12

Sl. No.	Particulars	Construction Type	Amount (Rs. in Lacs)
		work & GI Roofing Floors	
2.12	Turbine building	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	132.02
2.13	Air cooled Condensor	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	51.86
2.14	DM Water Plant	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	6.50
2.15	Reservoir	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	39.36
2.16	Coal Bunker	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	11.26
2.17	Control room	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	14.34
2.18	Conveyor Trussle	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	8.96
2.19	Transfer House	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	7.87
2.20	Coal Shed	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	45.99
2.21	Crusher Building	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	5.49
2.22	Screening Building	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	4.96
2.23	Ground Hopper	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	5.53
2.24	Tippler	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	2.91
2.25	Chimney	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	25.16
2.26	ID Fan	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	6.81
2.27	ESP	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	27.37
2.28	Duct Support	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	3.06
2.29	Cooling Tower	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	3.09
2.30	Switch Yard	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	7.72
2.31	Bed Ash Silo	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	3.03
2.32	Fly Ash Silo	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	4.32
2.33	DG Set Room	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	3.42
2.34	Auxiliary Transformer -1	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	1.86
2.35	Auxiliary Transformer -2	Steel Trusses on steel beams, RCC & Brick works & GI Roofing Floors	1.90
<b>3</b>	<b>Steel Melting Shop (SMS)</b>		
3.1	Building ( Shed)	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	298.08
3.2	Furnace foundation	RCC	24.92
3.3	Cooling Tower	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	5.50
3.4	Equipment foundation	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	6.18

Sl. No.	Particulars	Construction Type	Amount (Rs. in Lacs)
3.5	Bag Filter	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	2.37
3.6	Electrical room	RCC roof & Brick Wall	5.31
3.7	Laboratory	RCC roof & Brick Wall	2.65
<b>4</b>	<b>Wire Rod Mill</b>		
4.1	Main plant 300x80 Building/Flooring	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	416.25
4.2	Walking hearth furnace	Steel Trusses on steel beams with heavy foundation, RCC work & GI Roofing Floors	41.47
4.3	Mill	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	42.91
4.4	cooling Bed	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	84.04
4.5	Cooling machine	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	8.84
4.6	Control room	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	15.70
4.7	CCM Building and Equipt	Steel Trusses on steel beams with heavy foundation, RCC & Brick works & GI Roofing Floors	27.26
<b>TOTAL COST OF BUILDING &amp; CIVIL WORK</b>			<b>2215.00</b>

### 3. Plant & Machinery

The cost of Plant & Machinery is estimated to be Rs. 23450.00 Lacs. Initially Rs. 20675.00 Lacs has been estimated as per the bank appraisal and later on management has estimated an additional capital expenditure of Rs. 2775.00 Lacs towards installation of fully mechanized wire rod mill with the capacity to draw stainless steel wire rods with sophisticated controls. While estimating the cost of Plant & Machinery the cost for following items have been included like basic equipment cost, excise duty and sales tax as applicable, associated structural and foundation costs, cost associated with material handling equipments and installation & commissioning cost.

The detailed break-up of cost of the Plant & Machinery and erection thereof is given below.

Sl. No.	Particulars	Quantity	Amount (Rs. in Lacs)
<b>Direct Reduced Iron (DRI) Plant</b>			
1.	Rotary Kiln with Cooler	1	774.23
2.	Refractories	1	316.00
3.	Kiln Tube – Air & Feed	35	134.76
4.	Gear Boxes and Coupling	1	186.42
5.	Material handling system – Iron Ore & Coal	1	342.52
6.	Pollution Control System	1	387.00
7.	Others		410.07
<b>Power Plant Division</b>			
1.	Waste Heat Recovery Boiler – 33 TPH with structural	1	1526.32
2.	AFBC Boiler - 115 TPH with structural	1	3950.73
3.	Ash Handling Plant including Bearing Block & Bearing Housing	1	505.88
4.	1 X 8 MW Turbo Generator with accessories	1	421.90
5.	35 TPH Air Cooled Condenser	1	440.17
6.	Air Cooled Condenser 25 mw	1	1030.03
7.	1 X 25 MW Turbo Generator with Accessories	1	1374.78
8.	Chimney	2	445.22
9.	Water Treatment Plant Including DM Plant	1	128.00
10.	Misc. Pumps-motor sets like CW Pumps, ACW pumps, Fire Fighting Pumps, Raw water pumps, Clarified Water Pumps, DM Water transfer Pumps etc.	38	102.93
11.	TG Hall EOT Cranes & related Structure	3	328.58

Sl. No.	Particulars	Quantity	Amount (Rs. in Lacs)
12.	Material Handling System With Bunkers, Conveyors	1	933.50
13.	APC System Components	1	275.00
14.	Others		286.96
<b>Steel Melting Shop (SMS)</b>			
1.	Induction Furnace	1	175.00
2.	10 MVA, 33/11 KV Distribution Transformer	1	104.34
3.	75/20 EOT CRANE	1	144.01
4.	6/11 Multi Radius Continuous Casting Machine	1	424.15
5.	Raw Material handling System Inclusive of Bucket Elevator, Travelling Tripper and Conv. Equipment	1	126.90
6.	Others		426.60
<b>Wire Rod Mill</b>			
1.	Oil Fired Re-Heating Furnace - Waking Beam hearth	1	1024.69
2.	Cranes	5	255.48
3.	Gear Boxes cum Pinion Stands	1	1161.81
4.	Electrical Motors, Drivers and Automation Instrumentation	1	1152.81
5.	Workshop Machinery/ Roll Turning Shop Machinery	1	269.00
6.	260MM PCD Continues Mill without Cooling system	1	193.20
7.	Cables with fitting		299.00
8.	550 MM Roughing Mill including mechanisation equipment	1	2913.91
9.	Others		478.10
<b>Total</b>			<b>23450.00</b>

Out of the total of Rs.23450.00 Lacs mentioned above, an amount of Rs. 5317.06 Lacs has already been incurred as on 31.08.2010. Detail of which is mentioned under "Sources and Deployment of Funds" on page no. [\*]

**Statement showing details of Plant & Machinery for which order placed / yet to be placed.**

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
<b>Plant &amp; Machinery Ordered</b>							
<b>Direct Reduced Iron (DRI) Plant</b>							
1.	Rotary Kiln With Cooler	Spectra Equipments Pvt. Ltd.	22.07.2010	February' 2011	Indigenous		774.23
2.	Bearings	ZKL Bearings India Pvt Ltd	03.08.2010	December' 2010	Indigenous		74.28
3.	Material Handling System - Iron -ore	Anjana Steel Industries (P) Ltd	07.05.2010	December' 2010	Indigenous		342.52
4.	Pollution Control System	Jindal Steel Products Ltd	26.06.2010	December' 2010	Indigenous		387.00
<b>Power Plant Division</b>							
1.	Waste Heat Recovery Boiler - 33 TPH with Structural	Thermax Limited	05.03.2010	March' 2011	Indigenous		1055.64
2.	Waste Heat	NIB Vinimay	14.05.2010	Received	Indigenous		303.68

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
	Recovery Boiler - 33 TPH with Structural	Pvt. Ltd.					
3.	Waste Heat Recovery Boiler - 33 TPH with Structural	A. D. Electro Steel Pvt. Ltd.	28.04.2010	March to May' 2011	Indigenous		167.00
4.	AFBC Boiler - 115 TPH with structural	Thermax Engineering Construction Company Ltd.	10.08.2010	May' 2011	Indigenous		363.99
5.	AFBC Boiler - 115 TPH with structural	Shree Mahalaxmi Vinimay Pvt. Ltd	28.04.2010	Received	Indigenous		509.60
6.	AFBC Boiler - 115 TPH with structural	Nikita Metals Pvt. Ltd.	07.03.2010	Received	Indigenous		198.00
7.	Ash Handling Plant including Bearing Block & Bearing Housing	Lal Baba Machino Impex Pvt Ltd	03.03.2010	3 to 4 months	Indigenous		388.87
8.	Ash Handling Plant including Bearing Block & Bearing Housing	Lal Baba Machino Impex Pvt Ltd	07.05.2010	3 to 4 months	Indigenous		117.01
9.	1 X 8 MW Turbo Generator with accessories	Arani Power System Ltd.	22.04.2010	April' 2011	Indigenous		421.90
10.	35 TPH Air Cooled Condenser	Paharpur Cooling Tower Ltd	27.02.2010	March' 2011	Indigenous		440.17
11.	Air Cooled Condenser 25 mw	Paharpur Cooling Tower Ltd	30.06.2010	August' 2011	Indigenous		1030.03
12.	1 X 25 MW Turbo Generator with Accessories	Siemens Limited	24.06.2010	August' 2011	Indigenous		1359.34
13.	Chimney	Satabdi Tie up	28.04.2010	March to May' 2011	Indigenous		106.00
14.	Material Handling System With Bunkers, Conveyors	Dhanlaxmmi Techno Engineers Pvt Ltd	24.06.2010	December' 2010	Indigenous		479.50
15.	Material Handling System With Bunkers, Conveyors	Starshine Engineering India Pvt. Ltd.	26.06.2010	December' 2010	Indigenous		454.00
16.	APC System Components	Intricate Engineering Pvt Ltd	26.06.2010	December' 2010	Indigenous		275.00
<b>Steel Melting Shop (SMS)</b>							
1.	6/11 Multi Radius	Indicon	05.03.2010	April' 2011	Indigenous		45.00

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
	Continuous Casting Machine	Enginee					
2.	Raw Material handling System Inclusive of Bucket Elevator, Travelling Tripper and Conv Equip	Engineering Trade Centre (I) Pvt Ltd	26.06.2010	December' 2010	Indigenous		126.90
<b>Wire Rod Mill</b>							
1.	550 MM ROUGHING MILL including main base frame with mechanisation equipment, intermediate pre-finishing & finishing mill, Coli Forming, Cooling, Compacting & Handling	Armech Engineers (P) Ltd.	25.08.2010	April' 2011	Indigenous		2913.91
2.	Main base frame on which are mounted 8 nos. Rolling Stands and 8 nos.Gear Boxes. Main Gear Box - rated for app. 3000 kw, single input, double output	R. Singh & associates (P) Ltd.	25.08.2010	April' 2011	Indigenous		132.36
3.	260MM PCD Continious Mill without Cooling system for rolling 5.5mm wire rod consisting of 4 nos 2 HL Mill Stands Complete, end crooping system with 300 mm dis pinch roll, 350 centres rotary shear	A.S.Precision Machines (P) Ltd	27.08.2009	Received	Indigenous		193.20
4.	DC Drive Panel & PLC Panel with all accessories	Vega Controls Pvt Ltd	11.09.2009	Received	Indigenous		24.40
5.	MCC Panel	Ishaani Electronics Pvt Ltd	08.12.2009	Received	Indigenous		1.95
6.	Roller with accessories	R.G. Machine Tools	20.11.2009/ 24.12.2009/ 10.05.2010	Received	Indigenous		5.00
7.	Copper, Aluminium Conductor Armoured	J.K.Electro Power	26.03.2010/3 0.04.2010/	-	Indigenous		18.00

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value		
						US \$	Amount (Rs. in Lacs)	
	Cables		24.03.2010					
<b>Total</b>								<b>12708.48</b>
<b>Plant &amp; Machinery yet to be ordered</b>								
<b>Direct Reduced Iron (DRI) Plant</b>								
1.	Cooling Tower	Southern Cooling Towers Pvt. Ltd.	07.07.2010	February' 2011	Indigenous		8.98	
2.	Centrifugal Fans	Filter Flow	09.08.2010	February' 2011	Indigenous		17.97	
3.	Lubrication System	Cenlube Industries Ltd.	20.08.2010	December' 2010	Indigenous		7.86	
4.	Air Compressor and Receiver	ELGI Equipments Ltd	23.08.2010	February' 2011	Indigenous		11.89	
5.	Refractories	ACE Calderys Limited	25.08.2010	December' 2010	Indigenous		316.00	
6.	Kiln Tube - Air & Feed	Super Castings (Bombay)Pvt Ltd	28.08.2010	January' 2011	Indigenous		134.76	
7.	Slip Incipreheater	Lohman Castings (P) Ltd.	17.08.2010	February' 2011	Indigenous		32.57	
8.	Gear Boxes and coupling	Siemens Ltd	06.08.2010	March' 2011	Indigenous		186.42	
9.	Belt Scrapper conveyor	Kaveri Ultra Polymers (P) Ltd	20.07.2010	March' 2011	Indigenous		6.74	
10.	Vibro feeder (Coal & IO Circuit)	Ecoman	23.08.2010	March' 2011	Indigenous		14.60	
11.	Coal crusher	Ecoman	23.08.2010	March' 2011	Indigenous		27.00	
12.	Vibro Screen (Primary & Secondary)	Ecoman	23.08.2010	March' 2011	Indigenous		63.60	
13.	Belt Feeder	Merger System	16.06.2010	March' 2011	Indigenous		2.08	
14.	Apron Feeder	Ecoman	23.08.2010	March' 2011	Indigenous		25.15	
15.	Loader (Backhoe)	JCB India Ltd.	22.07.2010	April' 2011	Indigenous		30.32	
16.	Conveyor Spares (Idlers, Pulleys etc.)	KSP Engineering Works	21.07.2010	March' 2011	Indigenous		13.48	
17.	Material Handling Automation System	Conquest Automation	11.08.2010	March' 2011	Indigenous		8.32	
18.	Conveyor Belt	Continental Conveyors (P) Ltd.	21.08.2010	January' 2011	Indigenous		33.00	
19.	Various Miscellaneous Items	Various Suppliers	-	-	Indigenous		32.23	

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
<b>Power Plant Division</b>							
1.	AFBC Boiler - 115 TPH with structural	Thermax Limited	10.08.2010	May' 2011	Indigenous		2655.14
2.	AFBC Boiler - 115 TPH with structural	A. D. Electro Steel Pvt. Ltd.	-	-	Indigenous		224.00
3.	1 X 25 MW Turbo Generator with Accessories	Siemens Limited	24.06.2010	August' 2011	Indigenous		15.44
4.	Chimney	Singh Brothers Construction	09.07.2010	June' 2011	Indigenous		57.97
5.	Chimney	Jeevanjyoti Agencies Pvt Ltd	01.09.2010	March' 2011	Indigenous		281.25
6.	Water Treatment Plant Including DM Plant	SYN Water Technologies Pvt. Ltd.	23.07.2010	May' 2011	Indigenous		128.00
7.	Misc. Pumps-motor sets like CW Pumps, ACW pumps, Fire Fighting Pumps, Raw water pumps, Clarified Water Pumps, DM Water transfer Pumps etc.	Allied Pumps	16.04.2010	May' 2011	Indigenous		102.93
8.	Compressors with Air Dryer & Air Receiver	Elgi Equipments Ltd.	23.08.2010	February' 2011	Indigenous		29.08
9.	CW Piping & Other LP Piping with Valves & Specialities.	Ajay Tubes	01.09.2010	-	Indigenous		45.00
10.	TG Hall EOT Cranes & related Structural	Fedral Engineers	31.12.2009	May' 2011	Indigenous		243.58
11.	TG Hall EOT Cranes & related Structural	Satabdi Tie up Pvt. Ltd.	28.04.2010	March to May' 2011	Indigenous		85.00
12.	Air Conditioning & Ventilation System	Cool command	18.08.2010	June' 2011	Indigenous		23.00
13.	Fire Fighting System	Matter & Platt M.R. Engineering Works	10.09.2010	June' 2011	Indigenous		16.00
14.	Havey Earth Equipments	JCB India Ltd.	22.07.2010	April' 2011	Indigenous		30.00
15.	First Fill Lub Oil	Bharat Petroleum Corporation Limited	-	August' 2010	Indigenous		16.00
16.	Various Miscellaneous	Different Suppliers	-	-	Indigenous		127.88



Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
	Items						
<b>Steel Melting Shop (SMS)</b>							
1.	Induction Furnace	Electrotherm	09.09.2010	June' 2011	Indigenous		175.00
2.	10 MVA, 33/11 KV Distribution Transformer	Emco Ltd.	27.03.2010	May' 2011	Indigenous		104.34
3.	75/20 EOT CRANE	Fedral Engineers	31.12.2009	April' 2011	Indigenous		144.01
4.	EOT Crane 7.5 MT for SMS(Sponge Iron) Bay	Zeemag Industries	12.05.2010	April' 2011	Indigenous		38.18
5.	EOT Crane 15 MT for Billet Bay	Zeemag Industries	12.05.2010	April' 2011	Indigenous		33.69
6.	6/11 Multi Radius Continuous Casting Machine	Concast India Ltd	26.11.2009	April' 2011	Indigenous		379.15
7.	Pumps for SMS	Allied Pumps	16.04.2010	May' 2011	Indigenous		11.23
8.	Cooling Tower for CCM	Paharpur Cooling Towers Limited	08.07.2010	May' 2011	Indigenous		10.04
9.	Auxiliary Transform	Emco Ltd.	27.03.2010	May' 2011	Indigenous		35.72
10.	Sintering Transformer	Transformer & Rectifiers India Ltd.	24.08.2010	May' 2011	Indigenous		27.53
11.	Rectangular Magnet/ Circular Magnet	Sarda Magnet	28.08.2010	May' 2011	Indigenous		31.00
12.	Slag Plot	Vikash Iron & Steel Pvt. Ltd	25.06.2010	May' 2011	Indigenous		40.88
13.	Softing Plant & DM Water Plant	Syn Water Tech. Pvt. Ltd.	25.04.2010	April' 2011	Indigenous		3.37
14.	Refractory	Ocl India Ltd.	28.08.2010	May' 2011	Indigenous		86.63
15.	Water Pipe Line – Pipe & Fitting	Ajay Tubes Ltd.	-	May' 2011	Indigenous		42.00
16.	Ladel Capacity 35 MT	Metropolitan	22.05.2010	May' 2011	Indigenous		24.71
17.	Various Miscellaneous Items	Different Suppliers			Indigenous		416.62
<b>Wire Rod Mill</b>							
1.	Oil Fired Re-Heating Furnace - Waking Beam hearth	Wesman Engineering Co Pvt. Ltd	27.01.2010	May' 2011	Indigenous		1024.69
2.	Cranes	Zeemag Industries	08.05.2010	April' 2011	Indigenous		255.48
3.	Foundation Bolts	Jantrick	09.01.2010	April' 2011	Indigenous		13.52

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value		
						US \$	Amount (Rs. in Lacs)	
	for Complete Mill	Enterprises						
4.	Gear Boxes cum Pinion Stands	Armech Engineers	09.01.2010	May' 2011	Indigenous		1161.81	
5.	Electrical Motors, Drivers and Automation Instrumentation	Armech Engineers	09.01.2010	May' 2011	Indigenous		1152.81	
6.	Workshop Machinery / Roll Turning Shop Machinery	Pathak Machine Tools Pvt. Ltd.	10.08.2010	April' 2011	Indigenous		269.00	
7.	Water Complex with Pipes and Accessories	Ajay Tube Company	01.09.2010	April' 2011	Indigenous		49.00	
8.	Pumps	Allied Pumps	16.04.2010	April' 2011	Indigenous		50.00	
9.	Water Softener plant	Kemtek Envirosolution s India Private Limited	04.05.2010	April' 2011	Indigenous		8.66	
10.	Cooling Tower	Paharpur Cooling Towers Limited	08.07.2010	April' 2011	Indigenous		32.09	
11.	Cables with fitting	Bengal India Gopal Infrastructural India Pvt. Ltd.	15.07.2010	December' 2010	Indigenous		299.00	
12.	Various Miscellaneous Items	Different Suppliers			Indigenous		143.12	
<b>Total</b>								<b>10741.52</b>

#### 4. Miscellaneous Fixed Assets

The Miscellaneous Fixed Assets have been estimated to be Rs. 3575.00 Lacs with the bank estimate of Rs. 3275.00 Lacs and management estimate of Rs. 300.00 Lacs. Miscellaneous Fixed Assets include safety equipments and systems like fire safety, furniture & fixture, office equipments including networking and communication systems, vehicles, first aid, laboratory equipments, HVAC and lighting systems.

The break-up of the Miscellaneous Fixed Assets towards various sections of Integrated Steel Plant is as follows:

Sl. No.	Particulars	Amount (Rs. in Lacs)
1.	Direct Reduced Iron (DRI) Plant	475.00
2.	Power Plant Division (CPP)	1900.00
3.	Steel Melting Shop (SMS)	400.00
4.	Wire Rod Mill	800.00
<b>Total</b>		<b>3575.00</b>

**Statement showing details of Miscellaneous Fixed Assets for which order placed / yet to be placed.**

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
<b>Miscellaneous Fixed Assets Ordered</b>							
<b>Direct Reduced Iron (DRI) Plant</b>							
1.	DG set , 1250 KVA	Jakson Engineers Limited	26.08.2010	October' 2010	Indigenous		88.62
2.	Control Panels	Jakson Engineers Limited	26.08.2010	October' 2010	Indigenous		28.13
3.	Electro Static Precipitator (ESP)	Elex India Pvt Ltd	07.07.2010	February' 2011	Indigenous		99.00
<b>Total</b>							<b>215.75</b>
<b>Miscellaneous Fixed Assets yet to be ordered</b>							
<b>Direct Reduced Iron (DRI) Plant</b>							
1.	Cables, Instrumentation Cable including Tray, Shell Air Fan Cable, LT Bus Duct	J.K.Electro Power	23.08.2010	November' 2010 to January' 2011	Indigenous		79.73
2.	Weighbridge – 60 Tons	Avery India Limited	18.08.2010	November' 2010	Indigenous		13.72
3.	Weigh Feeders	Schenck Process India Ltd	06.08.2010	January' 2011	Indigenous		46.04
4.	PCC, MCC Including Various Accessories	Incotech Engineers (P) ltd.	31.08.2010	January' 2011	Indigenous		88.90
5.	Various Miscellaneous items	Various Suppliers			Indigenous		6.00
<b>Power Plant Division</b>							
1.	Turbine and Generator 11 KV, 1x 132KV Generator / System Transformer Bay, LT Power Control Centers, Motor Control Centers, Local Control Stations, Junction Boxes etc., 110V DC System with Battery Charger and DC Board, Control – Instrumentation, 25KVA, 110V, 1	Incotech Engineers (P) Ltd.	31.08.2010	May' 2011	Indigenous		1343.67

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value	
						US \$	Amount (Rs. in Lacs)
	phase 50Hz AC Uninterrupted Power Supply System						
2.	Cabling (both 11 / 11KV & LT Power, Control, Instrumentation / Signal Cables), Cable trays etc.	J.K.ELECTR OPOWER	23.08.2010	December' 2010	Indigenous		330.81
3.	1 x 1500 KVA DG Set	Tractor India Private Limited	10.07.2010	April' 2011	Indigenous		130.52
4.	Water Pipeline from water reservior for steam	Giri Construction	18.07.2010	May' 2011	Indigenous		38.00
5.	Various Miscellaneous items	Various Suppliers			Indigenous		57.00
<b>Steel Melting Shop (SMS)</b>							
1.	Pollution Control Equipments	Anjana Steel	05.03.2010	May' 2011	Indigenous		120.00
2.	Water Distributions System including Pumps, Softning & D. M. Plant	Ajay tubes / Banerjee Enterprises	-	May' 2011	Indigenous		44.00
3.	Motor for Slag Crusher Unit	Electrical & Electronics	-	May' 2011	Indigenous		17.00
4.	LT Panel, switch gear, cabling, electrification including indoor substation; cable Trey, Joining kit; Earthing Material	Incotech Engineers (P) Ltd	31.08.2010	May' 2011	Indigenous		126.67
5.	Cable	J.K.Electropo wer	23.08.2010	May' 2011	Indigenous		92.58
<b>Wire Rod Mill</b>							
1.	Quality Control Laboratory equipments 60 Ton U, testing machine, hardness tester, carbon sulphur apparatus, common, balances, muffle furnaces, chemical lab, and glas waxes	Spectro	127924/09	Received	Imported	USD 58900 (excl. duties & taxes)	33.00

Sl. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Quotation	Expected date of delivery / completion	Indigenou s or Imported	Total Value		
						US \$	Amount (Rs. in Lacs)	
2.	PCC, MCC, PLC Panel & 33 KV Substation	Incotech Engineers (P) Ltd.	31.08.2010	April' 2011	Indigenous		168.32	
3.	5000 KVA 11/0 440v complete transformer	Transformers & Rectifiers India Ltd.	24.08.2010	April' 2011	Indigenous		63.00	
4.	Illumination and factory lighting	P. P. Electropower	13.09.2010	April' 2011	Indigenous		48.00	
5.	Vaccum Circuit Breaker	Siemans Ltd.	24.03.2010	April' 2011	Indigenous		37.69	
6.	Furnace Oil Tank	Shree Krishna Enterprise	03.09.2010	April' 2011	Indigenous		13.66	
7.	DG set of 1250 KVA	Jakson Limited	09.08.2010		Indigenous		95.63	
8.	Weighbridge - 80 Tons	Avery India Limited	18.08.2010	April' 2011	Indigenous		16.24	
9.	Electrical, LT, HT, Busher & Earthings XLPE point Boxes	J.K. Electropower	23.08.2010	April' 2011	Indigenous		185.49	
10.	Heavy Earth Moving Equipments	JCB India Limited	22.07.2010	April' 2011	Indigenous		82.50	
11.	Various Miscellaneous items	Various Suppliers			Indigenous		56.00	
<b>Total</b>								<b>3334.17</b>

### 5. Preliminary & Pre-operative Expenses

Preliminary & Pre-operative expenses have been estimated to be Rs. 247.00 Lacs. Preliminary and pre-operative expenses include administrative expenses, salary and wages of the project team, engineering and architecture fees. Fees for legal and financial advisor's, cost of trial run, other miscellaneous expenditure like insurance, travel, etc. The break-up of the Preliminary & Pre-operative Expenses is as follows:

Sl. No.	Particulars	Amount (Rs. in Lacs)
a)	Administrative and other expenses during construction	144.00
b)	Engineering & Architecture fee	48.00
c)	Consultancy and other service charges	55.00
	<b>TOTAL</b>	<b>247.00</b>

### 6. Margin for Working Capital

Based on a tentative assessment of working capital requirement, the working capital margin requirements of the project has been estimated at Rs. 1027.20 Lacs and funded in the project.

