

DRAFT LETTER OF OFFER
For the Equity Shareholders of the Company Only



IMPEX FERRO TECH LIMITED

Registered Office: 35, Chittaranjan Avenue, 4th Floor, Kolkata – 700 012 (W. B.)

Tele.: +91 33 2211 9805/9806 Fax : 2211 7871

Website: www.impexferrotech.com E-mail: info@impexferrotech.com

Contact Person: Mr. Pradip Kumar Agarwal (Company Secretary & Compliance officer)

(The Company was incorporated as Impex Ferro Tech Limited on 07th June 1995 with the Registrar of Companies, West Bengal as a Public Limited Company with the registration number 21-71996 and obtained the Certificate of Commencement of Business on 15th June 1995.)



LETTER OF OFFER FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY		
ISSUE ON A RIGHTS BASIS OF [●] EQUITY SHARES WITH A FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. 4,000.00 LACS TO THE EXISTING EQUITY SHAREHOLDERS IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [·] EQUITY SHARES HELD BY THE EXISTING SHAREHOLDER ON THE RECORD DATE i.e. [●] ON FULLY PAID BASIS IN TERMS OF THIS DRAFT LETTER OF OFFER ('ISSUE'). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE.		
GENERAL RISKS		
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this issue 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 offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The equity shares have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the Statement of Risk Factors beginning on page no. 6 of this Draft Letter of Offer.		
ISSUER'S ABSOLUTE RESPONSIBILITY		
The Issuer, 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 the Draft Letter of Offer is true and correct in all material aspects 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 makes this document 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 Bombay Stock Exchange Limited (Designated Stock Exchange) (BSE) and The National Stock Exchange of India Limited (NSE). The Company has received "in-principle" approvals" of BSE and NSE for listing the Equity Shares arising from this issue pursuant to letters dated [●] and [●] respectively.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
<div> Microsec Capital Limited Azimganj House, 2nd Floor 7, Camac Street, Kolkata 700 017 Tel: 91-33-2282 9330 (5 Lines), Fax: 91-33-2282 9335 E-mail: impex@microsec.in Website: www.microsec.in Contact Person: Mr. Pankaj Harlalka</div>		<div> Maheshwari Datamatics Pvt Ltd 6, Mangoe Lane 2nd Floor Kolkata – 700 001 Tel: 91-33-2243 5809, Fax: 91-33-2248 4787 E-Mail: mdpl@cal.vsnl.net.in Website: www.mdpl.in Contact Person: Mr. Rajagopalan</div>
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

TABLE OF CONTENTS

TITLE	PAGE NO.
Definitions and Abbreviations	3
I. Risk Factors	
1. Forward-Looking Statements and Market Data	6
2. Risk Factors	7
II. Introduction	
1. Summary	16
2. General Information	21
3. Capital Structure	24
4. Objects of the Issue	31
5. Basis for Issue Price	40
6. Statement of Tax Benefits	42
III. About Impex Ferro Tech Limited	
1. Industry Overview	48
2. Business Overview	54
3. History and Corporate Structure	63
4. Management	65
5. Promoters	74
6. Currency of Presentation	81
7. Dividend Policy	81
8. Group Companies	82
IV. Financial Statements	
1. Auditors Report	109
2. Management Discussion and Analysis of Financial Condition and Results of operations as reflected in the Financial Statements	136
V. Legal and other Information	
1. Outstanding Litigation And Material Developments	145
2. Government Approvals/Licensing Arrangements	153
VI. Other Regulatory and Statutory Disclosures	156
VII. Issue Information	
1. Terms of the Issue 170	
VIII. Main Provisions of the Articles of Association	188
IX. Other Information	
1. Material Contracts and Documents for Inspection	196
2. Declaration	198

DEFINITIONS AND ABBREVIATIONS

1. Conventional/General Terms

Term	Description
AGM	Annual General Meeting
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
EGM	Extra Ordinary General Meeting
EPS	Earning Per Share
GIR	General Index Register
HUF	Hindu Undivided Family
NAV	Net Asset Value
PAN	Permanent Account Number
PAT	Profit After Tax
P/E	Price Earning Ratio
PLR	Prime Lending Rate
RONW	Return on Net Worth
SSI	Small Scale Industries
WTO	World Trade Organization