The requirement of enhanced margin money in the subsequent years would be met out of the internal accruals. Computation of Working Capital requirement for the first year of operation (i.e. FY 2011-12)

Particulars	Amount (Rs. in Lacs)
<b>Current Assets</b>	
- Raw Materials	1156.10
- Spares & Consumables	61.90
- Work in Progress	127.60
- Finished Goods	620.40
- Debtors	3074.20
<b>Total Current Assets</b>	<b>5040.20</b>
<b>Current Liabilities</b>	
- Creditors	931.60
<b>Total Current Liabilities</b>	<b>931.60</b>
<b>Working Capital Requirement</b>	<b>4108.60</b>
<b>Margin Money @ 25%</b>	<b>1027.20</b>

### 7. Interest During Construction (IDC)

Interest during Construction (IDC) for the expansion project has been estimated at Rs. 1729.00 Lacs with an interest rate of 12.50% p.a. as per sanctions of various banks.

### 8. Contingencies

The cost estimate is based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Considering these factors, provision for contingency has been estimated at 5% on the below mentioned major project cost aggregating to Rs. 1337.20 Lacs.

Particulars	Cost (Rs. in Lacs)	Contingency	Amount (Rs. in Lacs)
Land & Land Development	579.00	5%	28.95
Buildings & Civil Work	2215.00	5%	110.75
Plant & Machinery	20675.00	5%	1033.75
Miscellaneous Fixed Assets	3275.00	5%	163.75
<b>Total</b>	<b>26744.00</b>		<b>1337.20</b>

**B. Additional working capital requirement**

The additional working capital requirement has been calculated on the basis of working capital requirement for FY 2011 considering growth in activities of the Company, need for holding levels for critical raw materials like iron ore and coal/ coke, increased processing time required in processing MS Billets into TMT Rods and high debtors level to keep the channel partners financed for efficient distribution of the branded TMT Rods.

Raw Material (RM), Finished Goods (FG) and other material have been taken at various levels, which is in consonance with the industry practices and past trends.

(Amount Rs. in Lacs)

	Particulars	Financial Year 2009-10		Financial Year 2010-11	
		Holding Level (Months)	Amount	Holding Level (Months)	Amount
		Audited		Estimated	
<b>A.</b>	<b>Current Assets</b>				
1.	Raw Material (incl. Stores & other items used in the process of manufacturing)	1.76	5752.00	3.00	9442.42
2.	Other Consumable Spares (excluding those included in 1 above)	7.11	502.00	12.00	848.56
3.	Stock-in- process	0.15	761.04	0.15	785.75
4.	Finished Goods	0.42	2099.49	0.42	2200.11
5.	Receivables other than export & deferred receivables (incl. bills purchased & discounted by bankers)	1.66	9346.06	2.00	11397.06
6.	Export Receivables (incl. bills purchased and discounted)	0.00	0.00	2.50	1019.39
7.	Advances to suppliers of raw materials & stores/ spares, consumables		2090.85		3209.00
8.	Other current assets incl. Cash & Bank Balances & deferred receivables due within one year		3692.16		3021.06
	<b>Total Current Assets (A)</b>		<b>24243.60</b>		<b>31923.35</b>
<b>B.</b>	<b>Current Liabilities</b> (other than bank borrowings for working capital)				
1.	Creditors for purchase of raw materials, stores, consumable spares & for trading	1.25	5810.61	1.17	5976.01
2.	Advances from Customers		2574.13		2600.00
3.	Statutory Liabilities		38.28		50.00
4.	Other Current Liabilities		3208.84		2960.50
	<b>Total Current Liabilities (B)</b>		<b>11632.86</b>		<b>11586.51</b>
	<b>Net Working Capital (A-B)</b>		<b>12610.74</b>		<b>20336.84</b>
	<b>Assessed Working Capital Borrowings*</b>		<b>7510.00</b>		<b>13300.00</b>
	<b>Margin</b>		<b>5100.74</b>		<b>7036.84</b>
	<b>Incremental Margin</b>				<b>1936.10</b>
	<b>Less : Margin financing funded out of internal accruals and to be utilized in FY 2011</b>				<b>436.10</b>
	<b>Incremental working capital requirement</b>				<b>1500.00</b>

\* Incremental assessed working capital requirement of Rs. 5790.00 Lacs has been proposed with the banker pending approval.

Overall incremental working capital requirement (net of internal accrual) for the financial year ending FY 2011 will be Rs. 1500.00 Lacs which is proposed to be funded through the Net Proceeds of this Issue.

**Basis of Estimation of incremental working capital requirement, along with relevant assumptions.**

Working capital requirements are based on historical company data and estimation of the future requirements in FY 2010-11 considering the norms accepted by the bankers during the last enhancement and based on the higher level of operations the estimated level of holdings in the current year has been increased based on the prevalent norms for similar Integrated Steel Plants.

During the last enhancement, the holding levels considered for various components of current assets were as follows:- (i) Raw Materials 1.76 months; (ii) Work in Process 0.15 months; Finished Goods 0.42 months, Debtors 1.66 months. Due to increase in manufacturing turnover of 37% over estimates, the company with its lower sanctioned limits could not maintain the estimated level of holdings. Based on the higher level of operations, and the estimated level of holdings in the current year in line with estimates, the Company has considered the following levels of stock holding in our projections - Raw Materials of 3.00 months; Work in Process of 0.15 months; Finished Goods 0.42 months and Debtors of 2.00 months, which is in line with the earlier estimates. The proposed holding levels have been based on the prevalent norms for similar Integrated Steel Plants.

All the projections are based on management estimates and have not been so far appraised by any bank or financial institution.

The Company proposes to meet the incremental margin money requirement to the extent of Rs. 1936.10 Lacs from the Net Proceeds of the Issue and internal accruals of the Company.

**C. General Corporate Purposes**

The Net Proceeds will be first utilized towards setting up of Integrated Steel Plant (2nd Unit) at Jorehira. The balance is proposed to be utilized for general corporate purpose, including but not limited to meeting working capital requirements, meeting marketing expenses, meeting product development, repayment of loans and towards organic and/or inorganic growth opportunities, subject to compliance with the necessary provisions of the Companies Act. The Board of Directors will have the flexibility in sanctioning the utilisation of these proceeds for general corporate purposes, which may be towards any of the purposes mentioned above, or any other purposes which deems fit towards the Company's interest.

**D. Rights Issue Expenses**

The total expenses of the Rights Issue are estimated to be approximately Rs. [\*] Lacs. The Rights Issue related expenses include, among others, issue management fees, registrar fees, printing and distribution expenses, auditors fees, legal fees, advertisement expense, etc. The total expenses for the Rights Issue are [\*] % of the Issue size. The following table gives break-up of estimated Issue expenses:

Sl. No.	Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, etc.	[*]	[*]	[*]
2.	Printing & Stationery, Distribution, Postage, etc.	[*]	[*]	[*]
3.	Advertisement & Marketing Expenses	[*]	[*]	[*]
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[*]	[*]	[*]
5.	Contingencies	[*]	[*]	[*]
	<b>TOTAL</b>	[*]	[*]	[*]



**A. LOCATION OF THE PROJECT**

The Integrated Steel Plant (2nd Unit) of the Company is located at Jorehira, P.S. Chhatna, Dist. Bankura, West Bengal, adjacent to the existing Integrated Steel Plant. The project will comprise of the following:

- a) 100000 MTPA Direct Reduced Iron (DRI) Plant
- b) 59400 MTPA Steel Melting Shop (SMS)
- c) 100000 MTPA Wire Rod Mill
- d) 33 MW Captive Power Plant

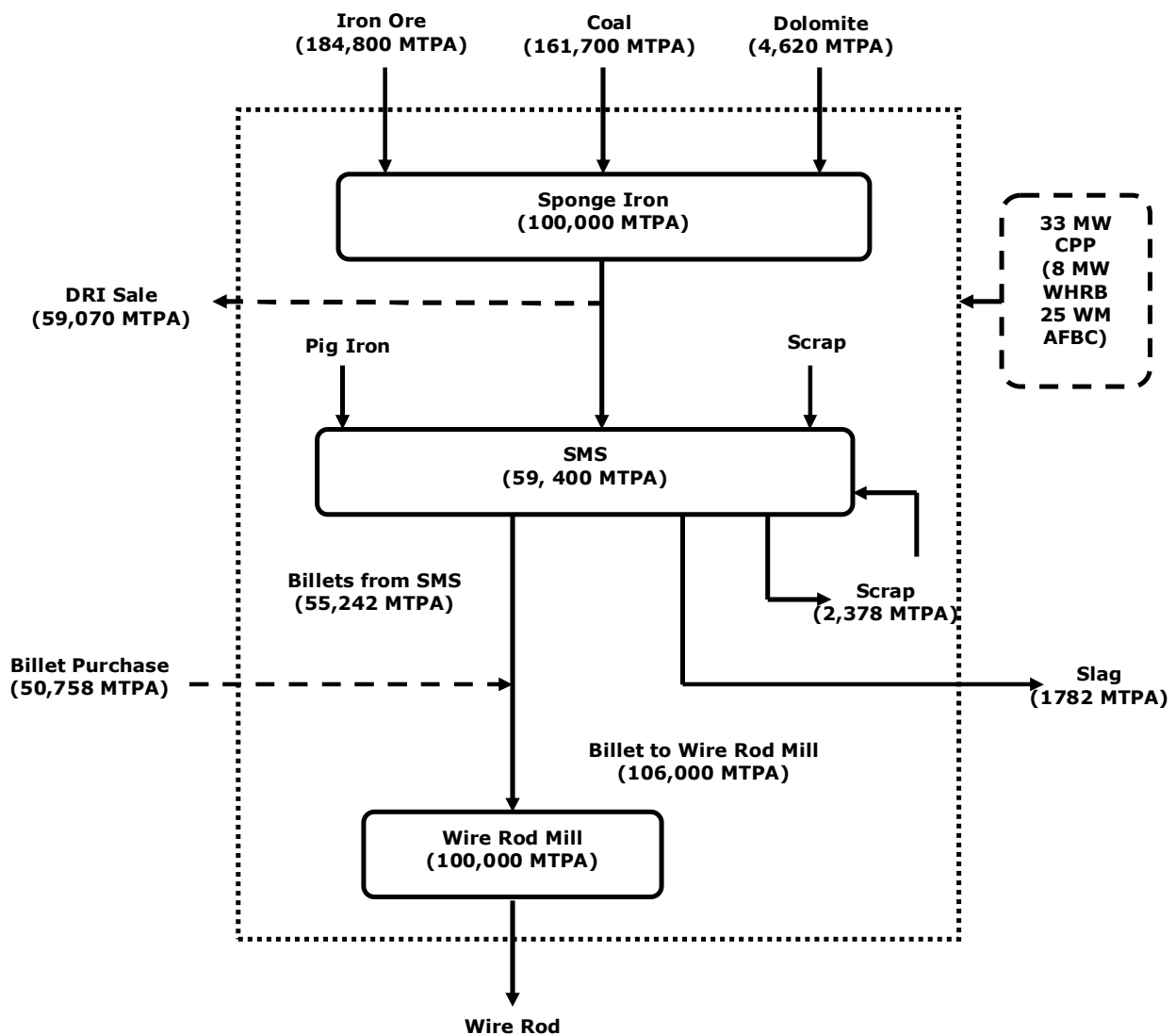
**B. PLANT MACHINERY, TECHNOLOGY & PROCESS**

The details of Plant & Machinery and Miscellaneous Fixed Assets proposed to be purchased for the expansion project of Integrated Steel Plant (2nd Unit) are given on page no. [\*], of this Draft Letter of Offer.

**TECHNOLOGY & PROCESS**

The choice of the technology was based on the merits and demerits of various technologies, the status of technology, flexibility of operation, availability of raw materials, capital investment and economics of operations. The DRI – IF – WR – CPP route is considered for the Company’s Integrated Steel Plant. The proposed detailed manufacturing process for the integrated steel plant is given below.

**1. Project Configuration**



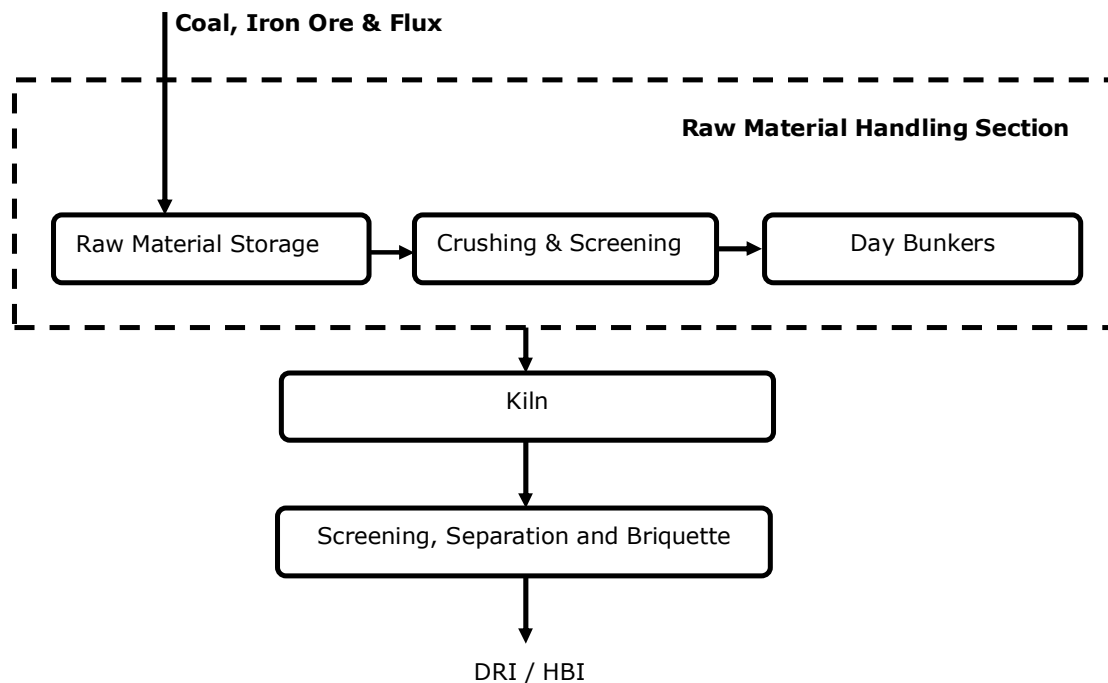
## 2. Manufacturing Process

### a) Sponge Iron

#### Manufacturing Process

Iron ore essentially consists of Iron and Oxygen. In a Sponge Iron Plant, the Oxygen is removed by combining it with carbon without melting iron thereby producing a spongy mass. This reduction reaction takes place below the melting point of iron. The product thus produced is known as Sponge Iron or DRI and is used as a feed stock in manufacturing Electric Steel. There are four alternate manufacturing processes for Sponge Iron, which include – (i) Gas Based (ii) Coal Based (iii) Direct Smelting and (iv) Plasma. The project has a coal-based Sponge Iron Plant and below indicates the process flow diagram for manufacturing of Sponge Iron.

#### Process Flow Diagram – Sponge Iron



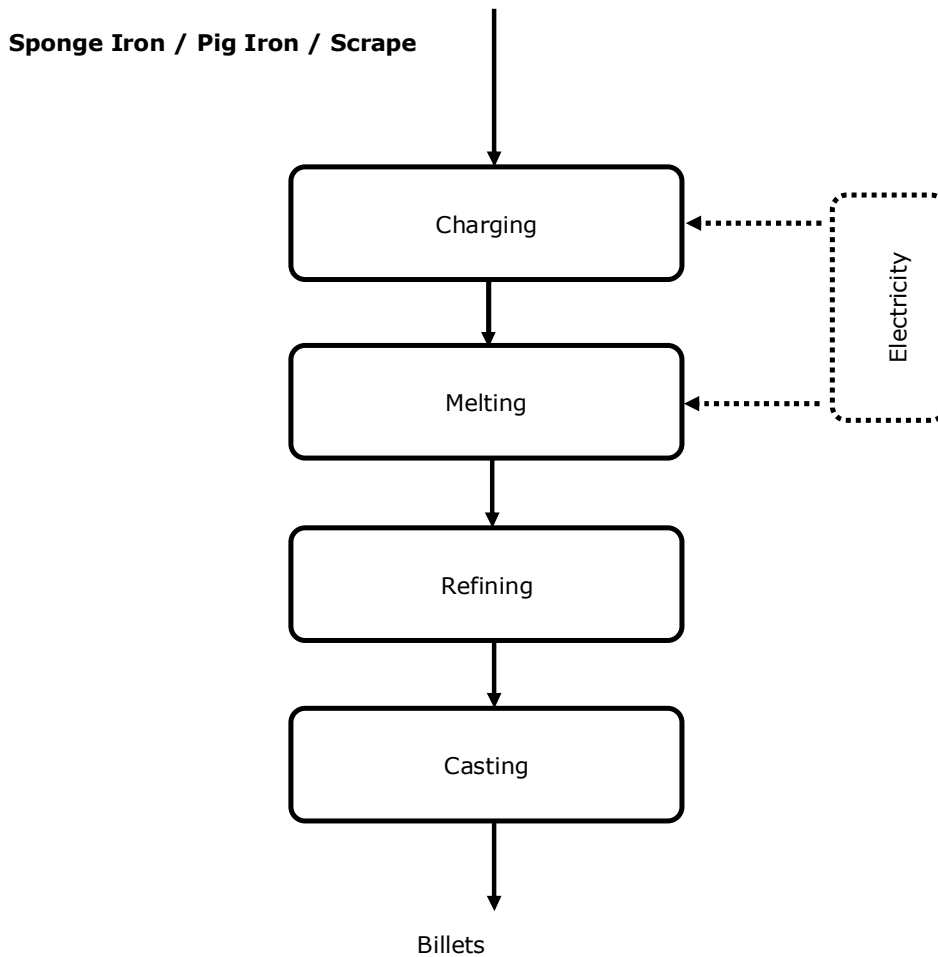
### b) Steel Melting Shop (SMS)

#### Manufacturing Process

Electric Steel can be manufactured by using the following process like (i) Electric Arc Furnace (EAF) and (ii) Induction Furnace (IF). Both the manufacturing processes are well established and used extensively in India. The selection of either of the processes depends on the following factors:

- IF are economical in the range of 1 MT to 20 MT crucible size.
- EAF can use up to 95% DRI as feed and hence at locations where availability of scrap at competitive rates is difficult, EAF is a preferred option.
- EAF is preferred at locations with higher manpower cost as labour productivity is higher in EAF.

**Process Flow Diagram – SMS**



**c) Wire Rod Mill**

**Manufacturing Process**

**Hot Mill**

The Hot Rolling mill consists of Billet grinding, Billet reheat furnace, Rolling stands, Cooling bed, Wire rod block, Garret coiler and a compacter.

Depending on the steel grade, the process begins with the billets running through the billet grinder to remove any imperfections. Next, the billet is placed in the reheat furnace. Once the material is reheated to the appropriate temperature, it will pass through rolling stands. The final size of the material that is being produced will determine how many rolling stands need to be used. At the end rolling stands, there are three different exit areas, each of which are designed to produce a different product mix.

**Wire rod production**

A majority of wire products begins with hot-rolled and solution- annealed wire rod that has been de-scaled and acid cleaned. The resultant white pickled finish is ready for conversion into high quality drawn wire. The multitude of process controls that are incorporated from rod to drawing of the final size will help to control the hardness and tensile strength.

**d) Captive Power Plant (CPP)**

**Manufacturing Process**

The Project plans to set up a CPP based on thermal energy. The alternate sources of energy being looked by the project include –

CPP include FBC Boiler and also utilising the Waste Gases (WG) from the process, which have high calorific value and can be used as fuel.

The Project is energy intensive and hence a reliable and cheaper source of energy will be essential. Since, the Company will be handling Coal, setting up a CPP based on Coal is logical.

**Process Description**

**i. Waste Gases (WG) based CPP**

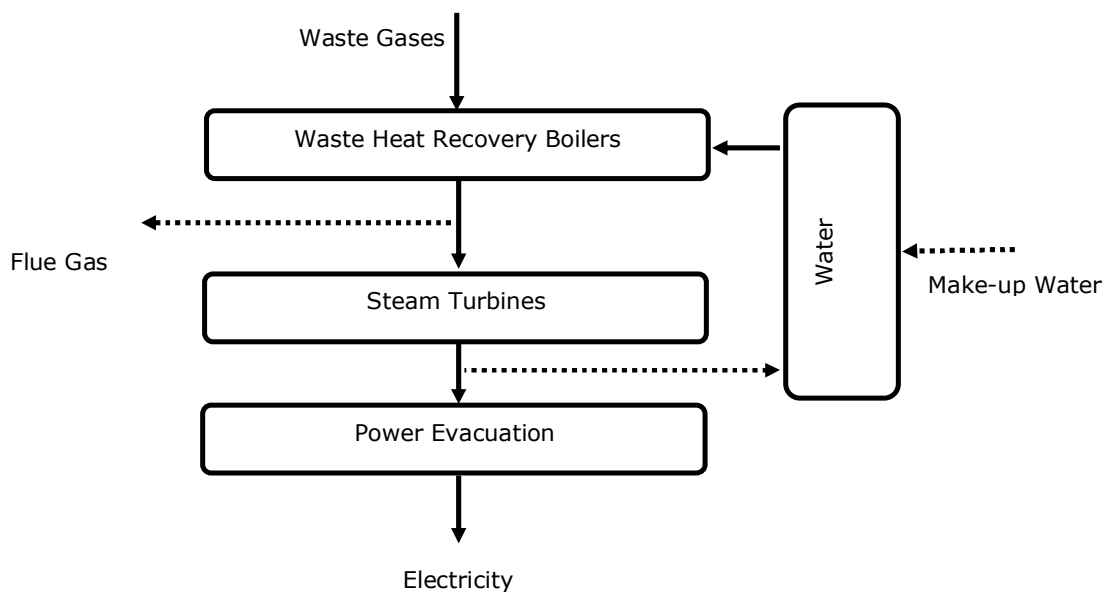
WG from Sponge Iron Plant have significant quantum of Carbon Monoxide (CO), which has a fuel value. WG from BF and Sponge Iron Plant are collected and conveyed to CPP where it is fed into

Waste Heat Recovery Boilers (WHRB), which are specifically designed. The factors considered for designing WHRB include-

- Peak, average and minimum calorific value of WG from BF and Sponge Iron Plant
- Peak, average and minimum volume of WG from BF and Sponge Iron Plant

The energy from WG is used in a WHRB to convert water into saturated/ superheated steam. The steam generated from WHRB is used to operate a Steam Turbine (ST). In a ST, potential energy is converted into kinetic energy. Selection of ST is driven by quantum of steam generated by WHRB. The kinetic energy generated in ST is converted into electricity in an Alternator. Electricity generated is stepped up to 11 KV in a step-up transformer from where it is distributed to various equipments within the Plant.

**Process Flow Diagram – WG based CPP**



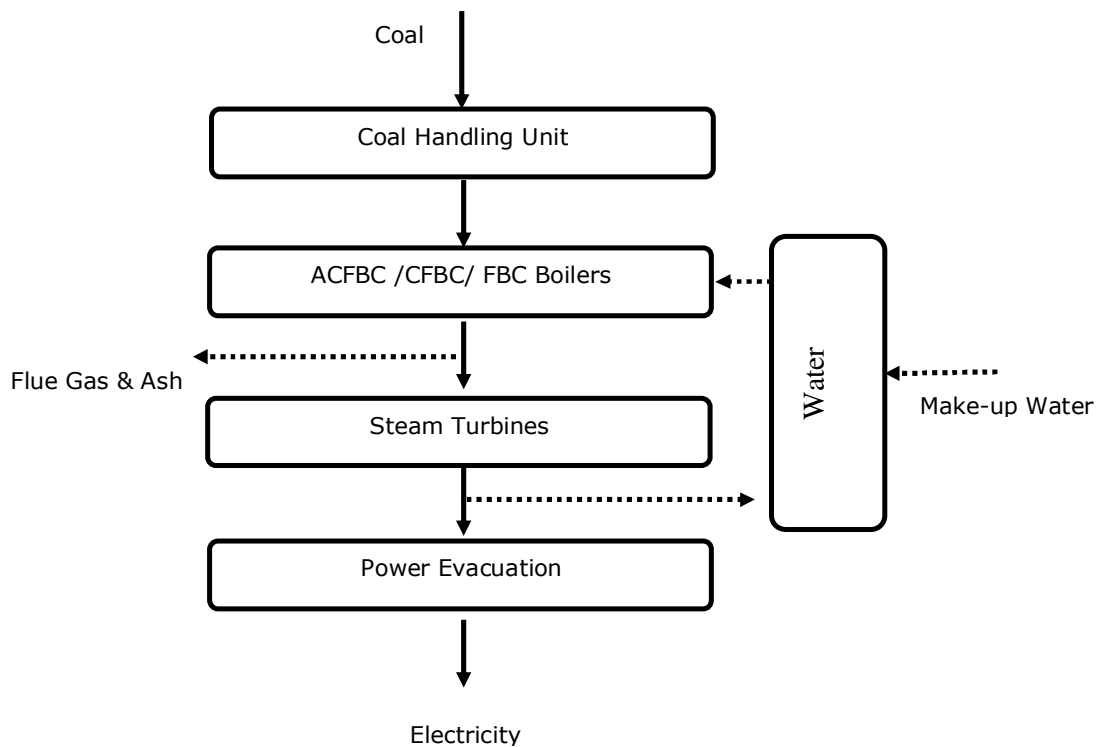
ii. **Coal based CPP**

Coal is fed into combustion chamber of the boilers. The factors considered for designing coal fired boilers include –

- Peak, average and minimum calorific value of Coal in the vicinity (which will be procured)
- Peak, average and minimum ash content of Coal in the vicinity
- Peak value of Sulphur and Nitrogen content of Coal in the vicinity

The steam generated from boilers is used to operate the ST. In a ST, potential energy is converted into kinetic energy. Selection of ST is driven by quantum of steam generated by boilers. The kinetic energy generated in ST is converted into electricity in an Alternator. Electricity generated is stepped up to 11 KV in a step-up transformer from where it is distributed to various equipments within the Plant.

**Process Flow Diagram – Coal based CPP**



## **INFRASTRUCTURE FACILITIES**

### **1. Raw Material availability**

The main raw materials for the production of Sponge Iron are Iron Ore and Coal.

#### **(a) Iron Ore**

Broadly there are two regions which produce iron ore: (a) Central and Eastern India comprising Chhattisgarh, Jharkhand and Orissa; and (b) South-Western India comprising Karnataka and Goa. Central and Eastern India comprising of Chhattisgarh, Jharkhand and Orissa together produced 81.95 MT or 55.90% and 92.06 MT or 59.61% of the total production of iron ore in India in 2004-05 and 2005-06 respectively. This is the region where all the integrated steel plants in public and private sectors are situated who draw all their requirements of iron ore from their captive mines.

The nearest iron ore mines are situated at Sundergarh and Keonjhar districts of Orissa. The Company is not facing any problem in procuring the required quantity of iron ore. The Company is already sourcing iron ore from Map Mines, Rungta Mines, Tarini Minerals, etc. Hence, sourcing iron ore will not be difficult for the upcoming project.

#### **(b) Coal**

Coal is the most important and abundant fossil fuel in India. With hard coal reserves around 246 billion tonnes, of which 92 billion tonnes are proven. Hard coal deposit spread over 27 major coalfields, are mainly confined to eastern and south central parts of the Country. Coal availability in India finds application in Power Plant and DRI manufacturing.

The unit is using washed coal for production of sponge iron. Required coal is available in the mines located in the Raniganj area dist. Burdwan of West Bengal or from Bharat Coking Coal Limited a subsidiary of Coal India Limited. The mines are located within the radius of 50 to 60 kms. Coal of Eastern Coalfields and Central Coalfields is currently purchased through traders in open market to be charged in the DRI kilns.

The Company has entered into an agreement with Eastern Coalfields Limited for its coal requirement. The Annual Contracted Quantity of Coal agreed to be supplied by the Eastern Coalfields Limited shall be 1,82,305 tonnes per year from the mines in the Non Raniganj coal fields and/ or from international sources. Further coal is also available in open market through E-auction conducted by Coal India Limited. The Company is already availing coal from the existing suppliers for their existing operation.

### **2. Utilities**

#### **(a) Power**

The Project is power intensive. The estimated power requirement for the Project will be at about 23.5 MW. It is noted that about 23.5 MW will be generated internally from the 33 MW CPP with 0.8 Plant Load Factor (PLF) and 10% CPP auxiliary consumption. The Company has already entered into the power supply agreement with West Bengal State Electricity Distribution C. Ltd. for supply of 11 MV for the existing unit. Thus, the Company will have enough power to run its entire unit along with the auxiliary facilities.

#### **(b) Water**

Water is predominantly required in the steel plant and associated power plant for equipment cooling. In addition, it is used for process purposes, steam raising for collecting and conveying of scales, control of dust and debris, for drinking and sanitation, for water based fire-fighting systems and for other miscellaneous purposes.

Water requirement at the new project is 1.55 M<sup>3</sup>/MWH and is met through water reservoir. The Company has developed the water pipe line from Darkeshwar river which is 15 kms from the plant site. The existing water supply arrangement can meet the increased requirement after expansion as well.

**SCHEDULE OF IMPLEMENTATION**

The Project can be implemented over a period of 21 months from the date of financial closure. Implementation schedule of all the major activities is as follows:

<b>Activity</b>	<b>Date of Commencement</b>	<b>Projected Date of Completion</b>	<b>Status</b>
Financial Closure	Completed in the month of December 2009		
Land Acquisition	Completed		
Completion of Plant Engineering	January 2010	April 2010	Completed
Order for Equipment	February 2010	May 2010	November 2010
Civil Works	March 2010	January 2011	March 2011
Receipt of equipment	October 2010	August 2011	August 2011
Completion of erection	April 2011	August 2011	August 2011
Trial Run	August 2011	August 2011	August 2011
Commercial production to start	September 2011	September 2011	September 2011

**Reasons for Delay**

The order for equipment time schedule has been revised from May 2010 to November 2010 due to certain re-ordering of miscellaneous items with final commercial production schedule remaining the same.

To maintain the timely schedule of implementation the Promoters/ Promoter Group has bought in Rs. 4397.50 Lacs as unsecured loan.

**SOURCES AND DEPLOYMENT OF FUNDS**

As per certificate dated 09.09.2010 received from M/s Kamlesh S Jain & Associates, Chartered Accountants, the Company has deployed a sum of Rs. 7999.71 Lacs up to 31.08.2010 towards the proposed Rights Issue of the Company, the breakup of the expenses incurred and sources of funds are as under.

<b>Particulars</b>	<b>Amount (Rs. in Lacs)</b>
<b>Deployments of Fund</b>	
Land & Land Development	562.55
Buildings & Civil Work	1134.19
Plant & Machinery including advances	5317.06
Miscellaneous Fixed Assets	330.87
IDC, Preliminary & Pre-operative Expenses	655.04
<b>Total</b>	<b>7999.71</b>

<b>Particulars</b>	<b>Amount (Rs. in Lacs)</b>
<b>Means of Finance</b>	
Disbursement of Term Loan from Banks	3602.21
Unsecured Loans*	4397.50
<b>Total</b>	<b>7999.71</b>

\* Rs. 4397.50 Lacs bought in by the Promoters/ Promoter Group as unsecured loan. The funds brought in by the Promoters/ Promoter Group shall be adjusted against the share application money due from them towards their entitlement in the rights issue and also towards subscription in the unsubscribed portion, if any, in the present issue as per their consent.



**PROPOSED DEPLOYMENT OF FUNDS**

(Amount Rs. in Lacs)

Sl. No.	Activities	Already deployed upto 31.08.2010	2010-2011	2011-2012	Total
1.	Land & Land Development	562.55	16.45	0.00	579.00
2.	Buildings & Civil Work	1134.19	812.00	268.81	2215.00
3.	Plant & Machinery	5317.06	14872.00	3260.94	23450.00
4.	Miscellaneous Fixed Assets	330.87	2488.00	756.13	3575.00
5.	IDC, Preliminary & Pre-operative Expenses	655.04	1162.00	159.26	1976.30
6.	Margin Money	0.00	0.00	1027.20	1027.20
7.	Contingency	0.00	0.00	1337.20	1337.20
8.	Enhance Working Capital	0.00	1500.00	0.00	1500.00
9.	General Corporate Purpose	[*]	[*]	[*]	[*]
10.	Rights Issue Expenses	[*]	[*]	[*]	[*]
	<b>Total</b>	[*]	[*]	[*]	[*]

**BRIDGE LOAN**

The Company has not raised any bridge loan which will be repaid from the issue proceeds.

**MONITORING OF UTILISATION OF FUNDS**

The Board will monitor the utilisation of the net proceeds of the Issue and will disclose the details of the utilisation of the net proceeds, including interim use, under a separate head in the financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements with the Stock Exchanges.

The Company shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through the Issue has not been fully spent. This statement shall be certified by the statutory auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter.

**INTEREST OF DIRECTORS OR KEY MANAGEMENT PERSONNEL IN THE OBJECTS OF THE ISSUE**

No part of the proceeds of the Issue will be paid by the Company as consideration to the Promoters, Promoter Group Companies, Directors, Associates, Group Companies or Key Management Personnel except in the usual course of business.

**INTERIM USE OF FUNDS**

Pending utilisation of the proceeds of the Issue for the purposes described above, the funds would be temporarily invested in high quality interest bearing liquid instruments including fixed deposits with scheduled commercial banks. Such investments would be in accordance with the investment policies approved by the Board or a duly authorized committee from time to time.

**STATEMENT OF TAX BENEFITS**

The Board of Directors  
Ankit Metal & Power Limited  
35 Chittaranjan Avenue  
Kolkata – 700 012

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Ankit Metal & Power Limited (the “Company”) and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Unless otherwise specified, sections referred to below are sections of the Income Tax Act, 1961 (“the Act”).

We do not express any opinion or provide any assurance as to whether:

- ❖ the Company or its shareholders will continue to obtain these benefits in future; or
- ❖ the conditions prescribed for availing the benefits have been/ would be met with.

The content of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For R. Kothari & Company  
Chartered Accountants  
FRN :- 307069E

CA K.C. Soni  
Partner  
Membership No. 057620

Place: Kolkata  
Date: 10<sup>th</sup> September, 2010

## **Statement of Possible Direct Tax Benefits available to Ankit Metal & Power Limited and its Shareholders**

**The following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retrospective basis.**

For these purposes, “Non Resident” means a person who is not a resident in India. For purposes of the Act, an individual is considered to be a resident of India during any financial year he or she is in India in that year for:

- (a) a period or periods amounting to 182 days or more; or
- (b) a period or periods amounting to 60 days or more and within the four preceding years he/ she has been in India for a period or periods amounting to 365 days or more; or
- (c) in the case of a citizen of India who leaves India as a member of the crew of an Indian ship or for purposes of employment outside India, the words “60 days” in paragraph (b) above shall be substituted by words “182 days”; or
- (d) in the case of a citizen of India or a person of Indian origin living abroad who visits India, the words “60 days” in paragraph (b) shall be substituted by words “182 days”.

A ‘company’ is resident in India if it is formed and incorporated in accordance with the Companies Act, 1956 and has its registered office in India or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

A ‘foreign company’ means a company which is not an Indian company, or any other company which, in respect of its income liable to tax under the Act, has not made the prescribed arrangements for the declaration and payment, within India, of the dividends (including dividends on preference shares) payable out of such income;

### **I. Tax Benefits available to the Company**

#### **A. Special Tax Benefits to the Company**

As Per Section 80IA (4) (iv) of the Act, the Company is entitled to 100% deduction of Profit derived from Power Generating Unit for continuous 10 assessment years out of 15 Assessment Year commencing from the date of generation & distribution of power.

#### **B. General Tax Benefits to the Company**

1. In accordance with section 10(34), dividend income (referred to in Section 115-O) will be exempt from tax.
2. The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under section 32 of the Act. In case of new machinery or plant (other than ships and aircrafts), that is acquired and installed by the Company, it is entitled to additional depreciation equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any source in subsequent assessment years in accordance with section 32 of the Act.
3. The amount of tax paid under section 115JB by the Company for any assessment year beginning on or after 1st April, 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA i.e. to the extent of difference between the tax payable as per the normal provisions of the Act and tax paid under section 115JB of the Act for that assessment year.
4. In case of loss under the head “Profit and Gains from Business or Profession”, it can be set-off with other income during the same year and the remaining loss after set-off can be carried forward for set-off against business income of the next eight Assessment Years.
5. As per section 71 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term or long term capital gains. The balance loss, if any, will be carried forward up to 8

assessment years and eligible for set-off against capital gains arising in those years. Long term capital loss during a year can be set-off only against long term capital gains. The balance loss, if any, can be carried forward up to 8 assessment years and eligible for set-off against long term capital gains arising in those years.

6. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
7. Income received in respect of the units of mutual fund (other than income arising from transfer of such units) specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the IT Act.
8. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be lower of:
  - (a) 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or
  - (b) 10 per cent (plus applicable surcharge and cess) of the capital gains as computed with indexation.
9. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
10. If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of the company.
11. Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.50.00 lacs during any financial year, minimum for a period of 3 years in bonds issued by the following:
  - i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and
  - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.
12. The tax rate is 30%. The surcharge on Income tax is 10%, only if the total income exceeds Rs. 10 million. Education cess is 2% and Higher Secondary cess is 1%.

## **II. Tax Benefits available to Equity Shareholders**

### **A. Special Tax Benefits to the Equity Shareholders**

There are no special tax benefits available to the Equity Shareholders

### **B. General Tax Benefits to the Equity Shareholders**

#### **(a) Resident Share holders**

1. Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the resident shareholders, as per section 10(34) of the Act.

2. Under section 2(29A) of the Act, read with section 2(42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
3. Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to security transaction tax at the time of sale), would not be liable to tax in the hands of resident share holders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.
4. Under section 112 of the Act, if securities transaction tax is not charged on transfer of long term capital asset being a listed equity share in a company, then the same are subject to tax at the rate of 10% (plus applicable surcharge and cess) of capital gains calculated without indexation of the cost of acquisition or 20% (plus applicable surcharge and cess) of the capital gains calculated after indexation of the cost of acquisition whichever is more beneficial to the assessee. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the share from the sale consideration.
5. In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax (i.e. Rs. 160,000 in case of all individuals, to Rs. 190,000 in case of women and to Rs.240,000 in case of senior citizens), the long term capital gains shall be reduced to that extent and only the balance long term capital gains will be subject to the flat rate of taxation in accordance with section 112(1) and the proviso to subsection (1) of section 112 of the Act.
6. Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.50.00 lacs during any financial year, minimum for a period of 3 years in bonds issued by the following:

i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

7. Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital assets other than residential house will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" by way of long term capital gain of the year in which the residential house is transferred.

8. Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.
9. Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of resident share holders.

10. If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of resident share holders.
11. As per the provision of section 71, loss under the head "Capital Gains" cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.
12. In case the resident shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.
13. Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Act.
14. Income tax is deductible at source as per the provisions of section 194 of the Act on dividend other than dividend referred to in section 115-O, payable to resident share holders at the rates as may be prescribed in each year's Finance Act.
15. Income tax is not deductible at source on capital gain and business income on transfer of shares, payable to resident share holders as per the provisions of the Act.

**(b) Non-Resident/ Foreign Company Shareholders (Other than Foreign Institutional Investors and Non-Resident Indian)**

1. Dividend income referred to in section 115-O of the Act, is exempted from tax in the hands of the Non-Resident / Foreign Company shareholders, as per section 10(34) of the Act.
2. As per section 115A of the Act, dividend income other than dividend income referred to in section 115-O of the Act, received by non-resident shareholders/Foreign Company would be subject to tax at the rate of 20% (plus applicable surcharge and cess).
3. Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
4. Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax, in the hands of the Non-Resident / Foreign Company shareholders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.
5. As per first proviso to Section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per Section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 10%(plus applicable surcharge and cess). *However revenue authorities can litigate that the applicable tax rate is 20% (plus applicable surcharge and cess).*
6. Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.50.00 lacs during any financial year, minimum for a period of 3 years in bonds issued by the following:
  - i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

7. Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset other than residential house will be exempt from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" by way of long term capital gains of the year in which the residential house is transferred.

8. Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.
9. Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of the non-resident / Foreign Company shareholders.
10. If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act as may be prescribed in each year's Finance Act, in the hands of the non-resident / Foreign Company shareholders.
11. As per the provision of section 71, loss under the head "Capital Gains" cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.
12. In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.
13. Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Act.
14. As per the provisions of section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), capital gain, business income payable to Non-Resident/ Foreign Company shareholders, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty and the Act. Accordingly income tax may have to be deducted at source in the case of a non-resident/ Foreign Company shareholders at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.
15. As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

**(c) Foreign Institutional Investors (FII)**

1. Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the FII, as per section 10(34) of the Act.
2. As per section 115AD of the Act, dividend income other than dividend income referred to in section 115-O of the Act, in respect of equity shares received by FII would be subject to tax at 20% (plus applicable surcharge and cess).
3. As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
4. As per section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of the FII. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.
5. As per section 115AD of the Act, if securities transaction tax is not charged on transfer of long term capital asset being an equity share in a company, the capital gains are taxed at the rate of 10% (plus applicable surcharge and cess). Cost Indexation benefit and foreign currency fluctuation benefit as per proviso to section 48 of the Act will not be available in such a case.
6. Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.50.00 lacs during any financial year, minimum for a period of 3 years in bonds issued by the following:

i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

7. As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.
8. As per section 111A read with section 115AD of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess).
9. As per section 115AD of the Act, if securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company then it would be taxed at the rate of 30% (plus applicable surcharge and cess).
10. As per the provision of section 71, loss under the head "Capital Gains" cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.
11. In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.
12. Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of



business or profession” then securities transaction tax paid on such transactions will be allowed as deduction from income under the head “Profits and gains of business or profession” under clause (xv) to subsection (1) of section 36 of the Income Tax Act, 1961.

13. As per section 196D of the Act read with section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), business income payable to FII, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a FII shareholder at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.
14. As per section 196D of the Act, income by way of capital gain payable to FII, is not liable to withholding tax.
15. As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

**(d) Non-Resident Indian Shareholders**

1. Certain Non-Resident Individual shareholders being citizen of India or person of Indian origin (NRI) has an option to be governed by the provisions of Chapter XII-A of the Act.
2. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
3. As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, dividend income other than dividend income referred to in section 115-O of the Act, received by NRI would be subject to tax at 20% plus applicable surcharge and cess.
4. As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, capital gains arising to the NRI on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionaly taxed at the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and cess.
5. Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to the NRI from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from Income tax, if the net consideration is invested in specified assets or specified savings certificates within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
6. Under provisions of section 115G of the Act it shall not be necessary for the NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there-from.
7. Under section 115-I of the Act, the NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income under section 139 of the Act declaring therein that the provisions of the chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.

**(e) Mutual Funds**

1. In accordance with section 10(23D) of the Act, any income of:
  - i a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;

- ii such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf; will be exempt from income tax.

**III. Tax Benefits available to the shareholders under the Wealth-Tax Act, 1957**

The Securities will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of Securities held.

**KEY INDUSTRY REGULATIONS**

No new regulations are applicable for the proposed Objects of the Issue as the same is expansion of the existing capacity.

**INTEREST OF THE PROMOTERS AND DIRECTORS TO THE PROJECT OR OBJECTS OF THE ISSUE**

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, Key Managerial Personnel, Associates, Affiliates or members of the Promoter Group except otherwise in the ordinary course of business.

None of the Promoters and Directors has any interest in the project or objects of the issue except to the extent of their share holding in the Company.

There is no strategic or financial partner to the project / objects of the issue.

## SECTION – V. ABOUT THE ISSUER COMPANY

## 1. MANAGEMENT

## Board of Directors

The details of the Directors of the Company are given below:

Name, Address, Occupation, Qualification & DIN	Age	Designation	Date of Appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
<b>Mr. Suresh Kumar Patni</b> 15, Burdwan Road, Kolkata – 700 027 <b>Occupation:</b> Business <b>Qualification:</b> B. Com <b>DIN:</b> 00032674	51 Yrs	Director	07/08/2002	N.A.	25 Yrs	1. Impex Metal & Ferro Ltd. 2. VSN Agro Products Ltd. 3. Impex Industries Ltd. 4. Invesco Finance Pvt. Ltd. 5. Impex Ferro-Tech Ltd. 6. Shubham Complex Pvt. Ltd. 7. Suanvi Trading & Investment Co. Pvt. Ltd. 8. Rohit Ferro-Tech Ltd. 9. Poddar Mech Tech Services Pvt. Ltd. 10. Sarita Steel Tech Pvt. Ltd. 11. Marble Arch Properties Pvt. Ltd. 12. Vasupujya Enterprises Pvt. Ltd. 13. SKP Power Ventures Ltd. 14. VNG Mercantiles Pvt. Ltd. 15. Nucore Exports Pvt. Ltd. 16. Arthodock Vinimay Pvt. Ltd.
<b>Mr. Rohit Patni</b> 15, Burdwan Road, Kolkata – 700 027 <b>Occupation:</b> Business <b>Qualification:</b> Engineering (BE), MBA <b>DIN:</b> 00034876	26 Yrs	Director	27/08/2007	26/08/2012	3 Yrs	1. Rohit Ferro-Tech Ltd. 2. Divine Trading Co. Pvt. Ltd. 3. Greetamax Estates Pvt. Ltd. 4. Nutech Multimax Pvt. Ltd. 5. Pioneer Multimax Pvt. Ltd. 6. Impex Metal & Ferro Alloys Ltd. 7. SBM Steels Pvt. Ltd. 8. SKP Power

Name, Address, Occupation, Qualification & DIN	Age	Designation	Date of Appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
						Ventures Ltd. 9. Vasupujya Enterprises Pvt. Ltd. 10. SKP Overseas Pte. Ltd. 11. Impex Metal (Singapore) Pte. Ltd. 12. VNG Merchantiles Pvt. Ltd. 13. Nucore Exports Pvt. Ltd. 14. Arthodock Vinimay Pvt. Ltd.
<b>Mr. Ankit Patni</b> 15, Burdwan Road, Kolkata – 700 027 <b>Occupation:</b> Business <b>Qualification:</b> B.Com(Hons), CFA <b>DIN:</b> 00034907	25 Yrs	Managing Director	08/08/2003	02/11/2011	6 Yrs	1. Rohit Ferro-Tech Ltd. 2. Vasupujya Enterprises Pvt. Ltd. 3. Divine Trading Co. Pvt. Ltd. 4. Greetamax Estate Pvt. Ltd. 5. Nutech Multimax Pvt. Ltd. 6. Pioneer Multimax Pvt. Ltd. 7. Impex Metal & Ferro Alloys Ltd. 8. Impex Metal (Singapore) Pte. Ltd. 9. SKP Overseas Pte. Ltd. 10. SBM Steel Pvt. Ltd.
<b>Mr. Kailash Chand Jain</b> 7B Rajhans, 6 Hastings, Park Road, Kolkata – 700 027 <b>Occupation:</b> Service <b>Qualification:</b> B.Com, FCA, FCS, FICWAL, LLB <b>DIN:</b> 00059590	60 Yrs	Director	28/07/2006	N.A.	36 Yrs	1. Vikash Metal & Power Ltd. 2. Rohit Ferro-Tech Ltd. 3. Shyam Metalics & Energy Ltd.
<b>Mr. Jatindra Nath Rudra</b> 3/1B East Road, Kolkata – 700 032 <b>Occupation:</b> Service <b>Qualification:</b> B.E., M.E. <b>DIN:</b> 00059628	73 Yrs	Director	28/07/2006	N.A.	58 Yrs	1. Rohit Ferro-Tech Ltd.
<b>Mr. Vijay Kumar Jain</b> 53 Jublee Park,	44 Yrs	Director	28/07/2006	N.A.	12 Yrs	1. Vikash Metal & Power Ltd.

Name, Address, Occupation, Qualification & DIN	Age	Designation	Date of Appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
Kolkata – 700 033 <b>Occupation:</b> Business <b>Qualification:</b> B.Com(Hons) <b>DIN:</b> 00570461						2. Vee Point Commerce Pvt. Ltd. 3. Vibgyour Vyapaar Pvt. Ltd. 4. Mohini Dealings Pvt. Ltd. 5. Penguin Dealers Pvt. Ltd. 6. Asha Tradecom Pvt. Ltd. 7. Bandana Vyapaar Pvt. Ltd. 8. Auckland Trading Pvt. Ltd. 9. SHP Financial Services Pvt. Ltd. 10. Prastav Commerce Pvt. Ltd. 11. Sukhsagar Vyapaar Pvt. Ltd. 12. Avishakar Commerce Pvt. Ltd. 13. Amber Vyapaar Pvt. Ltd.

Except for the following relationships between the Directors, none of the Directors are related to each other:

There is no relationship amongst the Directors however, Mr. Suresh Kumar Patni, the Non-Executive Chairman of the Company is the father of Mr. Ankit Patni and Mr. Rohit Patni. Hence they are relatives as per Schedule IA of the Companies Act, 1956.

The Company has not entered into any service contracts with any Directors which provide for any benefits to the said Directors upon termination of the employment.

The Company has not entered into any arrangement or understanding with its major shareholders, customers, suppliers or other pursuant to which any of the directors were selected as a director or member of senior management. Further, except for statutory benefits upon termination of their employment in the Company or upon retirement, no officer of the Company, including the Directors and the Key Managerial Person, are entitled to any benefits upon termination of employment with the Company.

### Brief profile of Directors of the Company

#### 1. Mr. Suresh Kumar Patni

Mr. Suresh Kumar Patni, aged 51 years, is the Non-Executive Chairman of the Company. He is a commerce graduate and has a wide experience of over two decades in Iron & Steel related Ferro Alloy Industry. He began his career as a commission agent by selling minerals and mineral products. Over his long association with the suppliers and buyers he was able to spot a need for setting up his own manufacturing facilities. He has also co-promoted Impex Ferro Tech Limited, Impex Metal & Ferro Alloys Limited and Rohit Ferro Tech Limited. With vast experience and presence in the Ferro Alloys Sector, he diversified into steel sector and promoted Ankit Metal & Power Limited to set up and Integrated Steel Plant comprising of Sponge Iron, Captive Power Plant, Ingots, Billets and finally Rolled products. He contributes with his experience and provides guidance to the senior management of the Company.

**2. Mr. Rohit Patni**

Mr. Rohit Patni, aged 26 years, is the Joint Managing Director of the Company. He has done his Engineering (BE) from PESIT, Bangalore and is a Gold Medalist and MBA from Cardiff University, Cardiff, UK and academically possesses a good engineering background and has experience in implementation of projects in this Company and also in Rohit Ferro Tech Limited.

**3. Mr. Ankit Patni**

Mr. Ankit Patni, aged 25 years, is the Managing Director of the Company. He is a Commerce Graduate along with CFA. He had started his career by associating with Ankit Metal & Power Limited and has gained a good amount of experience in the matter of finance, raw material procurements and marketing.

**4. Mr. Kailash Chand Jain**

Mr. Kailash Chand Jain, aged 60 years, is an Independent and Non-Executive Director of the Company. He is a Commerce Graduate, FCA, FCS, FICWAI along with LLB. He has a long corporate experience of 36 years in various positions ranging from administrative officer to company secretary, chief executive, director and chairman. He has supervised the activities like accounts, secretarial, taxation, finance, legal, administration, HR, purchase, stores, production, general management, marketing etc. in industrial and commercial business houses engaged in diversified activities.

**5. Mr. Jatindra Nath Rudra**

Mr. Jatindra Nath Rudra, aged 73 years, is an Independent and Non-Executive Director of the Company. He is a Bachelor of Civil Engineering from Jadavpur University and has done his Masters in Engineering from Calcutta University. He is also a life member of Institute of Surveyors. He was the CEO of WBIIDC, Govt. of West Bengal; the Chief Valuer of Calcutta Improvement Trust, Govt. of West Bengal. He was deputed by Govt. of India for six years as Town Engineer, Kabwe, Republic of Zambia, Africa.

**6. Mr. Vijay Kumar Jain**

Mr. Vijay Kumar Jain, aged 44 years, is an Independent and Non-Executive Director of the Company. He is a Commerce Graduate with a wide experience in the field of Commercial, Accounts and Taxation.

**Borrowing Powers of the Directors in the Company**

The Company at its Extra Ordinary General Meeting held on 1<sup>st</sup> March, 2008, passed a resolution authorizing the Board of Directors pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow from time to time all such sum of money as they may deem requisite for the purpose of the business of the Company notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up Capital of the Company and its Free Reserve, that is to say, reserve not set apart for any specific purpose, provided that the aggregate of sum so borrowed shall not exceed Rs. 1000 Crores (Rupees One thousand crores only.) at any point of time.

**Interest of Directors**

All the Non-executive Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/ or reimbursement of expenses payable to them as per the applicable laws.

The Directors may also be regarded as interested in the shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/ transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, Partners and or Trustees. All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by AMPL with any Company in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.



The Managing Director and Joint Managing Director of the Company are interested to the extent of remuneration paid to them for services rendered to the Company.

Except as stated otherwise in this Draft Letter of Offer, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

#### **Terms of the appointment and compensation of the Executive Directors**

##### **Mr. Ankit Patni – Managing Director of the Company**

The Board of Directors, have, pursuant to the recommendation of the remuneration committee, in their meeting held on 3rd July, 2006 has terminated and nullified the earlier agreement entered between Mr. Ankit Patni and the Company on 1st November, 2004 and re-entered into a fresh agreement by elevating Mr. Ankit Patni (Executive Director) to hold the position of Managing Director of the Company for the period of 5 years with effect from 3rd July, 2006 subject to approval of members in the General Meeting. The summarized terms and conditions of his appointment as per original agreement dated 3rd July, 2006 and supplemental agreement dated 27th August, 2007 between the Company and Mr. Ankit Patni, dated are given below.

1. The Managing Director shall subject to the provisions of the Companies Act, 1956, the Articles of Association of the Company and to the terms of the agreement with the Board of Directors shall have the whole, or substantially the whole of the management, control and superintendence for the affairs of the Company.

Provided that the Managing Director shall exercise his powers subject to the superintendence, control and direction of the Board of Directors. He shall further exercise and perform such powers and duties as the Board of Directors of the Company (hereinafter referred as the Board) shall from time to time determine subject to any directions and restrictions given or imposed by the Board..

2. Tenure of Agreement: 3rd July, 2006 to 2nd July, 2011
3. Remuneration: Rs. 3,00,000/- (Rs. Three lacs only.) per month with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment with respect to further increase in salary from time to time in such a manner as may be agreed to between the Directors and Mr. Ankit Patni.

In case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Ankit Patni is restricted to Part II Section II [1 (A)] of Schedule XIII of the Act.

4. In the event of any amendment made by the Government in the guidelines or ceiling on the managerial remuneration including perquisites during the proposed terms of his appointment, the Board of Directors be and is hereby authorised to alter or vary the remuneration including perquisites within the ceiling as laid down in Schedule XIII of the Companies Act, 1956.
5. The Managing Director shall be entitled to exercise the following powers without prejudice to the generality of the provisions vested in him under this agreement:
  - a. Subject to the provisions of the Companies Act, 1956, Articles of Association of the Company and within the overall superintendence of the Board and Committee of Directors, the Managing Director shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to do, provided that the Managing Director shall not exercise any power or do any act or thing which is specifically directed whether by the Act or the Articles or otherwise to be exercised or done by the Company in the Committee of Directors Meeting or Board Meeting and/ or in the General Meeting.
  - b. To operate on any banking and other accounts and to draw, to make, accept, execute, encash, give, discount, negotiate, retire, pay, satisfy, sign all contracts, cheques, bills of exchanges, drafts, orders, promissory notes, hundies, interest and dividend warrants, other securities and other negotiable instruments as required in the ordinary course of the business.
  - c. To represent the Company before any authority in Central, State Government or local administration or other authorities, banks, financial institutions or elsewhere to sign/ file all the agreements, forms, papers and other documents before any Government authorities such as Company Law Board, Registrar of Companies, Reserve Bank of India, Income Tax Authorities and such other authorities relating to the

finance, accounts, income tax, companies act etc. and under such other laws and regulations on behalf of the Company.

- d. To institute, prosecute, proceed, defend, oppose, compromise, abandon, refer to arbitration, execute or become non-suited in case of any claims, suits, applications and/ or other legal proceedings, whatsoever against the Company or to which the Company may be a party, including trademarks, trade names, trade property and passing off actions and revenue proceedings relating to tax on income, profits, capital and taxation generally or otherwise by or against the Company.
  - e. To engage/ retain/ appoint any Attorneys, Solicitors, Vakils, Pleaders, Advocates or Legal Practitioners for and on behalf of the Company to act or appear in respect of any suit or legal proceedings before any court, civil, criminal, consumer forum, city court, district court, Hon'ble High Court and Hon'ble Supreme Court of India, Tribunal or other authority in respect of any matter to which the Company may be a party or otherwise interested.
  - f. To make/ sign/ execute/ present/ file all applications, complaints, petitions, written statements, execution petitions, pleadings and affidavits, vakalatnamas, other documents, confirmation or otherwise and to verify and sign all such papers and statements on behalf of the Company as may be necessary for conduction litigation with the right to refer any matter to the Board of Directors of the Company for seeking any specified/ ad-hoc authority as may be necessary.
  - g. To appoint, remove or suspend managers, executives, consultants, advisors, officers, assistants, clerks, agents, servants for permanent, temporary or special services as he may from time to time think fit and to determine their powers and duties and fix/ increase/ decrease/ make changes in their salary, emoluments or remuneration and/ or require security in such cases and such amounts as he may think fit.
  - h. To enter into contracts and/ or float tenders for the purchase and/ or sale of goods or award works contracts or hire services for the Company.
6. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof from the date of his appointment.
  7. During his tenure as Managing Director, Mr. Ankit Patni shall be directly in charge of the overall operations of the Company and will oversee and co-ordinate all other functional areas of the Business.
  8. He shall be entitled to all business travelling and related expenses incurred in connection with the Company's interest in line with travel policy of the Company.
  9. Subject to the provisions of the Companies Act, 1956 each party has the right of terminating the appointment upon giving two months notice in writing.
  10. If at any time Mr. Ankit Patni ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.

#### **Mr. Rohit Patni – Jt. Managing Director of the Company**

The Board of Directors, have, pursuant to the recommendation of the remuneration committee, in their meeting held on 27th August, 2007 has appointed Mr. Rohit Patni to hold the position of Jt. Managing Director of the Company for the period of 5 years with effect from 27th August, 2007 to 26th August, 2012 subject to the approval of members in the general meeting and Mr. Rohit Patni hereby agrees to serve the Company in the capacity of Jt. Managing Director for the said period.

And whereas it is necessary in the interest of the business of the Company to enter into agreement with the Jt. Managing Director, and the parties hereto have agreed to enter into an agreement on the following terms and conditions:

1. The Jt. Managing Director shall subject to the provisions of the Companies Act, 1956, the Articles of Association of the Company and to the terms of the agreement with the Board of Directors shall have the whole, or substantially the whole of the management, control and superintendence for the affairs of the Company.

Provided that the Jt. Managing Director shall exercise his powers subject to the superintendence, control and direction of the Board of Directors and the Managing Director. He shall further exercise and perform such powers and duties as the Board of Directors of the Company (hereinafter referred as the Board) shall from time to time determine subject to any directions and restrictions given or imposed by the Board.

2. Tenure of the Agreement: 27th August, 2007 to 26th August, 2012.
3. Remuneration: Rs. 2,00,000/- (Rupees Two lacs only.) per month with an authority to the Board of Directors to alter and vary the terms and conditions of the said appointment with respect to further increases in salary from time to time in such a manner as may be agreed to between the Directors and Mr. Rohit Patni.

In case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Rohit Patni is restricted to Part II Section II [1 (A)] of Schedule XIII of the Act.

4. In the event of any amendment made by the Government in the guidelines or ceiling on the managerial remuneration including perquisites during the proposed terms of his appointment, the Board of Directors be and is hereby authorised to alter or vary the remuneration including perquisites within the ceiling as laid down in Schedule XIII of the Companies Act, 1956.
5. The Jt. Managing Director shall be entitled to exercise the following powers without prejudice to the generality of the provisions vested in him under this agreement:
  - a. Subject to the provisions of the Companies Act, 1956, Articles of Association of the Company and within the overall superintendence of the Board and Committee of Directors and the Managing Director, the Jt. Managing Director shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to do, provided that the Jt. Managing Director shall not exercise any power or do any act or thing which is specifically directed whether by the Act or the Articles or otherwise to be exercised or done by the Company in the Committee of Directors Meeting or Board Meeting and/ or in the General Meeting.
  - b. To operate on any banking and other accounts and to draw, to make, accept, execute, encash, give, discount, negotiate, retire, pay, satisfy, sign all contracts, cheques, bills of exchanges, drafts, orders, promissory notes, hundies, interest and dividend warrants, other securities and other negotiable instruments as required in the ordinary course of the business.
  - c. To represent the Company before any authority in Central, State Government or local administration or other authorities, banks, financial institutions or elsewhere to sign/ file all the agreements, forms, papers and other documents before any Government authorities such as Company Law Board, Registrar of Companies, Reserve Bank of India, Income Tax Authorities and such other authorities relating to the finance, accounts, income tax, companies act etc. and under such other laws and regulations on behalf of the Company.
  - d. To institute, prosecute, proceed, defend, oppose, compromise, abandon, refer to arbitration, execute or become non-suited in case of any claims, suits, applications and/ or other legal proceedings, whatsoever against the Company or to which the Company may be a party, including trademarks, trade names, trade property and passing off actions and revenue proceedings relating to tax on income, profits, capital and taxation generally or otherwise by or against the Company.
  - e. To engage/ retain/ appoint any Attorneys, Solicitors, Vakils, Pleaders, Advocates or Legal Practitioners for and on behalf of the Company to act or appear in respect of any suit or legal proceedings before any court, civil, criminal, consumer forum, city court, district court, Hon'ble High Court and Hon'ble Supreme Court of India, Tribunal or other authority in respect of any matter to which the Company may be a party or otherwise interested.
  - f. To make/ sign/ execute/ present/ file all applications, complaints, petitions, written statements, execution petitions, pleadings and affidavits, vakalatnamas, other documents, confirmation or otherwise and to verify and sign all such papers and statements on behalf of the Company as may be necessary for conduction litigation with the right to refer any matter to the Board of Directors of the Company for seeking any specified/ ad-hoc authority as may be necessary.
  - g. To appoint, remove or suspend managers, executives, consultants, advisors, officers, assistants, clerks, agents, servants for permanent, temporary or special services as he may from time to time think fit and to

determine their powers and duties and fix/ increase/ decrease/ make changes in their salary, emoluments or remuneration and/ or require security in such cases and such amounts as he may think fit.

- h. To enter into contracts and/ or float tenders for the purchase and/ or sale of goods or award works contracts or hire services for the Company.
6. The Jt. Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof from the date of his appointment.
7. During his tenure as Jt. Managing Director, Mr. Rohit Patni shall be directly in charge of the overall operations of the Company and will oversee and co-ordinate all other functional areas of the Business.
8. He shall be entitled to all business travelling and related expenses incurred in connection with the Company's interest in line with travel policy of the Company.
9. Subject to the provisions of the Companies Act, 1956 each party has the right of terminating the appointment upon giving two months notice in writing.
10. If at any time Mr. Rohit Patni ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Jt. Managing Director of the Company.

#### Compensation of the Non- Executive Directors

The remuneration of Non- Executive Directors consists only of sitting fees for attending the meeting of the Board of Directors or a Committee thereof.

#### Details of sitting fees paid to Non- Executive Directors during the FY 2009-10

Name of the Director	Amount (Rs.)
Mr. Suresh Kumar Patni	34,000.00
Mr. Kailash Chand Jain	26,500.00
Mr. Jatindra Nath Rudra	29,000.00
Mr. Vijay Kumar Jain	27,500.00

#### Number of Equity Shares held by the Directors as on 30.06.2010

Sl. No.	Name of the Director	No. of Equity Shares held	Percentage of Pre-Issue holding in the Company
1.	Mr. Suresh Kumar Patni	5,05,000	1.54
2.	Mr. Ankit Patni	9,00,100	2.74
3.	Mr. Rohit Patni	7,30,000	2.22
4.	Mr. Kailash Chand Jain	Nil	Nil
5.	Mr. Jatindra Nath Rudra	Nil	Nil
6.	Mr. Vijay Kumar Jain	Nil	Nil

#### Changes in the Directors in last three years

Name of the Director	Date of Appointment	Date of Resignation	Remarks
Mr. Rohit Patni	27/08/2007	-	Appointed as Jt. Managing Director
Mr. Sanjay Singh	-	24/09/2008	Resignation as Director

#### Compliance with Corporate Governance Requirements

The composition of Board of Directors, Audit Committee, Remuneration Committee and Shareholder's / Investor's Grievance Committee are in compliance with the requirement of Clause 49 of the Listing Agreement.

**SECTION – VI. FINANCIAL STATEMENTS**  
**AUDITORS REPORT FOR YEAR ENDED MARCH 31, 2010**

TO THE MEMBERS OF  
ANKIT METAL & POWER LIMITED

1. We have audited the attached Balance Sheet of ANKIT METAL & POWER LIMITED as at 31<sup>st</sup> March, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010, from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (b) in the case of Profit & Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **R. KOTHARI & COMPANY**  
Chartered Accountants  
Firm Registration No. 307069E  
**Sanjeeb Agarwal**  
Partner  
Membership No. 56400

Place : **Kolkata**  
Dated : **The 12<sup>th</sup> day of May, 2010**

**ANNEXURE TO THE AUDITORS' REPORT**

**Re: ANKIT METAL & POWER LIMITED ('the Company')**  
**(Referred to in Paragraph 4 of our report of even date)**

- (i) (a) The Company has maintained records showing particulars including quantitative details and situation of fixed assets, however the records for the year are under updation.
- (b) According to the information and explanation furnished to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets of the Company has been disposed off during the year.
- (ii) (a) As explained to us, the stocks of finished goods and work-in-progress have been physically verified by the management as at the end of the financial year and for stocks of raw materials, for which there is a perpetual inventory system, a substantial portion of stocks has been verified during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans from five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 818.43 lacs and the year-end balance of loans taken from such companies was Rs.755.00 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company is regular in repaying the principal amounts and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that for some of the items purchased suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time whenever such market prices are available.

- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India and provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii) In our opinion, the Internal Audit System of the company commensurate with the size of the Company and the nature of its business. However, the scope of internal audit needs to be broadened and strengthened.
- (viii) To the best of our knowledge and according to the information given to us the Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product of the Company. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Iron & Steel product & Power Generation Unit pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima facie, the records have been maintained. We have not however made a detailed examination for the records with a view to determining whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, excise duty, cess, service tax and other material statutory dues during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, excise duty, cess and service tax were in arrears for more than six months, on Balance Sheet date, from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2010 with the appropriate authorities on account of any dispute except the following cases which are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	21.11 (Already paid under protest Rs. 11.11 Lacs)	A.Y. 2006-07	Commissioner of Income Tax (Appeals)-I, Kolkata.
Income Tax Act, 1961	Income Tax	3.54	A.Y. 2007-08	Additional Commissioner of Income Tax(Appeals)-I, Kolkata.
W.B.VAT Act, 2003	Sales Tax	226.06	A.Y. 2005-06	Sr. Joint Commissioner of Commercial taxes, Dharmtala Circle.
W.B.VAT Act, 2003	Sales Tax.	915.39	A.Y. 2006-07	Sr. Joint Commissioner of Commercial taxes, Dharmtala Circle.
W.B.VAT Act, 2003	Sales Tax .	92.94	A.Y. 2006-07	Additional Commissioner of Commercial taxes, Beliaghata Kolkata.
W.B.VAT Act, 2003	Sales Tax.	87.95	A.Y. 2007-08	Sr. Joint Commissioner of Commercial taxes, Durgapur Circle.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures during the year.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company are prima facie applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have prima facie been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **R. KOTHARI & COMPANY**  
Chartered Accountants  
Firm Registration No. 307069E  
**Sanjeeb Agarwal**  
**Partner**  
Membership No. 56400

Place : **Kolkata**  
Dated : **The 12<sup>th</sup> day of May, 2010**



**BALANCE SHEET AS AT 31ST MARCH 2010**

<b><u>SOURCES OF FUNDS</u></b>	<b><u>Schedule</u></b>	<b><u>As on 31st MARCH 2010 (Rs.)</u></b>	<b><u>As on 31st MARCH 2009 (Rs.)</u></b>
<b><u>1. Shareholders' Funds</u></b>			
a) Share Capital	1	328,755,000	328,755,000
b) Reserves and Surplus	2	1,077,705,572	868,979,034
<b><u>2. Loan Funds</u></b>			
a) Secured	3	1,245,753,515	1,158,311,131
b) Unsecured	4	540,377,753	362,279,005
Deferred Tax Liability (Refer Note No. B-11 in Schedule 19)		85,872,623	111,707,681
<b>Total</b>		<b><u>3,278,464,463</u></b>	<b><u>2,830,031,851</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>1. Fixed Assets</u></b>			
a) Gross Block	5	1,960,402,390	1,901,093,120
Less: Depreciation		<u>297,861,994</u>	<u>189,221,982</u>
Net Block		1,662,540,396	1,711,871,138
b) Capital Work-In-Progress		189,227,762	56,759,987
<b><u>2. Investment</u></b>	6	150,000	150,000
<b><u>3. Current Assets Loans &amp; Advances</u></b>			
a) Inventories	7	911,531,782	771,670,680
b) Sundry Debtors	8	963,454,160	844,313,810
c) Cash & Bank Balances	9	107,509,366	72,954,103
d) Loans & Advances	10	<u>476,427,576</u>	<u>316,344,647</u>
		2,458,922,884	2,005,283,240
e) Less : Current Liabilities & Provisions	11	<u>1,032,376,579</u>	<u>944,032,514</u>
<b>Net Current Assets</b>		<b><u>1,426,546,305</u></b>	<b><u>1,061,250,726</u></b>
<b>Total</b>		<b><u>3,278,464,463</u></b>	<b><u>2,830,031,851</u></b>

Significant Accounting Policies & Notes on Accounts 19

Schedule 1 to 11 & 19 referred above form an Integral Part of the Balance sheet

As per our report of even date attached.

For & on behalf of the Board

For R. Kothari & Company  
Chartered Accountants

Suresh Kumar Patni  
(Chairman)

Ankit Patni  
(Managing  
Director)

Sanjeeb Agarwal  
Partner

Dated : 12th day of May, 2010  
Place : Kolkata.

C. K. Jain  
(Company Secretary)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

<b><u>INCOME</u></b>	<b><u>Schedule</u></b>	<b><u>For the Year Ended 31.03.2010 (Rs.)</u></b>	<b><u>For the Year Ended 31.03.2009 (Rs.)</u></b>
Sales		6,873,091,734	5,358,442,862
Less:- Excise Duty/ Vat		584,312,255	438,937,587
Net Sales		<u>6,288,779,479</u>	<u>4,919,505,275</u>
Other Income	12	74,124,377	141,902,957
Increase/ (Decrease) in Closing Stocks	13	109,574,178	(11,351,230)
		<u><b>6,472,478,034</b></u>	<u><b>5,050,057,002</b></u>
<b><u>EXPENDITURE</u></b>			
Raw Materials Consumed	14	3,922,630,295	2,001,040,172
Manufacturing & Other Expenses	15	2,015,090,956	2,579,791,323
Payments to & Provisions for Employees	16	37,025,370	27,021,960
Administrative, Selling & Other Expenses	17	73,318,765	73,124,123
Interest & Financial Charges	18	132,881,156	176,355,108
Depreciation (Net)		108,640,012	104,399,187
(Refer Note No - 1 of Schedule 5)			
		<u><b>6,289,586,554</b></u>	<u><b>4,961,731,873</b></u>
<b>Profit Before Tax</b>		<b>182,891,480</b>	<b>88,325,129</b>
Provision For Taxation:			
- Current		(31,122,602)	(10,037,626)
- Deferred		25,835,058	(23,289,783)
- Fringe Benefit		-	(664,443)
- Deferred MAT Credit Entitlement		31,122,602	10,037,626
<b>Profit After Tax</b>		<u><b>208,726,538</b></u>	<u><b>64,370,903</b></u>
Surplus From Earlier Year		413,535,255	349,164,352
<b>Balance Carried to Balance Sheet</b>		<u><b>622,261,793</b></u>	<u><b>413,535,255</b></u>
<b>Earning Per Shares - Basic/ Diluted</b> (Refer Note No. 14 In Schedule 19)		<b>6.35</b>	<b>1.96</b>

**Significant Accounting Policies & Notes on Accounts**

Schedule 11 to 19 referred above form an integral part of the Profit & Loss A/c

19

As per our report of even date attached.

For R. Kothari & Company  
Chartered Accountants

Sanjeeb Agarwal  
Partner

Dated : 12th day of May, 2010  
Place : Kolkata

For & on behalf of the Board

Suresh Kumar Patni  
(Chairman)

Ankit Patni  
(Managing Director)

C. K. Jain  
(Company Secretary)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	<u>Year Ended 31.03.2010</u>		<u>Year Ended 31.03.2009</u>	
	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>
<b><u>A. Cash Flows from Operating Activities</u></b>				
Net Profit before Tax & Extraordinary Items		182,891,480		88,325,129
Adjustments for:				
Depreciation	108,640,012		104,399,187	
Interest Income	(6,197,642)		(3,904,277)	
Interest Expenses	132,881,156		176,355,108	
Exchange Fluctuation loss/(Gain)	1,221,956	236,545,482	(4,913,092)	271,936,926
<b>Operating Profit before Working Capital Changes</b>		<b>419,436,962</b>		<b>360,262,055</b>
Adjustments for:				
Trade & Other Receivables	(169,697,714)		(383,742,291)	
Inventories	(139,861,102)		(148,233,153)	
Trade Payables & Other Liabilities	65,103,306	(244,455,510)	372,456,666	(159,518,778)
<b>Cash Generated from Operations</b>		<b>174,981,452</b>		<b>200,743,277</b>
Income Taxes Paid		(3,119,473)		(98,734,403)
Exchange Fluctuation Loss/(Gain)		(1,221,956)		4,913,092
<b>Net Cash from Operating Activities</b>		<b>170,640,023</b>		<b>106,921,966</b>
<b><u>B. Cash Flows from Investing Activities</u></b>				
Purchase of Fixed Assets & Capital W.I.P.	(250,877,045)		(252,522,726)	
Capital Subsidy Received	25,000,000		-	
Interest Received	2,449,621		3,435,477	
Investment in Shares & Others	-		(150,000)	
Fixed Deposits	(11,079,769)		(23,589,113)	
<b>Net Cash from Investing Activities</b>		<b>(234,507,193)</b>		<b>(272,826,362)</b>
<b><u>C. Cash Flows from Financing Activities</u></b>				
Proceeds from Borrowings	265,541,132		367,970,650	
Dividend paid	-		(16,437,750)	
Corporate Dividend Tax	-		(2,793,596)	
Interest Paid	(178,090,033)		(176,355,108)	
<b>Net Cash used in Financing Activities</b>		<b>87,451,099</b>		<b>172,384,196</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>23,583,930</b>		<b>6,479,800</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>		<b>8,847,395</b>		<b>2,367,595</b>
<b>Cash and Cash Equivalents at the end of the period</b>		<b>32,431,325</b>		<b>8,847,395</b>

Note :

i) The above Cash Flow has been prepared under "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by "The Institute of Chartered Accountants of India".

ii) This is the cash flow referred to, in our report of even date.

As per our report of even date attached

**For R. Kothari & Company**  
Chartered Accountants

*Sanjeeb Agarwal*  
Partner

Dated : 12th day of May, 2010  
Place : Kolkata.

**For & on behalf of the**  
**Board**

**Suresh Kumar Patni**  
(Chairman)

**Ankit Patni**  
(Managing  
Director)

**C. K. Jain**  
(Company Secretary)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010**

<b><u>SCHEDULE 1</u></b>	<b><u>As on 31st</u></b> <b><u>MARCH 2010</u></b> <b><u>(Rs.)</u></b>	<b><u>As on 31st</u></b> <b><u>MARCH 2009</u></b> <b><u>(Rs.)</u></b>
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised :</b> 60,000,000 Equity Shares of Rs.10/- each (Previous year 60,000,000 Equity Shares of Rs.10/- each )	600,000,000	600,000,000
<b>Issued , Subscribed &amp; Paid-up :</b>		
32,875,500 Equity Shares of Rs. 10/- Each Fully Paid Up in Cash (Previous Year 32,875,500 Equity Shares of Rs.10/- each)	328,755,000	328,755,000
	<b><u>328,755,000</u></b>	<b><u>328,755,000</u></b>
<b><u>SCHEDULE 2</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Profit & Loss Account (As Per Account Annexed)	622,261,793	413,535,255
Security Premium Account (As Per Last Account)	455,443,779	455,443,779
	<b><u>1,077,705,572</u></b>	<b><u>868,979,034</u></b>
<b><u>SCHEDULE 3</u></b>		
<b><u>SECURED LOANS</u></b>		
Term Loan from Banks	401,372,734	419,766,802
Working Capital Loan from Banks	751,041,292	638,074,324
Short Term Loan from Banks	90,000,000	100,000,000
Auto Loan from Bank (Against Hypothecation)	3,339,489	470,005
	<b><u>1,245,753,515</u></b>	<b><u>1,158,311,131</u></b>

## Notes:

- 1) Term Loan from State Bank of India, Andhra Bank and Syndicate Bank are primary secured by 1<sup>st</sup> pari-passu charge on fixed assets by way of equitable mortgage of the land & building / shed along with all movable and immovable plant & machinery and other fixed assets thereon at Chhatna Dist. Bankura & extension of charge on the company's current assets on pari-passu with equitable mortgage on office space at 35, C. R. Avenue, Kolkata on pari-passu basis & personal guarantee of three Promoters & corporate guarantee of three companies & pledge of 30% shares of Promoters.
- 2) Term Loan for expansion project is taken from Indian Overseas Bank, State Bank of Bikaner and Jaipur, United Bank of India, State Bank of Travancore, State Bank of Mysore and State Bank of Indore and primary secured by 1<sup>st</sup> pari-passu charge by way of equitable mortgage / hypothecation on of all block assets of the proposed project & personal guarantee of three Promoters.
- 3) Working Capital including SLC from State Bank of India, Andhra Bank, Syndicate Bank and IDBI Bank are jointly secured by hypothecation of all the current assets on 1<sup>st</sup> Pari-passu Basis & 2<sup>nd</sup> pari-passu charge by way of extension of charge on the entire fixed assets of factory land, building/ shed, etc. & along with equitable mortgage on office space at 35, C. R. Avenue, Kolkata on pari-passu basis & personal guarantee of three Promoters & corporate guarantee of three companies & pledge of 30% shares of Promoter Directors.
- 4) Short Term Loan from Allahabad Bank is secured by Subservient charge over fixed and current assets & personal guarantee of two Promoters Director.
- 5) Installments due within next year in respect of Term Loans are Rs. 1664.43 lacs (P.Y. Rs.1683.90 lacs).
- 6) Installments due within next year in respect of Short Term Loan are Rs. 900.00 lacs (P.Y. Rs.1000.00 lacs).
- 7) Installments due within next year, in respect of Auto Loan is Rs. 15.43 lacs (P.Y. Rs.3.11 lacs)

**SCHEDULE 4**  
**UNSECURED LOANS**

From Banks (Personal Guarantee by the Promoter Directors)	38,046,311	-
Bridge Loan (Against Subsidy Receivable)	21,271,749	32,000,911
From Bodies Corporates	481,059,693	330,278,094
	<u>540,377,753</u>	<u>362,279,005</u>

**SCHEDULE – 5 FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2010	Additions during the Year	Deduction/ Adjustment during the Year	As on 31.03.2010	Up to 31.03.2009	For the Year	Deduction/ Adjustment during the Year	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	14,794,489	-	-	14,794,489	-	-	-	-	14,794,489	14,794,489
Factory Building	336,081,060	20,891,925	-	356,972,985	20,848,850	11,353,195	-	32,202,045	324,770,940	315,232,210
Other Than Factory Building	6,094,398	-	-	6,094,398	343,468	99,339	-	442,807	5,651,591	5,750,930
Plant & Machinery	1,305,949,825	81,915,990	59,100,000	1,328,765,815	146,947,131	84,750,398	-	231,697,529	1,097,068,286	1,159,002,694
Electrical Installations	221,107,371	10,346,657	-	231,454,028	15,411,598	10,592,814	-	26,004,412	205,449,616	205,695,773
Air Conditioner	261,920	-	-	261,920	10,758	16,580	-	27,338	234,582	251,162
Office Equipments	721,496	66,639	-	788,135	119,925	47,359	-	167,284	620,851	601,571
Computers	2,125,394	309,687	-	2,435,081	839,519	362,498	-	1,202,017	1,233,064	1,285,875
Motor Cars	11,350,558	4,861,032	-	16,211,590	4,105,153	1,252,464	-	5,357,617	10,853,973	7,245,405
Furniture & Fixtures	2,606,609	17,340	-	2,623,949	595,580	165,365	-	760,945	1,863,004	2,011,029
<b>TOTAL</b>	<b>1,901,093,120</b>	<b>118,409,270</b>	<b>59,100,000</b>	<b>1,960,402,390</b>	<b>189,221,982</b>	<b>108,640,012</b>	<b>-</b>	<b>297,861,994</b>	<b>1,662,540,396</b>	<b>1,711,871,138</b>
<b>Previous Year</b>	<b>1,397,705,686</b>	<b>503,387,434</b>	<b>-</b>	<b>1,901,093,120</b>	<b>84,822,795</b>	<b>104,399,187</b>	<b>-</b>	<b>189,221,982</b>	<b>1,711,871,138</b>	<b>-</b>
<b>Capital Work-in-Process including Advances</b>	<b>56,759,987</b>	<b>242,202,520</b>	<b>109,734,745</b>	<b>189,227,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note :- 1) Capital Investment Subsidy amounting Rs. 5,00,00,000/- and Interest Subsidy up to construction period Rs. 91,00,000/- has been recognized on the basis of sanction from WBIDC. The said subsidy received against cost of Plant & Machinery i.e. Sponge Iron Plant, M.S. Billet, Re-Rolling and Power Generation Plant which is capitalized in earlier years. Accordingly, depreciation provided in earlier years on said amount up to 31.03.2009 amounting Rs. 91,40,818/- has been reversed during the year.

<b><u>SCHEDULE 6</u></b> <b><u>INVESTMENT</u></b> <b><u>Long Term Investment</u></b>	<b><u>As on 31st</u></b> <b><u>MARCH</u></b> <b><u>2010</u></b> <b><u>(Rs.)</u></b>	<b><u>As on 31st</u></b> <b><u>MARCH</u></b> <b><u>2009</u></b> <b><u>(Rs.)</u></b>
<b><u>Trade Investment</u></b>		
<b>Unquoted Shares:-</b>		
SKP Power Venture Limited (10000 equity shares @ Rs. 10 each at face value)	100,000	100,000
<b>Other than trade Investment</b>		
6 Years National Saving Certificate (VIII Issue)	50,000	50,000
	<b><u>150,000</u></b>	<b><u>150,000</u></b>

**SCHEDULE 7****INVENTORIES**

(As Taken, Valued &amp; Certified By The Management)

Raw Materials	575,235,596	559,946,872
Stores & Spares	50,243,303	35,245,103
Work-in-Progress	76,104,015	28,265,773
Finished Goods	209,948,868	148,212,932
	<b><u>911,531,782</u></b>	<b><u>771,670,680</u></b>

**SCHEDULE 8****SUNDRY DEBTORS**

Secured, Considered Good	-	-
<b>Unsecured, Considered Good:-</b>		
Due For More Than 6 Months	28,848,036	58,341,041
Others Debts	934,606,124	785,972,769
	<b><u>963,454,160</u></b>	<b><u>844,313,810</u></b>

**SCHEDULE 9****CASH & BANK BALANCES**

<b>Cash in Hand</b> ( As Certified by the Management)	1,800,148	121,216
<b>Balances With Scheduled banks</b>		
- In Current Accounts	29,301,254	8,726,179
- In Cash Credit Accounts	1,329,923	-
<b>In Public Issue Account</b>		
HDFC Bank Ltd. - Refund Account (Balance Lying In Escrow Account)	24,512	110,408
<b>In Dividend Account</b>		
IDBI Bank Ltd.	107,690	130,230

	<u>As on 31st</u> <u>MARCH</u> <u>2010</u> <u>Rs</u>	<u>As on 31st</u> <u>MARCH</u> <u>2009</u> <u>Rs</u>
<b>On Fixed Deposit Account</b>	74,945,839	63,866,070
(Pledged As Margin For Letter of Credit & Bank Guarantee)	<u>107,509,366</u>	<u>72,954,103</u>

**SCHEDULE 10**

**LOANS & ADVANCES (Unsecured, Considered good)**

Advances recoverable in cash or in kind or for value to be received		
- To Suppliers & Others	209,085,346	150,673,215
Balance with Excise/ Sale Tax Departments	17,306,587	47,169,144
Excise Duty Paid Under Protest	12,000,000	12,000,000
Sale Tax Paid Under Protest	2,500,000	2,500,000
Security & Other Deposits	5,597,809	6,065,281
Interest Accrued But Not Due	5,080,680	1,332,659
Subsidy Receivable (Refer Note No -A-7 of Schedule- 19)	175,898,772	71,001,852
Income Tax Payments (Net of Provision)	-	4,678,386
MAT Credit Entitlement (Refer Note No. A-10(a) of Schedule -19)	46,110,228	14,987,626
Prepaid Expenses	583,876	1,110,020
Export Incentive Receivable	2,264,278	4,826,464
	<u>476,427,576</u>	<u>316,344,647</u>

**SCHEDULE 11**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

Sundry Creditors		
- Due to Micro, Small & Medium Enterprises	-	-
- Due to Others		
For Goods	581,061,269	599,103,533
For Capital Goods	71,857,510	50,927,481
For Expenses & Others	93,766,910	48,734,751
Advance from Parties	257,412,594	232,179,635
Interest accrued but not due	24,453	-
Liabilities for Statutory Dues	3,827,966	11,926,046
Unclaimed Dividends (There is no amount due & outstanding to be credited to Investor Education & Protection Fund.)	107,690	130,230
Share Application Money Refundable	24,512	110,408
	<u>1,008,082,904</u>	<u>943,112,084</u>

**Provisions**

For Gratuity	572,302	523,800
For Taxation (Net of Advance Tax & TDS)	23,721,373	-
For Fringe Benefit Tax	-	396,630
	<u>1,032,376,579</u>	<u>944,032,514</u>



	<b><u>For the Year</u></b> <b><u>Ended 31st</u></b> <b><u>MARCH</u></b> <b><u>2010</u></b> <b><u>Rs.</u></b>	<b><u>For the Year</u></b> <b><u>Ended 31st</u></b> <b><u>MARCH</u></b> <b><u>2009</u></b> <b><u>Rs.</u></b>
<b><u>SCHEDULE 12</u></b>		
<b><u>OTHER INCOME</u></b>		
Interest Received on Deposit (TDS Rs 6.38 lacs, P.Y.- Rs. 8.33 lacs)	6,197,642	3,904,277
Insurance Claim	-	197,020
Commission Income (TDS Rs. 21.06 lacs, P. Y. Rs. 97.96 lacs)	63,648,612	126,133,527
Exchange Fluctuation Gain	-	4,913,092
Export Incentive	4,272,517	-
Miscellaneous Income	-	6,718,593
Prior Period Income	5,113	31,356
Sundry Balance Written Back	493	5,092
	<b><u>74,124,377</u></b>	<b><u>141,902,957</u></b>
<b><u>SCHEDULE 13</u></b>		
<b><u>INCREASE/(DECREASE) IN CLOSING STOCKS</u></b>		
Closing Stock of Finished Goods	209,948,868	148,212,932
Closing stock of Work In Progress	76,104,015	28,265,773
	<b><u>286,052,883</u></b>	<b><u>176,478,705</u></b>
Less : Opening Stock of Finished Goods	(148,212,932)	(160,010,870)
Opening Stock of Work-in-Progress	(28,265,773)	(27,819,065)
	<b><u>109,574,178</u></b>	<b><u>(11,351,230)</u></b>
<b><u>SCHEDULE 14</u></b>		
<b><u>RAW MATERIALS CONSUMED</u></b>		
Opening Stock	559,946,872	407,164,112
Add: Purchases (Including Procurement Expenses)	3,937,919,019	2,153,822,932
	<b><u>4,497,865,891</u></b>	<b><u>2,560,987,044</u></b>
Less : Closing Stock	575,235,596	559,946,872
	<b><u>3,922,630,295</u></b>	<b><u>2,001,040,172</u></b>
<b><u>SCHEDULE 15</u></b>		
<b><u>MANUFACTURING &amp; OTHER EXPENSES</u></b>		
Manufacturing Cost	41,914,108	30,676,315
Power & Fuel	240,683,864	144,808,650
Store & Spares Consumable	88,226,528	62,739,982
Trading Purchase	1,629,654,309	2,345,576,375
Repair & Maintenance:-		
- Factory Building	172,761	1,532,290
- Plant & Machinery	4,867,445	1,576,853
	<b><u>5,040,206</u></b>	<b><u>3,109,143</u></b>
Water Charges	371,460	555,590
Machinery & Equipments Hire Charges	878,126	1,210,525
Excise duty on Inventory	8,322,355	(8,885,257)
	<b><u>2,015,090,956</u></b>	<b><u>2,579,791,323</u></b>

	<b><u>For the Year</u></b> <b><u>Ended 31st</u></b> <b><u>MARCH</u></b> <b><u>2010</u></b> <b><u>Rs.</u></b>	<b><u>For the Year</u></b> <b><u>Ended 31st</u></b> <b><u>MARCH</u></b> <b><u>2009</u></b> <b><u>Rs.</u></b>
<b><u>SCHEDULE 16</u></b>		
<b><u>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</u></b>		
Salary, Wages & Bonus	28,095,576	18,870,326
P.F & Other Allowance	819,624	1,073,109
Staff & Labour Welfare	2,110,170	1,001,858
Managerial Remuneration	6,000,000	6,076,667
	<b><u>37,025,370</u></b>	<b><u>27,021,960</u></b>

**SCHEDULE 17****ADMINISTRATIVE, SELLING & OTHER EXPENSES**

Advertisement Charges	6,644,851	7,339,691
Selling & Other Charges	12,616,870	20,858,295
Hire Charges	1,828,544	1,095,230
Insurance Charges	4,310,307	2,007,050
Commission & Brokerage	438,443	387,930
Travelling & Conveyance	2,526,867	1,272,492
Bank Charges	15,863,987	19,439,812
Sales Promotion	9,380,833	4,375,313
Loss on Exchange Fluctuation	1,221,956	-
Security Service Charges	5,216,310	2,567,189
Rent , Rates & Taxes	1,076,190	625,515
Telephone Charges	1,351,783	1,373,039
Auditors Remuneration		
- For Audit	125,000	75,000
- For Tax Audit	25,000	25,000
- Others	87,000	88,000
Repairs & Maintenance to Others	481,773	155,277
Donation, Membership & Subscription	493,828	1,018,026
Discount & Rebate	1,009,525	105,883
Legal & Professional Charges	3,090,564	4,813,432
Printing & Other Charges	1,725,064	1,625,363
Car Running & Maintenance Expenses	1,061,220	568,825
Prior Period Expenses	236,511	932,662
Miscellaneous Expenses	2,369,156	2,227,388
Sundry Balance W / Off	137,183	147,711
	<b><u>73,318,765</u></b>	<b><u>73,124,123</u></b>

**SCHEDULE 18****INTEREST & FINANCIAL CHARGES**

<b>Interest:</b>	23,508,850	70,038,000
- On Term Loan	98,989,216	103,329,835
- On Others	10,208,140	2,958,768
Interest On Body Corporate Loans	174,950	28,505
Motor Car Finance Charges	<b><u>132,881,156</u></b>	<b><u>176,355,108</u></b>

**SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

(Annexed to as forming part of accounts for the year ended 31st March, 2010)

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of financial statements.**

- a) The financial statements have been prepared under the historical cost convention, on Going Concern Concept and in accordance with the Generally Accepted Accounting Principles & the provisions of the Companies Act, 1956. The company follows mercantile system of accounting and is in compliance with the Accounting Standards issued by the 'The Institute of Chartered Accountants of India'.
- b) Accounting policies not specifically referred to otherwise are consistent with Generally Accepted Accounting Principles in India.

**2. Fixed Assets**

- a) Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- b) Expenditure which are of Capital nature are capitalized at a cost which comprises of purchase price and all other expenditure directly attributable to the cost of bringing the assets to its working condition for the intended use. Assets under erection / installation are shown as Capital -Work-In -Progress. Capital assets and Capital work-in-progress are net of CENVAT credit availed / available thereon.
- c) Interest on borrowing costs related to qualifying assets is worked out on the basis of actual utilisation of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying assets and are capitalized with the cost of qualifying assets. Incidental Indirect expenses relating to the project are apportioned amongst the Fixed Assets on the basis of their Cost of Erection / acquisition on commencement of commercial production.
- d) Subsidy received / or crystallization in respect of fixed assets are deducted from the cost of respective assets.

**3. Depreciation**

Depreciation on Fixed Assets is calculated on straight line method at the rates and in the manner prescribed in the Schedule XIV of Companies Act, 1956.

**4. Inventories**

All inventories are valued at lower of Cost, computed on FIFO basis and Net Realisable Value. Finished goods and Work-in-Progress include cost of conversion and other overheads incurred in bringing the inventories to their present location and condition.

**5. Excise Duty**

Excise duty on finished goods lying at the factory is accounted for at the point of manufacturing of goods and is accordingly considered for valuation of finished goods stock lying in the factory as on the Balance Sheet date.

**6. Recognition of Income & Expenditures**

Revenue / Income and Cost / Expenditures are generally accounted for on accrual basis as they are earned or incurred. Insurance & other Claims to the extent considered recoverable, are accounted for in the year of claims. However claims and refunds whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

**7. Subsidy**

- a) The Company is registered under the West Bengal Incentive Scheme 2000 & 2004 of The Director of Industries, Government of West Bengal. Under the said scheme the Company is entitled to receive Capital

Investment Subsidy, Interest Subsidy, Employment Generation Subsidy, Remission of stamp duty & registration fee. These shall be accounted for in the year of receipt and/or crystallisation.

- b) The Company has been granted eligibility certificate under the West Bengal Incentives to Power Intensive Industries Scheme, 2005, promulgated by the Department of Commerce & Industries, Government of West Bengal, Vide notification no. 276-CI/O/Incentive/052/05/i dt. 19.05.2005, effective from 1st April 2004. Under the said scheme, the company is entitled to receive Incentive on energy charges, which has been accounted for in the books on accrual basis.

#### **8. Sales**

Sales are recognised on despatch of goods to customers. It includes Excise Duty & Sales tax.

#### **9. Foreign Currency Transaction**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. All exchange differences are dealt within Profit & Loss Account.

#### **10. Taxation**

- a) Current Tax is determined at the amount of tax payable in respect of taxable income for the period, computed with relevant tax rules and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961 Deferred MAT Credit Entitlement is separately recognised as advance.
- b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### **11. Segment Reporting**

The Company has identified Iron & Steel as the sole business segment and the same has been treated as primary business segment. The Company sells mostly within India and does not have operations in economic environments with different risks and returns, it is considered operating in single geographical segment. Hence, no further disclosure as required under the Accounting Standard - 17 "Segment Reporting" as issued by the The Institute of Chartered Accountants of India.

#### **12. Retirement Benefits**

- a) Liability with regards to long term employee benefits is provided for on the basis of actuarial valuation at the Balance sheet date. Actuarial gain/ loss is recognised immediately in the statement of profit and loss Account. The Company has an Employee Gratuity Fund managed by the Life Insurance Corporation of India.
- b) Retirement benefit in the form of contribution to Provident Fund is a defined contribution scheme and is charged to profit & loss account in the year when they become due.
- c) Short - term compensated absences are provided for based on estimates.

#### **13. Preliminary & Public Issue Expenses**

As the future economic benefit of Preliminary & Public Issue Expenses is not ascertainable & thus the same is adjusted with the share premium.

#### **14. Borrowing Costs**

Borrowing costs and its related expenses that are directly attributable to the acquisition, construction or production of a qualifying assets is capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expenses in the period in which they are incurred.

### 15. Impairment of Assets

At each Balance sheet date the company assesses whether there is any indication that assets may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds the recoverable amount.

### 16. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### 17. Investments-

Investments are treated as long term investments and valued at cost.

## B. NOTES ON ACCOUNTS

### 1 Contingent Liabilities not provided for in the books of Accounts:

- a) In respect of Bills discounted, outstanding as on 31.03.2010 amounting to Rs. 1259.02 lacs. (P.Y.- Rs. 1951.46 lacs).
- b) In respect of Letter of Credit amounting to Rs 508.92 lacs. (P.Y.-2254.26 lacs) & Bank guarantee amounting to Rs. 254.55 lacs ( P. Y. Rs. 275.55 lacs).
- c) Commitments against Capital Expenditure not provided in the accounts (Net of Advances) Rs 1238.35 lacs (P.Y – Rs. 180.00 lacs).
- d) Relating to assessment year 2006-07 & 2007-08, a demand of Rs. 21.11 lacs & Rs. 3.54 lacs was raised by the D. C. I. T. Circle -3, Kolkata against which the company has filed an Appeal. An amount of Rs. 11.11 lacs was paid under protest relating to year 2006-07.
- e) Relating to assessment year 2005-06 & 2006 -07, a demand of Rs. 318.99 lacs & Rs. 1003.34 lacs was raised by the department against which appeal has been filed by the company.
- f) Excise duty liability arising out of search operation by the Directorate General of Central excise Intelligence. However, the company has paid under protest a sum of Rs. 1.20 Crore pending issuance of any show cause notice.

2 All the related expenses of expansion project which is under implementation treated as capital work in progress. Administrative expenses relating to said project as identified by the management, have been transferred to Pre-operative Expenses Account. (Refer note no. B-12 hereunder).

3 Interest of Rs. 61.07 lacs (P. Y. Rs. 480.40 lacs) capitalised during the year as identified for acquisition & construction of Qualifying assets and a sum of Rs. 34.32 lacs (P. Y. Rs. 179.87 lacs) transferred to pre operative expenses as a borrowing cost.

4 Excise duty payable on closing stock on Finished Goods valued at Rs. 196.05 lacs (P. Y. 112.83 lacs) included in closing stock of Finished Goods and effect on Excise duty on change in stock of Finished Goods shown under manufacturing expenses. Due to above, there is no effect on profitability of the company for the year under review.

5 Sundry creditors includes Rs. NIL lacs (P. Y. Rs. NIL) due to micro, small & medium enterprises to the extent such parties have been identified from the available documents/ information.

- 6 Debtors include Rs. 15.59 lacs outstanding for more than 3 years in respect of which necessary steps have been initiated by the Company. The management considers the same are good and fully recoverable, hence no provision has been made in the accounts at this regards.
- 7 Certain balances of the Sundry Creditors, Sundry Debtors, Unsecured Loan and Advances are subject to Confirmation.
- 8 In the opinion of the Board of Directors, the Current Assets, Loans & 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 accounts.
- 9 **Disclosure pursuant to Accounting Standard- 15 ( Revised) " Employee Benefits" :**

a. Defined Contribution Plan: Amount of Rs 5.72 Lacs is recognised as expense and included in " Payments to and Provision For Employees" in Schedule-16 of the Profit & Loss Account.

b. Defined Benefit Plan:

i. Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation :

(Rs. In lacs)			
<b>Gratuity</b>			
	<b>2009-10</b>		<b>2008-09</b>
a. Present Value of Defined Benefit Obligation at the beginning of the year	11.44		-
b. Interest Cost	0.91		-
c. Current Service Cost	4.75		-
d. Actuarial Losses/ (Gains)	1.40		-
e. Benefits Paid	-		-
f. Present Value of Defined Benefit Obligation at the close of the year	18.50		11.43

ii. Changes in the Fair Value of Plan Assets and reconciliation thereof:

	<b>2009-10</b>		<b>2008-09</b>
a. Fair Value of Plan Assets at the Beginning of the year	11.48		-
b. Add : Expected Return on Plan Assets	1.34		0.71
c. Add / (Less) : Actuarial Losses / ( Gains)	-		-
d. Add : Contributions	4.70		10.77
e. Less: Benefits Paid	-		-
f. Fair Value of Plan Assets at the close of the year	17.52		11.48
Actual Return on Plan Assets	-		-

iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet:

	<b>2009-10</b>		<b>2008-09</b>
a. Present Value of Defined Benefit Obligation	18.50		11.44
b. Less: Fair Value of Plan Assets	17.52		11.48
c. Present Value of funded obligation	(0.98)		0.04
d. Net (Liability) / Assets recognised in the Balance Sheet	0.98		(0.04)

iv. Amount recognised in the Profit and Loss Account are as follows:

	<b>2009-10</b>		<b>2008-09</b>
a. Current Service Cost	4.75		-
b. Interest Cost	0.91		-
c. Expected return on Plan Assets	(1.34)		(0.71)
d. Actuarial Losses / ( Gains)	1.40		-
e. Past Service Costs	-		-
f. Effect of curtailment / settlement	-		-
g. Recognised in the Profit and Loss Account	5.72		(0.71)

v. Broad Categories of Plan Assets as a percentage of Total Assets as at 31.03.2010

	2009-10	2008-09
Qualifying Insurance Policy	YES	YES

vi. Actuarial Assumptions as at the Balance Sheet date:

	2009-10	2008-09
a. Discount Rate	8.00%	8.00%
b. Salary Escalation Rate	4.00%	4.00%

vii. The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

**10 Segment Reporting:**

The Company's business activity primarily falls within a single business segment i.e. Iron & Steel business. However, the company also generates power from its captive power plant, which is entirely consumed in Iron & Steel manufacturing unit without any sale to third party. The details of such unit generated are shown below. Hence, there are no additional disclosure to be made under AS - 17.

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Unit Generated (KWH)	78081736	62306448

**11 The component of Deferred Tax Liabilities / Assets as on 31.03.2010 are as under:-**

	(Rs. In lacs)	
Components of Deferred Tax Liabilities	31.03.2010	31.03.2009
Differential Depreciation	1,288.05	1,242.59
 <b>Components of Deferred Tax Assets</b>		
Unabsorbed Depreciation	389.02	63.85
Others	40.31	429.32
	61.66	125.51
<b>Net Deferred Tax Liability</b>	<b>858.73</b>	<b>1,117.08</b>

**12 Capital Work-in-Progress includes Pre- operative Expenses pending allocation of Fixed Assets**

	(Rs. In lacs)	
	31.03.2010	31.03.2009
Bank Charges	96.67	1.13
Hire Charges	-	3.21
Material Handling Charges	-	1.12
Interest on Unsecured Loan	32.90	7.01
Interest on Secured Loan	1.42	7.33
Legal & Professional Fees	8.82	2.74
Registration & License Fees	30.44	-
Motor Car Maintenance	-	0.34
Misc. Expenses	-	0.88
Office Maintenance	-	0.26
Printing & Stationery	-	0.18
Salary	6.75	6.63
Security Expenses	2.99	5.49
Telephone Expenses	-	0.53
<b>Total</b>	<b>179.99</b>	<b>36.85</b>

**13 Managerial Remuneration**

	<u>31.03.2010</u>	<u>31.03.2009</u>
	(Rs. In lacs)	
a. Salary & Allowances	60.00	60.77
b. Perquisites	-	-
(As per Income Tax Act, 1961)		
<b>Total</b>	<b>60.00</b>	<b>60.77</b>

**14 Earnings Per Share**

		<u>31.03.2010</u>	<u>31.03.2009</u>
a) Profit after Tax	Rs.	208,726,538	64,368,473
b) Number of Equity Shares:-			
As at the commencement of the year	No.	32,875,500	32,875,500
Issued during the year	No.	-	-
As at the end of the year	No.	32,875,500	32,875,500
c) Basic Earnings per share (Face value Rs.10/-)	Rs.	6.35	1.96
Diluted Earnings per share (Face value Rs.10/-)	Rs.	6.35	1.96

**15 Related parties disclosure as per AS – 18**

A. Name of the Related Parties with whom the company had transactions during the year:-

<u>Name of the Related party</u>	<u>Relationship</u>
Suresh Kumar Patni	Director
Sarita Patni	Promoter
Rohit Patni	Director
Ankit Patni	Director
Suanvi Trading & Investment Co. Pvt. Ltd.	Control Of KMP
Vasupujya Enterprises Pvt Ltd	Control Of KMP
Poddar Mech Tech Services Pvt Ltd	Control Of KMP
Impex Metal & Ferro Alloys Ltd.	Control Of KMP
Divine Trading Co. Pvt. Ltd.	Control Of KMP
Invesco Finance Pvt Ltd	Control Of KMP
Impex Steel Pvt. Ltd.	Control Of KMP
Impex Ferro Tech Ltd	Control Of KMP
Rohit Ferro Tech Limited	Control Of KMP
Marble Arch Properties Pvt Ltd	Control Of KMP
SKP Power Ventures Ltd	Control Of KMP
VNG Mercantiles Pvt. Ltd.	Control Of KMP
Hira Concast Pvt ltd	Control Of KMP

KMP means Key Managerial Personnel



B. Transaction with related parties during the year:-

(Rs. in Lacs)

Nature of Transactions	KMP	Control Of KMP
Purchases	0.00	732.26
	(0.00)	(2264.43)
Sale	0.00	2744.22
	(0.00)	(2453.29)
DEPB License Sale	0.00	9.29
	(0.00)	(25.59)
Investment in Equity Shares	0.00	0.00
	(0.00)	(1.00)
Loan Received	0.00	325.00
	(0.00)	(365.00)
Loan Repaid	0.00	0.00
	(0.00)	(25.00)
Advance Given	0.00	18.00
	(0.00)	(0.00)
Interest Paid	0.00	43.03
	(0.00)	(23.40)
Rent Paid	0.00	1.08
	(0.00)	(1.08)
Remuneration	60.00	0.00
	(60.77)	(0.00)

Figure in bracket represent previous year

C. Outstanding Balances as on 31.03.2010

(Rs. In Lacs)

Nature of Transactions	Balance
Sundry Creditors	0.00
	(85.79)
Sundry Debtors	15.32
	(58.52)
Loan Payable	755.00
	(453.58)
Advance Taken	0.00
	(11.06)
Advance Given	74.90
	(116.34)
Investment in Equity Shares	1.00
	(1.00)

16 Quantitative Information pursuant to Para 3 & 4 of part II of schedule VI to the companies Act, 1956.

A. Licensed Capacity: N.A.

B. Detail of Capacity & Production

Sl. No.	Items	Units	Installed Capacity		Production	
			C. Y.	P. Y.	C. Y.	P. Y.
1	Sponge Iron	M.T.	105000	105000	80827	62812
2	M.S. Ingots/Billets	M.T.	121890	121890	88865	56486
3	TMT Bar	M.T.	100000	100000	79143	36133
4	Captive Power Plant	KWH	109500000	109500000	78081736	62306448
5	Ferro Alloys	M.T.	12325	12325	3603	739

(Installed Capacity has been certified by the management and not verified by the auditors being a technical matter)

C. **Quantitative Information: Production, Stock, Sale of goods produced / traded during the year:-**i) **Raw Material Consumed/Sale**

(Rs. In Lacs)

Particulars	Unit	2009-2010		2008-2009	
		Qty*	Amount	Qty	Amount
Iron Ore	MT.	177423.72	5332.76	138819.84	4888.69
Coal	MT.	59445.50	1452.51	46342.09	1105.29
Scrap	MT.	54647.62	12164.24	35135.62	6760.98
Sponge Iron	MT.	48276.93	2981.72	47427.24	1113.58
M.S. Ingot/Billets	MT.	86716.75	14792.32	42122.14	4800.84
Others			2502.75	0.00	514.84

\*Includes 19409.44 Mt (P. Y.19575.09 MT.) sold amounting to Rs. 340.45 lacs (P. Y. Rs.640.77 lacs)

ii) **Finished Goods**

(Rs. In Lacs)

Particulars	Unit	Opening Stock		Purchases/ Production		Consumption/ Sale*		Closing stock	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Sponge Iron	MT	190.05	26.34	106925.91	2981.72	103764.26	6719.07	3351.70	517.21
P. Y.	MT	3032.09	405.50	74172.69	1113.58	77014.73	3201.06	190.05	26.34
M.S. Ingots/ Billets	MT	2950.94	766.59	158538.92	14792.32	160159.71	15291.19	1330.15	500.24
P. Y.	MT	2998.21	840.81	85261.96	4800.84	85309.23	10745.75	2950.94	766.59
Steels Items	MT	1839.30	651.06	79143.15	0.00	78475.72	18708.17	2506.73	1054.50
P. Y.	MT	978.06	353.80	36132.67	0.00	35271.43	8021.16	1839.30	651.06
Ferro Alloys	MT	107.88	38.14	16159.55	1786.45	16195.87	1485.87	71.56	27.54
P. Y.	MT	0.00	0.00	739.20	0.00	631.32	286.14	107.88	38.14

\*Includes 42882.50 MT (P. Y. 50130.92 Mt.) for captive consumption.

iii) **Traded Goods**

(Rs. In Lacs)

Particulars	Unit	Opening Stock		Purchases		Sale		Closing stock	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Steels Items	MT	0.00	0.00	54627.52	14841.84	54627.52	18415.05	0.00	0.00
P. Y.	MT	20.70	0.00	70864.96	23106.40	70885.66	25904.70	0.00	0.00
Ferro Alloys	MT	0.00	0.00	1532.82	834.26	1532.82	857.78	0.00	0.00
P. Y.	MT	0.00	0.00	607.00	349.33	607.00	395.48	0.00	0.00
Others	MT	0.00	0.00	0.00	620.44	0.00	1070.90	0.00	0.00
P. Y.	MT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**17 Value of Import – CIF:-**

	<u>31.03.2010</u>	<u>31.03.2009</u>
		(Rs. In Lacs)
a) Raw Materials	-	88.41
b) Stores & Spare Parts	37.11	25.76
c) Capital Goods	28.62	-
<b>Total</b>	<b>65.73</b>	<b>114.17</b>

**18 Expenditure in Foreign Currency**

	<u>31.03.2010</u>	<u>31.03.2009</u>
		(Rs. In Lacs)
a) Registration Fee	1.96	-
b) Commission Paid	0.46	-
	<b>2.42</b>	<b>-</b>

**19 Earning in Foreign Currency**

	<u>31.03.2010</u>	<u>31.03.2009</u>
		(Rs. In Lacs)
FOB Value of Exports	1256.67	1319.84

**20 Value of Imported & Indigenous Consumption**

	<u>For the year ended 31.03.2010</u>		<u>For the year ended 31.03.2009</u>	
	Value	%	Value	%
a) Raw Material consumed				
Imported	7.14	0.02	88.41	0.33
Indigenous	39,219.16	99.98	19,921.99	99.67
<b>Total</b>	<b>39,226.30</b>	<b>100.00</b>	<b>20,010.40</b>	<b>100.00</b>

(Rs. In Lacs)

	<u>For the year ended 31.03.2010</u>		<u>For the year ended 31.03.2009</u>	
	Value	%	Value	%
b) Store & Spare Parts Consumed				
Imported	33.72	3.82	27.61	4.40
Indigenous	848.56	96.18	599.79	95.60
<b>Total</b>	<b>882.27</b>	<b>100.00</b>	<b>627.40</b>	<b>100.00</b>

**21 Particulars on remittances of Dividend in Foreign Currency.**

i	Number of Non Resident Shareholders	NIL
ii	Number of Equity Shares Held by them	NIL
iii	Amount of remittance on account of dividend	NIL

22 Additional Information pursuant to Part-IV of schedule VI is as per Annexure - A

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

24 The figures have been rounded off to nearest rupee.

As per our report of even date attached.

For & on behalf of the Board

For R. Kothari & Company

Chartered Accountants

Suresh Kumar Patni  
(Chairman)

Ankit Patni  
(Managing Director)

Sanjeeb Agarwal

Partner

Dated : 12th day of May, 2010

Place : Kolkata.

C. K. Jain

(Company Secretary)

**Information as required under part IV of schedule VI of the Companies Act.**

**Balance Sheet and Company's general profile**

**a) Registration Details**

Registration No. : 21-94979  
Balance Sheet date : 31.03.2010

State Code : 21

**Figure in thousand**

**b) Capital raised during the year: (Amount Rs. in thousand)**

Public Issue - NIL

Bonus Issue - NIL

Rights issue - NIL

Private Placement- NIL

**c) Position of Mobilisation & Deployment of funds**

(Amount Rs. in thousand)

Total Liabilities -	3,278,464
Total Assets -	3,278,464

**SOURCES OF FUNDS**

Paid Up Capital	328,755
Share Application Money (Pending Allotment)	-
Reserves & Surplus	1,077,706
Secured Loans	1,245,753
Unsecured Loans	540,378
Deferred Tax Liability	85,872

**APPLICATION OF FUNDS**

Net Fixed Assets	1,662,540
Capital Work-In-Progress	189,228
Investments	150
Net Current Assets	1,426,546
Misc. Expenditure	-

**d) Performance of the Company (Amount Rs. in thousand)**

Total Income	6,472,478
Total Expenditure	6,289,587
Profit Before Tax	182,891
Profit After Tax	208,727
Earnings Per Share	6.35
Dividend Rate %	-

**e) Generic Names of the Principal Products / Services of the Company**

(As Per Monetary Terms)

Item Code No. (ITC Code)	7203.10.00	7206.10.90	7214.10.90
Product Description	SPONGE IRON	M.S.INGOT/ BILLET	TMT BAR

**As per our report of even date attached.**

**For & on behalf of the Board**

**For R.Kothari & Co.  
Chartered Accountants**

**Suresh Kumar  
Patni  
(Chairman)**

**Ankit Patni  
(Managing Director)**

**Sanjeeb Agarwal  
Partner**

**Dated : 12th May, 2010  
Place : Kolkata.**

**C. K. Jain  
(Company Secretary)**

**MATERIAL DEVELOPMENTS**

Information as required by Government of India, Ministry of Finance Circular No. F.2/5/SE/76 dated 5th February, 1977 as amended further on dated 8th March, 1977 and in accordance with sub-item (B) of item X of Part E of SEBI (ICDR) Regulations, the information required to be disclosed for the period between the last date of the Balance Sheet and Profit and Loss Account sent to the shareholders and up to the end of the last but one month preceding the date of the Draft Letter of Offer is given below:

**1 Working results of the Company (Standalone) for the period from April 1, 2010 to August 31, 2010.**

<b>Particulars</b>	<b>Amount (Rs. in Lacs)</b>
Sales/ Turnover	27187.43
Other Income	130.62
Gross Profit (excluding depreciation and taxes)	1753.89
Provision for Depreciation	513.08
Provision for Taxation	200.95
Profit/ (Loss) for the period	1039.86

**2 Material changes and commitments, if any affecting financial position of the Company.**

There are no material changes and commitments, which are likely to effect the financial position of the Company since 31st March, 2010.

**STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY**

The Company's shares are listed on BSE. On September 17, 2010, the closing price of Equity Shares of the Company on BSE was Rs. 27.00 (Equity Shares of face value of Rs.10 each). The high and low closing prices recorded on BSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

**The week end prices of the Equity Shares of the Company on the BSE in the last four weeks together with the high and low prices are set out below:**

Week ending	High		Volume on date of high	Low		Volume on date of low	Closing Price for the week
	Rs.	Date		Rs.	Date		
17/09/10	29.90	13/09/10	10,838	25.85	17/09/10	183,000	27.00
10/09/10	29.70	07/09/10	19,737	27.50	08/09/10	23,381	28.60
03/09/10	28.30	03/09/10	12,526	25.60	31/08/10	2,563	27.85
27/08/10	29.00	26/08/10	39,714	26.50	23/08/10	29,964	26.75

Source: www.bseindia.com

**The high and low prices of the Equity Shares of the Company recorded on BSE for the preceding three years are stated below:**

Year ended 31st March	High		Volume on date of high	Low		Volume on date of low	Average Closing Price for the year
	Date	Rs.		Date	Rs.		
<b>2010</b>	15/01/10	32.15	741,402	01/04/09	9.31	5,125	20.58
<b>2009</b>	28/05/08	107.50	187,373	19/03/09	9.00	35,803	42.89
<b>2008*</b>	01/01/08	104.40	240,120	10/07/07 11/07/07	36.50	1,72,29,503 12,87,991	68.00

Source: www.bseindia.com

\*Note: No stock market data available prior to 10/07/2007 as the company came up with its Initial Public Offering in June, 2007 and subsequently got listed on BSE on dated 10/07/07.

**The high and low prices of the Equity Shares of the Company recorded on BSE for the six months preceding the date of filing of the Draft Letter of Offer are stated below:**

Month	High		Volume on date of high	Low		Volume on date of low
	Date	Rs.		Date	Rs.	
<b>Aug' 10</b>	26/08/10	29.00	39,714	06/08/10	23.55	92,360
<b>July' 10</b>	08/07/10	33.75	303,037	30/07/10	26.00	10,780
<b>June' 10</b>	16/06/10	29.00	128,736	09/06/10	25.50	6,091
<b>May' 10</b>	18/05/10	31.95	24,348	21/05/10	26.10	155,595
<b>April' 10</b>	06/04/10	31.90	22,647	23/04/10	26.55	16,607
<b>March' 10</b>	26/03/10	30.90	95,755	19/03/10	21.30	48,009

Source: www.bseindia.com

**SIGNIFICANT ACCOUNTING AND OTHER RATIOS**

The following table presents certain accounting and other ratios derived from the Company's audited financial statements for the year ended 31st March, 2010 included in "Financial Information" on page [\*] of this Draft Letter of Offer.

Particulars	For the Financial Year Ended	
	31st March, 2010	31st March, 2009
Earnings Per Share (Rs.)		
- Basic Earnings Per Share (Rs.)	<b>6.35</b>	<b>1.96</b>
- Diluted Earnings Per Share (Rs.)	<b>6.35</b>	<b>1.96</b>
Return on Net Worth (%)	<b>14.84</b>	<b>5.37</b>
Net Asset value Per Share (Rs.)	<b>42.78</b>	<b>36.43</b>
Weighted average number of equity shares for Basic Earnings Per Share	<b>32875500</b>	<b>32875500</b>
Weighted average number of equity shares for Diluted Earnings Per Share	<b>32875500</b>	<b>32875500</b>

The Ratios have been computed as below:

<b>Earnings Per Share (Basic) (Rs.)</b>	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$
<b>Earnings Per Share (Diluted) (Rs.)</b>	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted Average number of Diluted Equity Shares outstanding during the year}}$
<b>Return on Net worth (%)</b>	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Net Worth at the end of the year (Excluding revaluation reserves)}}$
<b>Net Asset Value per Share</b>	$\frac{\text{Net Worth at the end of the year (excluding revaluation reserves)}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$

## CAPITALISATION STATEMENT

(Rs. in Lacs)

Particulars	Pre- Issue As at March 31, 2010	As Adjusted Post Issue*
<b>Debts:</b>		
Short Term Debt	13814.19	[*]
Long Term Debt	4047.12	[*]
<b>Total Debt</b>	<b>17861.31</b>	[*]
<b>Shareholders Fund:</b>		
Share Capital	3287.55	[*]
Reserve & Surplus (excluding revaluation reserve)	10777.06	[*]
<b>Total Shareholders Fund</b>	<b>14064.61</b>	[*]
<b>Long Term Debt / Equity Ratio</b>	<b>0.29</b>	[*]
<b>Total Debt / Equity Ratio</b>	<b>1.27</b>	[*]

\* Will be updated in the Final Letter of Offer

The Ratios have been computed as below:

<b>Long Term Debt / Equity Ratio</b>	Long Term Debt / Equity (i.e. Equity Share Capital + Reserves & Surplus)
<b>Total Debt / Equity Ratio</b>	(Short Term Debt + Long Term Debt) / Equity (i.e. Equity Share Capital + Reserves & Surplus)

The Issue Price of Rs. [\*] per share has been arrived at in consultation between the Issuer Company and the Lead Manager



## SECTION – VII. LEGAL & OTHER INFORMATION

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against the Company or the subsidiaries, and there are no defaults, non-payment or overdues of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. No disciplinary action has been taken by the SEBI/ Stock Exchanges against the Company, Directors of the Company and Promoters.

### 1. OUTSTANDING LITIGATION AND DEFAULTS

#### I. Pending matters which, if they result in adverse outcome, would materially and adversely affect the operations of the financial position of the Company.

NIL

#### II. Matters which are pending or which have arisen in the immediately preceding ten years involving:

##### i. Issues of moral turpitude or criminal liability on the part of the Company

NIL

##### ii. Material violation of statutory regulations by the Company

NIL

##### iii. Economic Offences, where proceedings have been initiated against the Company

NIL

#### III. Other Litigations:

##### A. Litigations Involving Issuer Company

##### 1) Litigations against the Company

##### a) Excise matters:

Sl. No.	1
Department	Directorate General of Central Excise Intelligence, East Zonal Unit
Case No.	DGCE/KOL/SA/81/08-09
Date Instituted	10.09.08
Background	The Central Excise Department on 10-09-08 conducted a search operation on the registered office and factory premises of the Company. Consequent upon the search operation the Department vide order dated 21.01.2009 imposed certain restrictions under the Central Excise Act and CENVET Credit Rules. The Company has deposited a sum of Rs. 120 Lacs under Protest and filed a writ petition no 2209 (W) of 2009 before the Kolkata High Court
Present Status	The Company has filed a Settlement Application before Custom & Central Excise Settlement Commission, Additional Bench, Kolkata
Amount/Involved	Not Ascertainable

**b) Income Tax matters:**

Sl. No.	1
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	31.12.2008
Background	The Commissioner of Income Tax Range (1) has issued a demand cum assessment order under section 143(3) of the Income Tax Act, 1961, demanding a sum of Rs. 2,111,355.00 against the assessment of AY 2006-07. The Company has paid Rs. 1,111,000.00 under protest.
Present Status	The Company has filed an appeal before the CIT (Appeals)-I Kolkata and the matter is under process.
Amount involved	Rs. 2,111,355/-

Sl. No.	2
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	29.12.2009
Background	The Additional Commissioner of Income Tax Range (1) has issued a demand cum assessment order under section 143(3) of the Income Tax Act, 1961, demanding a sum of Rs. 354,030.00 against the assessment of AY 2007-08.
Present Status	The case is under progress
Amount involved	Rs. 354,030/-

**c) Central Sales tax & VAT matters:**

Sl. No.	1
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	06(A)/1/VAT/08-09 & 09(A)/56/08-09
Date Instituted	28-11-2008
Background	Demand Claimed against non-submission of Declaration Forms and disallowance of Input Tax Credit claimed in the year 2005-06
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner of Commercial Taxes. The case is under progress.
Amount involved	Rs. 2,26,05,531/-

Sl. No.	2
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	035/A/08-09 & 039/A/08-09
Date Instituted	30-06-2009
Background	Demand claimed against non-submission of Declaration Forms and disallowance of Input Tax Credit claimed in the year 2006-07
Present Status	The Company has made a payment of Rs. 2,51,909/- against the impugned order and filed an appeal before the Sr. Joint Commissioner of Commercial Taxes. The case is in progress.
Amount involved	Rs. 9,15,39,474/-

Sl. No.	3
Department	Joint Commissioner of Commercial Taxes, Purulia Range, West Bengal
Case No.	13/PR/PRR/07-08
Date Instituted	11-01-2008
Background	The ACST has imposed a penalty of Rs. 78,75,000/- for non-endorsement of Way Bills for the year 2006-07. The Company has deposited a sum of Rs. 15,00,000/- under protest and file an appeal before the Sr. Joint Commissioner of Commercial Taxes. The Sr. Joint Commissioner has passed a order modifying the penalty to Rs. 92,93,565/- against which the Company has filed an appeal before the Additional Commissioner of Commercial Taxes.

Present Status	The matter is under progress and pending for final disposal
Amount involved	Rs. 92,93,565/-

Sl. No.	4
Department	Joint Commissioner of Commercial Taxes, Durgapur Range
Case No.	122/DPR/DP
Date Instituted	06-05-2008
Background	The ACST has imposed a penalty of Rs. 87,95,000/- for Non-endorsement of Way Bills for the year 2007-08
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner of Commercial Taxes, Durgapur Range, West Bengal. The case is under progress.
Amount involved	Rs. 87,95,000/-

Sl. No.	5
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	2007-08/53/04/V/04 & 2007-08/53/01/C/04
Date Instituted	06.07.2010
Background	Demand Claimed against non-submission of Declaration Forms and disallowance of Input Tax Credit claimed in the year 2007-08.
Present Status	The Company has filed an Appeal before the Sr. Joint Commissioner of Commercial Taxes, Dharmtala Circle. The case is under progress
Amount involved	Rs. 4,51,09,321/-

**2) Details of past penalties imposed on the Company or any of its Directors:**

Nil

**3) Details of cases filed by the Company**

Sl. No.	1
Department	
Case No.	Civil Suit No. 200/09
Date Instituted	14-07-2009
Background	A cheque of Rs. 19 lacs which was issued by M/s Mahadev Construction Company was dishonored.
Present Status	The Company has filed a civil suit and the case is under process.
Amount involved	Rs. 2,909,078/- (Including Interest)

Sl. No.	2
Department	
Case No.	VS – 138
Date Instituted	07-08-2010
Background	A cheque of Rs. 7,98,686 which was issued by M/s universal Fiber Glass Products was dishonored.
Present Status	The Company has filed a petition and the case is under process.
Amount involved	Rs. 7,98,686/-

**B. Litigations Involving the Promoters/ Directors**

Nil

**C. Litigations Involving the Subsidiary Companies**

Nil

**D. Litigations Involving the Group / Associate Companies**

**1. Impex Ferro Tech Limited****(a) Excise matters:**

Sl. No.	1
Department	Asstt. Commissioner of Central Excise Asansol – II Division
Case No.	SCN No. V(4) 21/ADJ/KAL/06/0225
Date Instituted	12-01-2007
Background	Demand for the credit taken for the service tax paid on the freight paid, pertaining to outward transportation beyond the place of removal and the said credit taken as input service as referred in rule 2(1) of the CENVAT Credit Rules, 2004 did not qualify as input service, hence credit taken has to be paid by the assessee. The Company has appealed against the order and case has been referred to the Larger Branch
Present Status	The Company has made an application to the Commissioner (Appeals) – Kolkata for vacation of the judicial proceedings and immunity from payment of the duty, interest and penalty. The case is still under progress.
Amount involved	Rs. 3,08,947/-

Sl. No.	2
Department	Additional Commissioner of Central Excise, Bolpur
Case No.	SCN No. II(8) 43/AE/CE/BOL/07/2161
Date Instituted	05-05-2008
Background	Pertaining to shortage of finished stock (physical) in comparison to daily stock account for finished goods, demand and penalty of equal amount was imposed on the Company and its Director Mr. V. K. Jain under section 11AC of the Act read with rule 25 of the CER, 2002 and rule 26 of the Central Excise Rules, 2002 respectively.
Present Status	The Company has filed an appeal to CESTAT for admissibility of Cenvat Credit, waiver of Penalty and interest and stay against pre-deposit of the duty, penalty and interest. The case is still under progress.
Amount involved	Rs. 15,55,308/- (Including penalty)

Sl. No.	3
Department	Joint Commissioner of Central Excise, Bolpur
Case No.	SCN No. V(15)139/Adj/CE/BOI/07/208
Date Instituted	24-01-2008
Background	Inadmissibility of Cenvat Credit taken as input service under rule 2(1) of CCR, 2004
Present Status	The Company has made an appeal to the Commissioner (Bolpur) for admissibility of Cenvat Credit, waiver of penalty and interest and stay against pre-deposit of the duty, penalty and interest. The case is under progress.
Amount involved	Rs. 8,25,944/-

Sl. No.	4
Department	Directorate General of Central Excise, Intelligence, Kolkata
Case No.	N.A.
Date Instituted	10-09-2008
Background	A search operation was conducted by the Directorate General of Central Excise Intelligence. Consequent to the search the Company has deposited a sum of Rs. 30 Lacs as per deposit against the contingent liability.
Present Status	The department has not yet issued any show cause notice.
Amount involved	Not ascertainable

Sl. No.	5
Department	Joint Commissioner of Central Excise, Bolpur
Case No.	V(15)11/Adj/CE/Bol/09/261
Date Instituted	09-02-2010
Background	A show cause cum demand notice was issued on the Company by Joint

	Commissioner of Central Excise, Bolpur on the subject of valuation provisions of the goods sold from the depots and through the consignment agents during the financial year 2005-06
Present Status	The proceeding is under process.
Amount involved	Rs. 9,10,094/- (Duty and Cess)

Sl. No.	6
Department	Assistant Commissioner of Central Excise, Asansol II Division
Case No.	V(4)30/Adj/IFTL/ASN-II/10/1918
Date Instituted	06-07-2010
Background	A show cause cum demand notice was issued on the Company by Assistant Commissioner of Central Excise Asansol – II division for shortage of stock and without any collateral evidence of the allegation of clandestine removal. The Company has pre-deposited Rs. 2,10,000/-
Present Status	The case is pending before Asst. Commissioner of Central Excise, Asansol II division for adjudication.
Amount involved	RS. 204,965/- ( Duty and Cess)

**(b) Central Sales tax and VAT**

Sl. No.	1
Department	Joint Commissioner of Commercial Taxes
Case No.	03/B/09-10 & 02/B/09-10
Date Instituted	03-06-2009
Background	Demand claimed against non submission of declaration form and disallowance of Input Tax Credit claimed in the year 2006-07
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner Commercial Taxes. The case is under progress
Amount involved	Rs. 11,80,32,967/-

Sl. No.	2
Department	Joint Commissioner of Commercial Taxes
Case No.	2(A)/05-06 & 6(A)/56/08-09
Date Instituted	24-11-2009
Background	Demand claimed against non submission of declaration form and disallowance of Input Tax Credit claimed in the year 2005-06
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner of Commercial Taxes. The case is under progress.
Amount involved	Rs. 6,43,35,088/-

Sl. No.	3
Department	Joint Commissioner of Commercial Taxes
Case No.	2007-08/53/02/V/11
Date Instituted	29-07-2010
Background	Demand claim against disallowing of Input Tax credit claimed in the year 2007-08
Present Status	The Company is in the process of filing an appeal petition before the Sr. Joint Commissioner of Commercial Taxes. The case is under progress.
Amount involved	Rs. 4,520,248/-

Sl. No.	4
Department	Joint Commissioner of Commercial Taxes
Case No.	Not yet given
Date Instituted	08-03-2010
Background	Demand claim against disallowing of Input Tax credit without any assessment.
Present Status	The Company has filed a writ petition before the High Court of Kolkata. The case is under progress.
Amount involved	Rs. 8,67,80,087/-

**2. Rohit Ferro-Tech Limited****(a) Central Excise matters:**

Sl. No.	1
Department	Office of the Asst. Commissioner of Central Excise, Durgapur
Case No.	V-72(4)52/Rohit/SCN/Dgp-IV/07/4715
Date Instituted	15-11-2007
Background	A show cause cum demand notice was issued on the Company by the Central Excise Department, Durgapur-IV Division as to why Input Credit and Education Cess should not be reversed and why interest and penalty should not be imposed.
Present Status	The matter is under appeal
Amount involved	Rs. 4,40,750/- and interest and penalty under the provision of Central Excise Act, 1944.

Sl. No.	2
Department	Central Excise, Durgapur
Case No.	V-72(4)13/ROHIT/SCN/DGP-4/08/734
Date Instituted	05-02-2008
Background	A show cause cum demand notice was issued on the Company by Central Excise Department Durgapur-IV division as to why credit of Input Service Tax taken by the Company should not be reversed and interest and penalty should not be imposed.
Present Status	The matter is under appeal.
Amount involved	Rs. 1,47,501/- and interest & penalty under the relevant provision of the Act.

Sl. No.	3
Department	Central Excise, Durgapur
Case No.	V-72(4)68/ROHIT/SCN/DGP-4/07/5589
Date Instituted	18-12-2007
Background	A show cause cum demand notice was issued on the Company by Central Excise Department, Durgapur-IV division as to why the Company should not pay the differential Education Cess along with penalty under the provisions of the Act.
Present Status	The matter is under appeal.
Amount involved	Rs. 6,266/- and penalty under the relevant provision of Central Excise Act, 1944

Sl. No.	4
Department	Central Excise, Durgapur
Case No.	V-(28)03/ST/ROHIT/DGP-4/08/6206
Date Instituted	20-11-2008
Background	A show cause cum demand notice was issued on the Company by Central Excise Department, Durgapur-IV division as to why the Company should not pay interest for delay payment of service tax and education cess along with penalty under the relevant provision of the Act.
Present Status	The matter is under appeal.
Amount involved	Not ascertainable (Penalty u/s 77 & 78 and interest under section 75 of the Act)

Sl. No.	5
Department	Office of the Commissioner of Central Excise, Bolpur
Case No.	41/COMMR/BOL/07
Date Instituted	11-12-2007
Background	A show cause cum demand notice was issued on the Company by the Commissioner of Central Excise, Bolpur as to why the credit of Input Service Tax and Education Cess should not be disallowed and be recovered from the Company with interest and penalty under the relevant provision of the Act.

Present Status	The matter is under appeal.
Amount involved	Rs. 1,07,51,049/- and interest and penalty under the relevant provision of the Act.

Sl. No.	6
Department	Office of the Commissioner of Central Excise, Bolpur
Case No.	V-(15)48/ADJ/CE/BOL/09/787
Date Instituted	06-04-2009
Background	A show cause cum demand notice was issued on the Company by Joint Commissioner of Central Excise, Bolpur as to why Central Excise Duty, Education Cess and S&HEC should not be recovered from the Company along with interest and penalty as per the relevant provision of the Act.
Present Status	The matter is under appeal
Amount involved	Rs. 42,42,925/- an Interest and Penalty as per the relevant provision of the Act.

Sl. No.	7
Department	Office of the Commissioner of Central Excise, Bolpur
Case No.	V(15)304/Adj/CE/Bol/09/167
Date Instituted	21-01-2010
Background	A show cause cum demand notice was issued on the Company by Joint Commissioner of Central Excise, Bolpur as to why credit of Input Service Tax, Education Cess and H.E. Cess should not be disallowed and recovered from them along with the interest and penalty as per the relevant provision of the Act.
Present Status	The matter is under process.
Amount involved	Rs. 7,78,898/- and Interest and Penalty as per the relevant provision of the Act.

Sl. No.	8
Department	Office of the Commissioner of Central Excise, Bolpur
Case No.	V(15)31/Adj/CE/BOL/09/3314
Date Instituted	31-12-2009
Background	A show cause cum demand notice was issued on the Company by Joint Commissioner of Central Excise, Bolpur as to why credit of Input Service Tax, Education Cess and S&HEC should not be disallowed and recovered with interest and penalty as per the relevant provision of Act.
Present Status	The matter is under process.
Amount involved	Rs. 26,16,990/- and Interest and Penalty as per the relevant provision of the Act.

Sl. No.	9
Department	Directorate General of Central Excise Intelligence, East Zonal Unit
Case No.	DGCE/KOL/SA/82/08-09
Date Instituted	10-09-2008
Background	The Central Excise Department on 10.09.2008 conducted a search operation on the registered office and factory premises of the Company. Consequent upon the search operation the Department vide order dated 21.01.2009 imposed certain restrictions under the Central Excise Act and CENVET Credit Rules. The Company has deposited a sum of Rs. 150 Lacs under Protest against the contingent liability and filed a writ petition before the Kolkata High Court.
Present Status	The Company has filed a Settlement Application before Custom & Central Excise Settlement Commission, Additional Bench, Kolkata
Amount involved	Rs. 1,27,32,650/-

**(b) Income Tax matter:**

Sl. No.	1
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	31-12-2008
Background	The Additional Commissioner of Income tax Range (1) has issued a demand cum assessment order under section 143(3) of the Income Tax Act, 1961, demanding a sum of Rs. 9,31,200/- against the assessment of AY 2006-07. The Company has made an appeal before the CIT(A)-I against the order.
Present Status	The case is under progress
Amount involved	Rs. 9,31,200/-

Sl. No.	2
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	10-02-2010
Background	The DCIT, Circle-I, Kolkata has issued a demand cum assessment order under section 143(3) of the Income Tax Act, 1961 demanding a sum of Rs. 7,585,480/- against the assessment of AY 2007-08. The Company has made an appeal before the CIT (A)-I against the order. Order received against rectification under section 154, reducing the demand to Rs. 61,68,300/-
Present Status	The Company is in process of filing an appeal against order under Section 154 of the Income Tax Act, 1961.
Amount involved	Rs. 61,68,300/- (Including Interest)

Sl. No.	3
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	23-06-2010
Background	The DCIT, Circle-I, Kolkata has issued a demand notice under Section 156 of the Income Tax Act, 1961 demanding a sum of Rs. 25,25,159/- against the assessment of AY 2004-05.
Present Status	The Company has filed an appeal before the CIT (A)-I Kolkata against the order.
Amount involved	Rs. 25,25,159/- (Including Interest)

Sl. No.	4
Department	CIT(A)-1/Kolkata
Case No.	Case No. yet not given by the authority
Date Instituted	09-06-2010
Background	The DCIT, Circle-I, Kolkata has issued a demand notice under Section 156 of the Income Tax Act, 1961 demanding a sum of Rs. 85,50,751/- against the assessment of AY 2005-06.
Present Status	The Company is in process of filing an appeal against the order.
Amount involved	Rs. 85,50,751/- (Including Interest)

**(c) Central Sales Tax & VAT matters:**

Sl. No.	1
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	34(A)/VAT/08-09 & 38(A)/C.S.T./08-09
Date Instituted	02-02-2010
Background	Tax demand claimed against disallowance of Input Tax Credit taken in the year 2005-06
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner of Commercial Taxes, Dharmtala Circle.
Amount involved	Rs. 19,12,431/-



Sl. No.	2
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	5899
Date Instituted	09-12-2009
Background	Tax demand claimed against the disallowance of Input Tax Credit taken on purchase of Coal, Coke as raw materials in the year 2008-09.
Present Status	The Company has filed an appeal before the Hon'ble Taxation Tribunal Extraordinary Jurisdiction, Salt Lake for the proper adjudication in the matter. The case is under progress.
Amount involved	Rs. 46,47,500/-

Sl. No.	3
Department	The Deputy Commissioner of Bureau of Investigation
Case No.	1654(M)-B.1
Date Instituted	24-08-2009
Background	Tax demand claimed against disallowance of Input Tax Credit in the year 2008-09. The Company has deposited a sum of Rs. 10,00,000/- under protest.
Present Status	The Company has submitted a statement of Input Tax Credit. The case is pending for further action in the matter.
Amount involved	Rs. 10,00,000/-

Sl. No.	4
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	2007-08/53/01/V/9 & 2007-08/53/01/C/09
Date Instituted	28-06-2010
Background	Demand Claimed against non-submission of declaration forms and disallowance of Input Tax Credit in the year 2007-08.
Present Status	The Company is in the process of filing of an appeal petition before the Sr. Joint Commissioner of Commercial Taxes, Dharmtala Circle.
Amount involved	Rs. 2,19,44,799/-

Sl. No.	5
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge
Case No.	09/(A)/VAT/09-10 & 09/(A)/CST/09-10
Date Instituted	28-07-2010
Background	Demand Claimed against non-submission of declaration forms and disallowance of Input Tax Credit in the year 2006-07.
Present Status	The Company is in the process of filing of an appeal petition before the Sr. Joint Commissioner of Commercial Taxes, Dharmtala Circle.
Amount involved	Rs. 40,57,157/-

### 3. Impex Metal & Ferro Alloys Limited

#### (a) Central Sales Tax & VAT matters:

Sl. No.	1
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge.
Case No.	3(A)/05-06 & 37(A)/56/08-09
Date Instituted	23-11-2009
Background	Demand claimed against non-submission of declaration forms and disallowance of Input Tax Credit claimed in the year 2005-06
Present Status	The Company has filed an appeal before the Sr. Joint Commissioner of Commercial Taxes, Dharmtala Circle.
Amount involved	Rs.7,64,326/-

Sl. No.	2
Department	Joint Commissioner of Commercial Taxes, Bow bazaar Charge.

Case No.	03/B/09-10 & 03/B/09-10
Date Instituted	30-06-2009
Background	Demand claimed against non-submission of declaration forms and disallowance of Input Tax Credit claimed in the year 2006-07
Present Status	The Company has made a payment of Rs. 24,482/- against this order and filed an appeal before the Sr. Joint commissioner of Commercial Taxes. The case is under progress.
Amount involved	Rs. 53,82,164/-

Sl. No.	3
Department	Joint Commissioner of Commercial Taxes, Bow Bazar Charge.
Case No.	2007-08/53/02/V/16 & 2007-08/53/02/C/17
Date Instituted	29-07-2010
Background	Demand claimed against non-submission of Declaration forms and disallowance of Input Tax Credit claimed in the year 2007-08.
Present Status	The Company will file an appeal before the Sr. Joint Commissioner of Commercial Taxes. The case is under progress.
Amount involved	Rs. 1,45,37,389/-

Further, a notice u/s 65(1) read with section 7 of WBST, Act 1994 from government of West Bengal, Bureau of investigation was served upon Impex Metal and Ferro Alloys Limited on 24th June 2004 to produce the book of account for the year 2002-2003 and 2003-2004. The management of the Company, as directed, time to time on the date of hearing, produced/and/or producing the necessary documents and information before the authority for efficacious conclusion of the hearing. In the course of enquiry the company has voluntarily paid Rs.30 Lacs to the department.

## 2. GOVERNMENT & OTHER APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for the present business (as applicable on date of this Draft Letter of Offer) and except as mentioned below, no further approvals are required for carrying on the existing business and expansion plans. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the Company financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals already obtained, the Company can undertake this Issue and the current/ proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities, except the pending approvals mentioned below. Unless otherwise stated, these approvals are all valid as of the date of this Draft Letter of Offer.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various central and state laws for carrying out its business.

### I. Approvals involving Incorporation

- a) Certificate of Incorporation bearing No. L27101WB2002PLC094979 (Corporate Identification Number) dated 7<sup>th</sup> August, 2002 issued by the Registrar of Companies, West Bengal.
- b) Fresh Certificate of Incorporation dated 9<sup>th</sup> July, 2004 consequent to the change of name from M/s Ankit Steel Works Pvt. Ltd. to M/s Ankit Metal & Power Pvt. Ltd.
- c) Fresh Certificate of Incorporation dated 31<sup>st</sup> August, 2004 consequent to the change in the corporate status of the Company from Private to Public Limited Company.

### II. Approvals related to the Issue

- a) Pursuant to the resolutions passed by the Board of Directors under section 81(1) of the Companies Act, 1956 at the meeting held on 06.07.2010, the Board of Directors have approved the Issue and allotment of Right Equity Shares to the Eligible Equity Shareholders of the Company, with a right to renounce.
- b) Pursuant to the resolution passed at the 8th Annual General Meeting of the Company held on 08.09.2010, the shareholders have approved the Issue and allotment of Right Equity Shares to the Eligible Equity Shareholders of the Company, with a right to renounce.
- c) In-principle approval from the Bombay Stock Exchange of India Limited dated [\*]

### III. Approvals obtained by the Company

The Company requires various approvals to carry on its business in India. The approvals required by the Company include the following:

- a) The Company's PAN (Permanent Account Number) issued by the Income Tax Department, Government of India is AAECA5230B.
- b) The Company's TAN (Tan Deduction Allocation Number) issued by the Income Tax Department, Government of India under the Income Tax Act, 1961 is CALA05741B.
- c) Central Excise Registration Certificate No. AAECA5230BXM001 issued under Rule 9 of Central Excise Rule, 2002.
- d) Service Tax Registration No. AAECA5230BST001 dated 5<sup>th</sup> December, 2007 issued by the Asst. Commissioner, Central Excise, Service Tax Range-IV, Durgapur.
- e) Central Sales Tax Registration (CST) No. 19531869270 dated 17.11.2003

- f) West Bengal Value Added Tax (VAT) No. 19531869076 dated 09.09.2005
- g) Importers and Exporters Code (IEC) No. 0203024044 dated 09.02.2004.
- h) RCMC Number: EEPC: K: REG: 72: 2006-2007 dated 04.07.2006 issued by Engineering Export Promotion Council.
- i) Registration Certificate No. KOL/BOW/P-II/41070/05 dated 28.07.2005 under West Bengal Shops and Establishment Act, 1963.
- j) Registration Code No. ENF/WB/DGP/42771/2001/10213 dated 06.12.2005 issued by the Regional Provident Fund Commissioner under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- k) Export House Certificate of Recognition No 02/14/0999/100318 dated 18/03/2010 issued under Ministry of Commerce & Industry, Government of India.
- l) Certificate of approval of ISO 9001:2000 No IRQS/0810088 approved on 16/10/2007 with respect to Manufacture and Supply of Sponge Iron, Billets and Thermo Mechanically Treated bars (TMT Bars); Captive Power Generation by Indian Register Quality Systems.
- m) Certificate of approval of ISO 9001:2000 No IRQS/0710415 approved on 16/10/2007 with respect to Manufacture and Supply of Sponge Iron, Billets by Indian Register Quality Systems.
- n) Factory Registration No 6 BK/X/2005 dated 22nd December, 2009 issued by the Chief Inspector of Factories, West Bengal.
- o) Certificate of Enlistment No. 304710002582 and 004051014075 issued by Kolkata Municipal Corporation.
- p) Employees State Insurance no 41000402440000599 dated 26.03.2010 issued under E. S. I. Act, 1948.
- q) Certificate of Enrolment no ECC 0105538 dated 17.10.2002 issued under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.
- r) SIA Registration

Details of Acknowledgement of Industrial Entrepreneur (IEM) filed with Secretariat for Industrial Assistance, New Delhi.

Sl. No.	SIA Acknowledgement Number	Date	Product
1.	2152/SIA/IMO/2003	08.08.2003	Sponge Iron
2.	3879/SIA/IMO/2004	12.10.2004	Captive Power Plant
3.	4240/SIA/IMO/2005	05.09.2005	M. S. Ingots/ Billets & Re-rolled products
4.	3636/SIA/IMO/2007	13.09.2007	Ferro Alloys viz. H.C. Ferro Manganese/ Silicon Manganese
5.	3660/SIA/IMO/2008	27.11.2008	Ferro Alloys viz H.C. Ferro Chrome/ H.C. Ferro Manganese/ Ferro Silicon/ Silicon Manganese
6.	2392/SIA/IMO/2009	23.09.2009	Sponge Iron
7.	2394/SIA/IMO/2009	23.09.2009	M. S. Ingots/ Billets
8.	2395/SIA/IMO/2009	23.09.2009	Wire Rod & TMT
9.	2393/SIA/IMO/2009	23.09.2009	Power Plant

- s) IS 2830:1992 for Carbon steel cast billet ingots, billets, blooms and slabs for re-rolling into steel for general structural purposes issued by Bureau of Indian Standards vide licence no. CM/L – 5408764.
- t) IS 1786: 2008 for High strength deformed steel bars and wires for concrete reinforcement (TMT) issued by Bureau of Indian Standards vide licence no. CM/L - 5383976.

#### IV. Approvals in relation to the Project of the Company

The Company is required to obtain certain approvals from the concerned Central / State Government Departments and other authorities for setting up the project and operating the same. These include:

- Approvals from various departments of the Government of India depending on the nature of the project.
- Approvals such as consents to establish and operate a project, environmental clearances and authorisations to draw water, from concerned departments of state governments;
- Any other approvals that may be required by local authorities on a case to case basis.

The Company applies for approvals, licenses and registrations at the appropriate stage of development of the Project. Listed below are key approvals that have been obtained by it along with certain significant approvals that have been identified at this time and that will need to be applied for at the appropriate stage of development basis:

##### **Approvals Obtained:**

- a) Consent letter no C046026 dated 21/10/2009 to operate Sponge Iron Plant, M. S. Ingots/Billets, Captive Power Plant, M. S. Roll Products, Ferro Manganese / Silico Manganese.
- b) Consent to Establish (NOC) for Sponge Iron, Captive Power Plant vide memo no 334-2N- 107/2007(E) dated 10/05/2010 from West Bengal Pollution Control Board.
- c) Certificate for use of Boiler vide registry number WBL/11880 dated 05.06.2010 issued by West Bengal Boiler Inspection Department.
- d) Certificate for use of Boiler vide registry number WBL/11970 issued by West Bengal Boiler Inspection Department.
- e) Consent to Establish (NOC) for Wire Rod vide letter no 38\_kc\_nc\_8/03/294 dated 22.02.2010 from west Bengal pollution control Board.

##### **Approvals applied for but pending:**

- a) Consent to Establish (NOC) for Induction Furnace applied vide application letter dated 29.07.2010 to Ministry of Environment & Forests, Government of India.

##### **Approvals / Licenses / Permits not applied for:**

- a) Consent to Operate will be applied subsequently after erection & commissioning for Sponge Iron, Induction Furnace, Power Plant and Wire Rod to Pollution Control Board.

### **3. MATERIAL DEVELOPMENT**

In the opinion of the Board, there have not arisen since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of the consolidated assets or the ability to pay the material liabilities within the next 12 months otherwise than as disclosed in this Draft Letter of Offer.

## SECTION – VIII. OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority to the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on 06.07.2010 and subsequently approved by the shareholders at the 8th Annual General Meeting of the Company held on 08.09.2010. The Board of Directors determined the Rights Issue price at Rs. [\*] per Equity Share and a rights entitlement of [\*] Equity Shares for every [\*] fully paid-up Equity Shares held on the Record Date, i.e. on [\*].

### Consent of Lenders

The agreements in respect of some of the debt taken by the Company contain certain covenants inter-alia for altering the Company share capital and for the Company expansions and diversification plans, including the capital expenditure proposed to be funded out of the proceeds of this Rights Issue. We have obtained these consents from our lenders, where required.

### Prohibition by SEBI, RBI or Governmental Authorities

The Company, its Promoters or members of the Promoter Group, Directors or person(s) in control of the Company, Company Associates or Group Companies with which the Directors of the Company are associated, as Directors or Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of the Directors of the Company are associated with the securities market in any manner.

Neither the Company, nor the Promoters, Promoter Group Companies, the relatives of Promoters, have been declared as willful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them except as provided under the section titled “Legal & Other Information” beginning on page [\*] of this Draft Letter of Offer.

### Compliance with Part E of Schedule VIII of SEBI (ICDR) Regulations.

The Company is in compliance with the provisions of Part E of Schedule VIII of SEBI (ICDR) Regulations, 2009.

### Eligibility of the Issue

The Company is an existing company registered under the Companies Act, whose Equity Shares is listed on BSE. The Company is eligible to offer this Rights Issue in terms of Chapter IV of the SEBI (ICDR) Regulations, 2009. It satisfies the following conditions:

- a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with the designated stock exchange.
- b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE), the recognized stock exchange with nationwide trading terminals.
- c. The Company has investor grievance – handling mechanism which includes meeting of the Shareholder’s or Investor’s Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

### DISCLAIMER CLAUSE

**AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER TO THE ISSUE, SUMEDHA FISCAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER SUMEDHA FISCAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 18.09.2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID RIGHTS ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE



6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS’ CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS’ CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS’ CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION:- NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
  - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
  - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUISNESS STANDS, THE RISK FACTORS, PROMOTERS’ EXPERIENCE, ETC. (“ANNEXURE – A”)

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATIONWISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. (“ANNEXURE – B”)

**THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, SUMEDHA FISCAL SERVICES LIMITED ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.**

#### **DISCLAIMER**

The Company and the Lead Manager to the issue accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented to the Issuer Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

#### **CAUTION**

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI. The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

#### **Disclaimer with respect to Jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations hereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

The distribution of this Draft Letter of Offer and the offering of the securities on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Draft Letter of Offer and CAFs to Shareholders who have provided the Indian address.

No action has been, or will be taken to permit an offering of these securities in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI and SEBI has given its observations and that the Draft Letter of Offer would be filed with the relevant stock exchanges in India. Accordingly, the equity shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Letter of Offer, nor any sale hereunder, shall under any circumstances, create any implication that the affairs of the Company have remained unchanged since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **United States Restrictions**

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES THAT MAY BE PURCHASED PURSUANT THERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NEITHER OUR COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THIS DRAFT LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

### **Filing**

The Draft Letter of Offer has been filed with SEBI, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 to give its observations and a copy has been filed with the Stock Exchanges as per the requirement under Regulation 6(4) of the SEBI (ICDR) Regulations. All the legal requirements applicable till the date of filling this Draft Letter of Offer with the Stock Exchanges have been complied with.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

### **Impersonation**

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

**“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”**

### **LISTING**

The existing Equity Shares is listed on BSE (Designated Stock Exchange). The Company has made application to BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Draft Letter of Offer. The Company has received in-principle approval from BSE vide letter dated [\*].

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, within 15 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Draft Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an

officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Act.

### Consents

The written consents of Promoters, Directors, Auditors, Lead Managers to the Issue, Registrars to the Issue, Bankers to the Issue, Legal Advisor and Bankers to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer with the Stock Exchanges.

The Auditors of the Company have given their written consent for inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the time of delivery of this Draft Letter of Offer to the Stock Exchanges.

The Auditors of the Company have given their written consent for inclusion of income tax benefits in the form and content appearing in the Draft Letter of Offer, accruing to the Company and its members.

To the best of our knowledge, there are no other consents required for making this Rights Issue. However, should the need arise, necessary consents shall be obtained by us.

### Expert Opinion

The Company has not obtained any expert opinion apart from whatever is already mentioned in this Draft Letter of Offer.

### Expenses to the Issue

The expenses to this Rights Issue payable by the Company including lead manager's fees, fee payable to auditors, legal counsel, registrar to the issue, printing and distribution expenses, publicity, listing fees, stamp duty and other miscellaneous expenses will not exceed Rs. [\*] Lacs and will be met out of the proceeds of the Rights Issue.

Sl. No.	Particulars	Amount (Rs. Lacs)	% of Total Issue Expense	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	[*]	[*]	[*]
2.	Printing & Stationery, Distribution, Postage etc.	[*]	[*]	[*]
3.	Advertisement & Marketing Expenses	[*]	[*]	[*]
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[*]	[*]	[*]
	<b>TOTAL</b>	[*]	[*]	[*]

### Investor Grievances and Redressal System

The Company has constituted the Shareholders / Investor Grievance and Share Transfer Committee to specifically look into the redressal of investors complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends etc. The Committee consists of three Directors, out of which Mr. Jatindra Nath Rudra, Mr. Vijay Kumar Jain are Independent Directors and Mr. Ankit Patni is an Executive Director.

The Committee looks into the matter relating to redressal of shareholders and investors complaints including but not limited to transfer of shares and issue of duplicate share certificates, non-receipt of annual report, dividend warrants and non-receipt of declared dividends etc. The redressal norm for response time for all correspondence including shareholders complaints is 72 hours. Mr. Chandra Kumar Jain, Company Secretary has been appointed as secretary of the Committee and is designated as Compliance Officer of the Company. The Committee has delegated the authority to approve the requests for transfers/ transmission, split and remat/ demat of shares to the Company Secretary. The Committee reviews the transfer/ demat/ remat approved by the Company Secretary and take note thereof in their subsequent meeting.

**Status of Complaints**

<b>Number of Shareholders complaints as of 31st March, 2010</b>	<b>Nil</b>
<b>Total number of complaints received during 01.04.2010 to 31.08.2010</b>	<b>8</b>
<b>Total number of complaints resolved during 01.04.2010 to 31.08.2010</b>	<b>8</b>
<b>Outstanding number of complaints</b>	<b>Nil</b>
<b>Time normally taken by it for disposal of various types of investors grievances</b>	<b>72 Hours</b>

**Investor Grievances arising out of this Issue**

The investor grievances arising out of the Issue will be handled by Mr. Chandra Kumar Jain, Compliance Officer & Company Secretary and Link Intime India Pvt. Ltd., who is the Registrar to the Issue. The registrar will have a separate team of personnel handling only the post issue correspondence. All grievances relating to the Issue may be addressed to the Registrars to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first Investors, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the details of the Renouncees should be furnished. The average time taken by the Registrar for attending to routine grievances will be 10 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Company Secretary in case of any pre-issue/ post - issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. at:

**Mr. Chandra Kumar Jain**  
**Company Secretary & Compliance Officer**  
**Ankit Metal & Power Limited**  
**35 Chittaranjan Avenue**  
**Kolkata – 700 012**  
**Tel No: 033-22119805/06; Fax No: 033-22110522**  
**Website: [www.ankitmetal.com](http://www.ankitmetal.com)**  
**E-Mail: [cs@ankitmetal .com](mailto:cs@ankitmetal.com)**

**Changes in the Auditors during the last three years**

There has been no change in the Auditors during the last three years.

**Capitalisation of Reserves or Profits**

The Company has not capitalized any of its reserves or profits for the last five years.

**Revaluation of Assets, if any (during last five years)**

There is no revaluation of assets during the last five years.

**Issue Schedule**

<b>Issue Opening Date</b>	<b>[*]</b>
<b>Last date for receiving request for split forms</b>	<b>[*]</b>
<b>Issue Closing Date</b>	<b>[*]</b>

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

**Allotment Letters / Refund Orders**

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to

unblock the funds in the relevant ASBA Account to the extent of the refund to be made within 15 days of the Issue Closing Date. If such money is not repaid within 8 days from the day we become liable to pay it, we shall pay that money with interest as stipulated under Section 73 of the Act.

Letters of allotment/ share certificates/ demat credit/ refund orders above the value of Rs. 1,500 will be dispatched by registered post/ speed post to the sole/ first applicant's registered address. However, refund orders for value not exceeding Rs. 1,500 shall be sent to the applicants by way of under certificate of posting. Such cheques or pay orders will be payable at par at all the centres where the applications were originally accepted and will be marked 'A/c payee' and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for dispatch of the letters of allotment/ share certificates/ demat credit/ refund orders.

In case we issue letters of allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the share certificates.

### **Option to Subscribe**

Other than the present rights Issue, we have not given any person any option to subscribe to the Equity Shares of our Company. The Equity Shareholders are given the option to receive the share certificates in physical form or hold shares in dematerialised form with a depository. (Refer the "Terms of Issue" on page [\*] of this Draft Letter of Offer for details)

### **Important**

- (a) This Issue is authorized pursuant to the resolution passed by the Board of Directors at its meeting held on 06.07.2010 and the resolution passed by the Equity Shareholders at the 8th Annual General Meeting of the Company held on 08.09.2010.
- (b) The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e., [\*] fixed in consultation with the Stock Exchanges.
- (c) We will arrange to dispatch the Letter of Offer and Composite Application Form ("CAF") by post to such Equity Shareholders in India.
- (d) Your attention is drawn to the section entitled "Risk Factors" appearing on page [\*] of this Draft Letter of Offer.
- (e) Please ensure that you have received the Composite Application Form ("CAF") with this Draft Letter of Offer.
- (f) Please read the Draft Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instruction contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.
- (g) All enquiries in connection with this Draft Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- (h) All information shall be made available to the Investors by the Lead Managers and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, research or sales reports, etc.
- (i) The Lead Managers and the Issuer shall update this Draft Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

## SECTION – IX. ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of the Draft Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the approvals from the GoI, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or share certificate and rules as may be applicable and introduced from time to time.

#### Authority for the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on 06.07.2010 and subsequently approved by the Shareholders at the 8th Annual General Meeting of the Company held on 08.09.2010. The Board of Directors determined the Rights Issue price at Rs. [\*] per equity share and a rights entitlement of [\*] Equity Shares for every [\*] Fully paid-up Equity Shares held on the Record Date, i.e. on [\*].

#### Basis for the Issue

The equity shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date i.e. [\*], fixed in consultation with the Designated Stock Exchange.

#### Ranking of the Equity Shares

The Equity Shares issued and allotted on a Rights Basis as a part of this Issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

#### Mode of payment of Dividend

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act.

#### Rights Entitlement

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on [\*] i.e. the Record Date. You are entitled to the number of Equity Shares as set out in Block I of Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of [\*] Equity Shares for every [\*] Equity Shares held on the Record Date. Only upon receipt of the aforesaid details, Rights Entitlement of the claimants shall be determined.

### PRINCIPAL TERMS OF THE ISSUE

#### Face Value

Each Equity Share will have the face value of Rs. 10/-

#### Issue Price

Each Equity Share shall be offered at an Issue Price of Rs. [\*] for cash (including a premium of Rs. [\*]). The Issue Price has been arrived in consultation between the Company and the Lead Manager.

### Terms of Payment

The full amount of Rs. [\*] per share is payable on application.

The payment towards the Equity Shares offered will be applied as under:

- Rs. 10/- per Equity Share towards Share Capital
- Rs. [\*] per Equity Share towards Securities Premium Account

Where an applicant has applied for additional equity shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond 8 days from the stipulated period, the Company will pay interest on the monies in terms of the section 73 of the Companies Act.

### Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of [\*] Equity Shares for every [\*] Equity Shares held on the Record Date i.e. [\*].

**For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process beginning on page [\*] of this Draft Letter of Offer.**

Payment should be made by cheque/ demand draft drawn on any bank which is situated at and is a member or a sub member of the Bankers’ to the Issue’s clearing house located at the center where the application is accepted. All cheques/bank drafts accompanying the CAF should be crossed “A/c Payee” only and made payable to “AMPL – Rights Issue”. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank/collection centres indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft. Outstation cheques / money orders / postal orders / drafts will not be accepted and application(s) accompanied by such cheques / money orders / postal orders / drafts will be rejected. Applicants residing at places other than the cities where the collection centers have been opened should send their completed CAF by registered post to the Registrar to the Issue, **Link Intime India Private Limited, C-13 Pannalal Silk Mill Compound, LBS Road, Bhandup (West), Mumbai – 400 078.** along with a cheque drawn on a local bank at Mumbai or with a demand draft payable at Mumbai, net of bank and postal charges in favour of “AMPL - Rights Issue” crossed “A/c Payee” only so that the same is received on or before closure of the Issue (i.e. [\*]).

### Market Lot

The market lot for the equity shares in dematerialized mode is one. In case of physical certificates, the Company would issue one certificate for the equity shares allotted to one folio (“Consolidated Certificate”).

### Fractional Entitlement

If the shareholding of any of the equity shareholders is not in the multiples of [\*] then the fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 equity share. The equity shares needed for rounding off will be adjusted from the promoters entitlement.

### Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.



### **Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the issued amount, the Company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of this Issue. If there is a delay beyond eight days after the date from which our Company becomes liable to pay the amount, our Company shall pay interest for the delayed period as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

### **Additional Subscription by the Promoter**

The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoters and Promoter Group reserve their right to apply for additional Rights Equity Shares, either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any, made within the Promoter Group to another person forming part of the Promoter Group or any other Equity Shareholder.

In addition to the subscription to the Rights Equity Shares as stated above, in case of Issue is undersubscribed, the Promoter and Promoter Group reserve their right to subscribe to additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will currently not exceed 75% of the post issue paid share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

As such, other than meeting the requirements indicated in this section "Objects of the Issue", there is no other intention/purpose for this Issue, including any intention to delist the Company; even if, as a result of allotments to the Promoter and Promoter Group, in this Issue, the Promoter's and Promoter Group's shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law.

Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

As on June 30, 2010, the Promoter and Promoter Group hold 65.25% of the paid up equity share capital of the Company and if they were to subscribe to the entire Rights Issue their post Issue shareholding would exceed 75% of Issue Equity Share Capital. However, the Promoter and Promoter Group have given an undertaking that in case due to the subscription by them to the unsubscribed portion, the post Issue public shareholding in any circumstances in the Company would not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

### **Joint Holders**

Where two or more persons are registered as the holders of any equity shares they shall be deemed to hold the same rights, as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

### **Notices**

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation and one Hindi national daily and one regional language daily newspaper and/or, will be sent by ordinary post/ to the registered holders of the Equity Share from time to time.

### **Nomination Facility**

In terms of Section 109A of the Act, nomination facility is available in case of equity shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In accordance with Section 109A of the Companies Act, only individuals applying as sole applicants/ joint applicants can nominate, non-individuals including society, trust, body corporate, partnership firm, holder of power of attorney cannot nominate. In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s).

Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered / Corporate Office or to our Company's Registrar and Transfer Agents. The Applicant can make the nomination by filling in the relevant portion of the CAF. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

**In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective DP.**

### **Issue of duplicate Equity Share Certificate**

If any Equity Share certificate is mutilated or defaced or the pages for recording transfers of Equity Share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the Equity Share certificate are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any Equity Share Certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate Equity Share Certificate shall be issued.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Offer to Non-Resident Equity Shareholders**

Applications received from NRIs and Non-Residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA)

in the matter of receipt and refund of application moneys. Allotment of Equity Shares, issue of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian Company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described under “No Offer in the United States” as referred on page [\*]. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non-Resident Shareholders. The equity shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which Equity Shares are issued on a rights basis.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44 dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. Such approval shall be submitted along with the CAF.

The Draft Letter of Offer and CAF shall only be dispatched to Non-Resident Equity Shareholders with registered address in India. The Draft Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

#### **Listing and trading of the Rights Equity Shares proposed to be issued**

The Company’s existing Equity Shares is listed on BSE and currently trade under the ISIN No. INE106101010. The Rights Equity Shares proposed to be issued shall be listed and demated for trading on the BSE under the existing ISIN for fully paid up Equity Shares of the Company.

The Rights Equity Shares allotted pursuant to this Rights Issue will be listed as soon as practicable but in no case later than 7 working days from the date of allotment. The Company has made an application for “in-principal” approval for listing of the Rights Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE letter dated [\*] and has received such approval from the BSE through letter No. [\*], dated [\*].

The distribution of the Draft Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

The Company is making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Draft Letter of Offer / Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address.

#### **Procedure for Application**

The Composite Application Form (CAF) would be printed in black ink for all Equity Shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the Registered Folio Number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders may obtain a copy of the CAF from the Registrar to the Issue, **Link Intime India Private Limited, C-13 Pannalal Silk Mill Compound, LBS Road, Bhandup (West), Mumbai – 400 078** by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you pursuant to this Issue may be renounced, either in full or in part, in favour of any other person or persons. Such renounees can only be Indian nationals/ limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold equity shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any

person situated or having jurisdiction where the offering in terms of this Draft Letter of Offer could be illegal or require compliance with securities laws in their jurisdiction or any other persons not approved by the Board.

### **Option to Subscribe**

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities either in dematerialized (electronic) form or physical form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialized form. The Company signed a tripartite agreement with NSDL and with CDSL, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- (i) The funds received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account. The Company will utilize the issues proceeds only after the time basis of allotment is finalized.

### **Undertakings by the Company in connection with the Issue**

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares to be issued pursuant to this Issue are to be listed will be taken within seven (7) working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders to unsuccessful applicants / allotment letters/share certificates by registered post under certificate of posting shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date specifying details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment.
6. The certificates of the securities/ refund orders, letters of allotment/ allotment advice/ consolidated certificate to the shareholders including non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities effecting equity capital of the Company shall be made till the securities issued / offered through the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. The Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to best of its knowledge, and belief, there are no other facts, the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

9. In accordance with clause 43A of the Listing Agreement, a statement shall be furnished to the Stock Exchanges on a quarterly basis indicating material deviations, if any, in the utilisation of the proceeds of the Issue. This information shall also be published in the newspapers simultaneously with the interim or annual financial results, after such information has been placed before the Audit Committee in terms of Clause 49 of the Listing Agreement.
10. In accordance with clause 49 of the Listing Agreement, the Company shall disclose to the Audit Committee, the uses/ application of the proceeds of the Issue by major category, on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis and until the full utilisation of the proceeds of the Issue, the Company shall prepare a statement, which shall be certified by the statutory auditors of the Company, of the proceeds of the Issue utilized for purposes other than those specified in this Draft Letter of Offer and place such statement before the Audit Committee.
11. In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such as may be necessary to restore the minimum public shareholding in accordance with the SEBI regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.
12. Save as otherwise disclosed in this Draft Letter of Offer, no further issue of securities affecting the Equity Capital of the Company shall be made till the Rights Equity Shares issued / offered through this Issue are listed or till the application moneys are refunded on account of non-listing, under subscription etc.
13. The Company certifies that the Investors shall be given an option to get the Rights Equity Shares in demat or physical format.
14. The Company undertakes that it shall comply with such disclosure, monitoring of the utilisation of proceeds of the Issue and accounting norms specified by SEBI from time to time.
15. All information shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
16. The Issuer and Lead Manager shall update this Draft Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

## HOW TO APPLY

### Application by Resident Equity Shareholders

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, including number of physical or dematerialized shares, as explained in the instructions indicated in the CAF and submitted to the Bankers to the Issue. CAFs will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any office except in the case of postal applications as per instructions given in the Draft Letter of Offer.

### Application by Non-Resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of equity shares shall, inter-alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/payment of dividends etc. This Letter of Offer and CAF shall only be dispatched to Non-Resident (including NRI) Equity Shareholders with registered address in India.

### The CAF consists of four parts:

Part A:	Form for accepting the Rights Equity Shares offered and for applying for additional Rights Equity Shares
Part B:	Form for renunciation
Part C:	Form for application for Renounees
Part D:	Form for request for Split Application Forms

Acceptance of the Issue

The shareholders may accept the Issue and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. An ASBA Investor may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Options available to the Eligible Equity Shareholders

The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement of Rights Equity Shares in full.
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full;

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and / or register the Rights Equity Shares in favour of more than 3 persons (including joint holders) partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or by-laws to hold Equity Shares)

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) is subject to the Renouncer(s) / Renounee(s) obtaining the necessary approvals including the permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003. Accordingly, the Eligible Equity Shareholders of the Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Rights Equity Shares of the CAF to receive allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment to renounee(s) without assigning any reason therefor.

Procedure for Renunciation

*To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee*

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

*To renounce in part/or renounce the whole to more than one person(s)*

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split application forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split application forms, [\*]. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has/have renounced the Rights Equity Shares, does/do not match with the specimen registered with the Company, the application is liable to be rejected.

*Renounee(s)*

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue closing date along with the application money. The Renounee cannot further renounce.

*Change and/or introduction of additional holders*

If you wish to apply for Rights Equity Shares jointly with any other person or persons, not more than three, who is/are not already joint holder(s) with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renounee(s) without assigning any reason thereof.

*Additional Rights Equity Shares*

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares you are entitled to, provided that you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the Draft Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part 'A' of the CAF. The Renounee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Instructions for options

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of 1 shares, Rights Equity Shares or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.

- A request by the Investor for the split Application form should reach the Company on or before [\*].
- Only the Eligible Equity Shareholders to whom the Draft Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split further.
- Split Application Form(s) will be sent to the Investor(s) by post at Investor's risk.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

Options Available	Action Required
1. Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part 'A' <i>(All joint holders must sign)</i>
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part 'A' including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares. <i>(All joint holders must sign)</i>
3. Renounce your Rights Entitlement in full to one person <i>(Joint renounces are considered as one)</i>	Fill in and sign Part 'B' <i>(all joint holders must sign)</i> indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. The Renounees must fill in and sign Part 'C'. <i>(All joint Renounees must sing)</i>
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s).  OR  Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renounee.	Fill in and sign Part 'D' <i>(all joint holders must sign)</i> requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms. Splitting will be permitted only once.  On receipt of the Split Application Form take action as indicated below: <ul style="list-style-type: none"> <li>• For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.</li> <li>• For the Rights Equity Shares you wish to renounce, fill in and sign Part 'B' indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. Each of the Renounees should fill in and sign Part 'C' for the Equity Shares accepted by them.</li> </ul>
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part 'B' and the Renounee must fill in and sign Part 'C'.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

**Investors must write their CAF Number at the back of the cheque/ demand draft.**

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose



including renunciation, even if it is received/ found subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of “AMPL – Rights Issue” in case of Resident Shareholders and Non-Resident Shareholders applying on non-repatriable basis or “AMPL – Rights Issue – NR” in case of Non-Resident Shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelop should be superscribed “AMPL – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Ankit Metal & Power Limited;
- Name and address of the Eligible Equity Shareholders, including joint holders;
- Registered Folio Number/DP ID number and Client ID number;
- Number of Equity Shares held as on the Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. [\*] per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company;

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Rights Equity Shares. The Company shall refund such application amount to the Investor without any interest thereon.

**For Applicants residing at places where the Bank Collection Centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.**

**For Applicants residing at places other than the cities where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.**

**For Applicants residing at places other than the clients where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money net of bank charges for demand draft and postal charges must reach Registrar to the Issue before the close of the subscription list.**

**For ASBA Investors may fill Part ‘A’ of the respective CAFs, selecting the ASBA process option in Part ‘A’ of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue**

**Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.**

**The Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such Applicants.**

#### **Last Date of Application**

The last date for submission of the duly filled in CAF is [\*]. The Issue will be kept open for 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case on or before the closure of banking hours on the aforesaid last date or such date as may be extended by the Board / Committee of Directors, the offer contained in the Draft Letter of Offer shall be deemed to have been declined and the Board / Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided in this Draft Letter of Offer.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

#### **Basis of Allotment**

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) The present rights issue being in the ratio of [\*] may lead to any fractional entitlement. The fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 equity share. The equity shares needed for rounding off will be adjusted from the promoters entitlement.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) and (c) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c), (d) and (e) above.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to the Company and the decision of the Board in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

### **Underwriting**

As on date of this Draft Letter of Offer, the Company has not entered into any underwriting agreements.

### **Allotment / Refund**

The Company will issue and dispatch letters of allotment/ share certificate/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Companies Act.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, the Company will pay interest on the monies in terms of Section 73 of the Companies Act.

Applicants residing at 68 clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/ eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order exceeding Rs. 1,500/- would be sent by registered post/ speed post to the sole/ first Applicant's registered address. Refund orders up to the value of Rs. 1,500/- would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee Only' and would be drawn in favour of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### **Payment of Refund**

#### Mode of making refund

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS (Electronic Clearing Service) – Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly

mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. The Company in consultation with the Lead Manager may decide to use NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS (Real Time Gross Settlement) – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 1 Lac, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500/- and through speed post / registered post for refund orders of Rs. 1,500/- and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.

#### Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### Allotment advice / Share Certificates / Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from Issue Closing Date. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letter of allotment (if any) / share certificates / demat credit to Non-Resident allottees will be subject to the approval of RBI.

#### Option to receive the Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in the dematerialized form at the option of the Investor. The Company has signed a tripartite agreement dated 19.04.2007 with NSDL and the Registrar to the Issue and a tripartite agreement dated 17.01.2007 with CDSL and the Registrar to the Issue, which enables our Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

The Rights Equity Shares will be listed on the BSE.

The procedure for availing of the facility for allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account (s) need not adhere to this step.
- For the Eligible Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be same as registered with the Investor's Depository Participant.
- Equity Shares/ allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Rights Equity Shares in physical form.
- The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose name appear in the list of beneficiary owners given by the Depository Participant to the Company as on the date of the book closure.

**General instructions for Investors**

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Applications should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of the Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- (c) The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or the Registrar to the Issue, as the case may be, and not to the Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their application forms to the Registrar to the Issue by registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- (d) Applications for any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her PAN number allotted under the Income Tax Act, 1961, irrespective of the amount of application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) Investors are advised that it is mandatory to provide information as to their savings / current account number and the name of the bank with whom such accounts is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholders in the records of the depository.
- (f) All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or the Depositories.
- (h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the memorandum and articles of association and or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with the Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint applicants, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

- (k) All communications in connection with applications for the Rights Equity Shares, including any change in addresses of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole Investors, folio numbers and CAF number. Please note that any intimation for change of address of the Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, Link Intime India Private Limited, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.
- (l) Split forms cannot be re-split.
- (m) Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain split forms.
- (n) Investors must write their CAF number at the back of the cheque / demand draft.
- (o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub-member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (p) A separate cheque / demand draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above).
- (q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- PAN not mentioned for application of any value;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder on the CAF does not match with the records available with the Company and/or the Depositories and in case of application by Renouncees, if the signature of the Renouncees do not match with the records available with their Depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investor's within the time prescribed as per the application form and the Draft Letter of Offer;
- Applications not duly signed by the sole / joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue.
- Applications accompanied by stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being dispatched from the US;
- Applications by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;

- Applications where the Company believes that the CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
- Multiple applications;
- Applications by renounces who are persons not competent to contract under the India Contract Act, 1872, including minors; and
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

Mode of payment for Resident Eligible Equity Shareholders / Investors

Applicants who are resident in centers with the bank collection centres shall draw cheques / drafts accompanying the CAF in favour of the Bankers to the Issue, crossed account payee only and marked “AMPL – Rights Issue”.

Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft / Pay Order payable at Mumbai in favour of the bankers to the Issue, crossed account payee only and marked “AMPL – Rights Issue” directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Eligible Equity Shareholders / Investors

As regards the application by Non-Resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

- Individual Non-resident Indian applicants can obtain application form at the following address:

**Link Intime India Pvt. Ltd.**

C-13, Pannalal Silk Mill Compound

LBS Road, Bhandup West

Mumbai – 400 078

Ph: (022) 2596 3838, 2594 6970

Fax: (022) 2594 6969

E-mail: sachin.achar@linkintime.com

Contact Person: Mr. Sachin Achar

- Payment by Non-residents must be made by demand draft payable at Mumbai/ cheque payable drawn on a bank account maintained at Mumbai or funds remitted or funds remitted from abroad in any of the following ways:

*Application with repatriation benefits*

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special Non-Resident rupee deposit account;
- All cheques / demand drafts submitted by Non-Residents applying on repatriable basis should be drawn in favour of “AMPL – Rights Issue – NR” payable at Mumbai and crossed “A/c Payee only” for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be



enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such accounts details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor's Bankers.

Application without repatriation benefits

As far as Non-Residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable in Mumbai. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "AMPL – Rights Issue" payable at Mumbai and must be crossed 'A/c Payee Only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from Resident Indian to NRI.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

The Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to the Company or the Lead manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renounees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Mumbai so that the same are received on or before the closure of the Issue.

Investment by NRIs

Investment by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the Post Issue Paid-Up Capital of the Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total Paid-Up Capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with foreign investment limits applicable to the Company, the total FII investment cannot exceed 24% of the total Paid-Up Capital of the Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 10%. As of date, the FII investment in the Company is limited to 24% of the total Paid-Up Capital of the Company.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Rights Issue.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

**Impersonation**

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

**“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”**

Disposal of application and application money

No acknowledgement will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on the Rights Equity Shares allotted, will be refunded to the Investor within 15 days from the closure of the Issue.

For further instructions, please read the CAF carefully.

**Procedure for Application through the ASBA (“ASBA Process”)**

**This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly**

**filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.**

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

#### **Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the start of the Book Closure Period and who:

- Is holding Equity Shares in dematerialised form and has applied towards his/her rights entitlements or additional Securities in the Issue in dematerialised form;
- Has not renounced his/her entitlements in full or in part;
- Is not a Renouncee;
- Is applying through a bank account maintained with one of the SCSBs.

#### **CAF**

The Registrar will despatch the CAF to all Equity Shareholders as per their entitlement on the start of the Book Closure Period for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

#### **Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper,

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars;

- Name of the issuer, being Ankit Metal & Power Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number/DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Savings/Current Account Number alongwith name and address of the SCSB and Branch from which the money will be blocked ;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act);
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- In case of Non Resident Shareholders, NRE/FCNR/NRO A/c no., Name and address of the SCSB and Branch

- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
  - A. That he/she is an ASBA Investor as per the SEBI Guidelines and
  - B. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB

If an applicant makes an application in more than one mode i.e. both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

The lists of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link

**Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

**Mode of payment**

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the Application Money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by the Company. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the Application Money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

**Options available to the Equity Shareholders applying under the ASBA Process**

The summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

Sr. No	Option Available	Option required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )

2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares <i>(All joint holders must sign)</i> .
----	--	---

**An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

**Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that (i) you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page [\*] of this Draft Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

**Renunciation under the ASBA Process**

Renouncees cannot participate in the ASBA Process.

**Last date of Application**

The last date for submission of the duly filled in CAF is [\*]. The Issue will be kept open for a minimum of 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, as the case may be, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors, as the case may be, shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment”.

**Option to receive Securities in Dematerialised Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

**Issuance of Intimation Letter**

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

**General instructions for Equity Shareholders applying under the ASBA Process**

- (a) Please read the instructions printed on the respective CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (i) Only the Equity Shareholders as on the start of the Book Closure Period and not renouncee(s) shall be eligible to participate under the ASBA process.

***Do's:***

- (a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- (e) Ensure that you have mentioned the correct bank account number in the CAF.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.

- (g) Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- (i) Each applicant should mention their Permanent Account Number (“PAN”) allotted under the I.T Act.
- (j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.

***Don'ts:***

1. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
2. Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
3. Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under “Grounds for Technical Rejection” on page [\*] of this Draft Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application on split form.
- b) Application for entitlements or additional shares in physical form.
- c) Equity Shareholders applying under ASBA Process for additional Equity Shares in CAF of ‘A’ Equity Shares and vice versa.
- d) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- e) Sending CAF to a Lead Manager /Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- f) Renounee applying under the ASBA Process.
- g) The application form does not bear the stamp of the syndicate member / SCSBs.
- h) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- i) Funds in the ASBA Account having been frozen pursuant to regulatory orders.
- j) Account holder not signing the CAF or declaration mentioned therein.

### **Communications**

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Investor, CAF number, details of Depository Participant, number of Equity Shares applied for, date of CAF, name and address of the Designated Branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Investors can contact the Compliance Officer, the Designated Branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc.

### **Disposal of Investor Grievances**

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

### **Depository account and bank details for ASBA Investors**

**IT IS MANDATORY FOR ALL THE ASBA INVESTORS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

**The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.**



**Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

#### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- (a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

#### **Important**

Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed '**AMPL-Rights Issue**' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Pvt. Ltd.  
C-13 Pannalal Silk Mill Compound  
LBS Road, Bhandup West  
Mumbai – 400 078  
Ph: (022) 2596 3838, 2594 6970  
Fax: (022) 25946969  
E-mail: [sachin.achar@linkintime.co.in](mailto:sachin.achar@linkintime.co.in)  
Contact Person: Mr. Sachin Achar

It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risks set out in the Section titled "Risk Factors" on page [\*] of this Draft Letter of Offer.

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

**SECTION – X. OTHER INFORMATION**

**1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at 35 Chittaranjan Avenue, Kolkata – 700 012 from 11.00 a.m. to 4.00 p.m. from the date of this Draft Letter of Offer until the date of closure of the Subscription List.

**A. Material Contracts**

- 1) Memorandum of Understanding entered into between the Issuer Company and Sumedha Fiscal Services Limited, Lead Manager to the Issue dated 10.09.2010.
- 2) Memorandum of Understanding dated 10.09.2010 between the Issuer Company and Link Intime India Pvt. Ltd., Registrar to the Rights Issue.
- 3) Tripartite Agreement entered between the Company, Central Depository Services (India) Limited and Link Intime India Pvt. Ltd. dated 17<sup>th</sup> January, 2007.
- 4) Tripartite Agreement entered between the Company, National Security Depository Limited and Link Intime India Pvt. Ltd. dated 19<sup>th</sup> April, 2007.

**B. Material Documents for Inspection**

- 1) Memorandum and Articles of Association of the Company.
- 2) Certificate of Incorporation dated 17<sup>th</sup> August, 2002 of the Company.
- 3) Copy of Resolution passed by the Board of Directors of the Company at their meeting held on 06.07.2010 authorizing the proposed Rights Issue.
- 4) Copy of Resolution passed by the Members at the 8th Annual General Meeting held on 08.09.2010 authorizing the proposed Rights Issue.
- 5) Copy of Consents from Directors, Auditors, Bankers to the Company, Bankers to the Issue, Lead Manager to the Issue, Registrar to the Issue, Legal Advisor to the Issue and Compliance Officer to include their names in the Draft Letter of Offer to act in their respective capacities.
- 6) Copy of Letter of the Auditors, M/s R. Kothari & Company, Chartered Accountants dated 10.09.2010 confirming Tax Benefits as mentioned in this Draft Letter of Offer.
- 7) Annual Reports of the Company for the last five financial years.
- 8) Copy of The Audit Reports of the Issuer Company by the Statutory Auditors, M/s R. Kothari & Company, Chartered Accountants, as set out herein dated 12.05.2010 in relation to the financial information for FY 2010.
- 9) Copy of the Certificate from M/s Kamlesh S Jain & Associates, Chartered Accountants, dated 09.09.2010 regarding the sources and deployment of funds as on 31.08.2010.
- 10) Copy of contract with Executive Directors.
- 11) Copy of the prospectus of the Initial Public Offering made in 2007.
- 12) Copy of Sanctioned letters from the Banks towards setting up an Integrated Steel Plant (2nd Unit).
- 13) Copy of the undertaking dated 15.09.2010 for the subscription to rights entitlement and unsubscribed portion, received from the Promoters.

- 14) Copy of the In-principal approval dated [\*] from BSE for listing of the securities offered to this Issue.
- 15) Copy of the Due Diligence Certificate dated 18.09.2010 to SEBI from the Lead Manager to the Issue.
- 16) Copy of SEBI Observation Letter No. [\*] dated [\*].

## 2. DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government or any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

**SIGNED BY ALL THE DIRECTORS OF ANKIT METAL & POWER LIMITED**

---

**Mr. Suresh Kumar Patni**  
Chairman

---

**Mr. Ankit Patni**  
Managing Director

---

**Mr. Rohit Patni**  
Joint Managing Director

---

**Mr. Kailash Chand Jain**  
Director

---

**Mr. Vijay Kumar Jain**  
Director

---

**Mr. Jitendra Nath Rudra**  
Director

**Signed by the Company Secretary & Compliance Officer**

**Mr. Chandra Kumar Jain**

**Place: Kolkata**

**Date: 18.09.2010**