2. Issue Related Terms

Term	Description
Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful applicants as the context requires
Allottee	The successful applicant to whom the Equity Shares are being/have been issued or transferred
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Letter of Offer
Articles/Articles of Association	The Articles of Association of Impex Ferro Tech Limited
Auditors	The statutory auditors of the Company, viz. S. Jaykishan, Chartered Accountants
Board of Directors/Board	The Board of Directors of Impex Ferro Tech Limited or a committee thereof
BSE	Bombay Stock Exchange Limited
CAF	Composite Application Form
Companies Act / the Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depository Participant/DP	A depository participant as defined under the Depositories Act
Designated Stock Exchange	Bombay Stock Exchange Limited
Directors /Board of Directors	Directors of Impex Ferro Tech Limited from time to time, unless otherwise specified
DLOF/Draft letter of offer	The Draft Letter of Offer dated January 29, 2008 as filed with SEBI
Equity Shares	Equity shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
First Applicant	The Applicant whose name appears first in the Application Form
Fiscal or FY or Financial Year	Twelve months ending March 31 st of a particular year
Indian GAAP	Generally Accepted Accounting Principles in India
"Impex Ferro Tech Limited." or the "Issuer" or the "Company", "we", "us", "our" and	Unless the context otherwise requires, refers to Impex Ferro Tech Limited, a public limited company incorporated under the Companies Act and having its registered office at 35, Chittaranjan Avenue, 4 th Floor, Kolkata – 700 012

"IFTL"	
Issue Opening Date	[●]
Issue Closing Date	[●]
Issue Price	[●] per Equity Share
Investors	Shall mean the holder(s) of Equity Shares of Rs. 10/- at the Issue Price by the Company pursuant to this Draft Letter of Offer.
Lead Manager/LM	Being the Lead Manager appointed for the Issue. In this case being Microbe Capital Limited
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Impex Ferro Tech Limited
MCL/Microsec	Microsec Capital Limited, a public limited company incorporated under the provisions of the Companies Act and with its registered office at Shivam Chambers, 1 st Floor, 53, Syed Amir Ali Avenue, Kolkata-700 019
Non Resident	A person who is not a NRI, FII or a person resident in India
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Promoters	Shall mean jointly Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni, ,Mr. Virendra Kumar Jain, Dhodhwala Enterprises Ltd., VDN Agro Products Ltd., Impex Cements Ltd. & Patni Metal & Ferro Alloys Ltd.
Record Date	[●]
Rights Issue/ Present Issue	The issue of [●] Equity Shares of Rs.10/- each at the Issue Price by the Company pursuant to this Draft Letter of Offer
Registrar of Companies or RoC	Registrar of Companies at Kolkata, West Bengal
Registrar or Registrar to the Issue	Maheshwari Datamatics Private Limited, a company incorporated under the Companies Act, having its registered office at 6, Mangoe Lane, 2 nd Floor, Kolkata – 700 001
Stock Exchanges	BSE and NSE

3. Company/Industry Related Terms

Term	Description
ATC	Applied Technology Council
CENVAT	Central Value Added Tax
CPP	Captive Power Plant
EU	European Union
GATT	General Agreement on Tariffs and Trade
GNP	Gross Net Profit
IFTL	Impex Ferro Tech Limited
Kgs.	Kilogram
KW	Kilo-watt
LPG	Liquefied Petroleum Gas
MFA	Multi Fibre Arrangement
OECD	Organization for Economic Co-operation and Development
PFY	Present Financial Year

4. Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BOB	Bank of Baroda
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DIN	Director Identification Number
DEPB	Duty Entitlement Pass Book
EEFC	Export Earner's Foreign Currency account
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under
FIIs	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
GoI	The Government of India
HNI	High Net-worth Individual
I.T. Act	The Income Tax Act, 1961, as amended
N.A.	Not Applicable
NBFC	Non Banking Financial Company
NRE Account	Non-Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
PNB	Punjab National Bank
P.A.	Per Annum
R&D	Research and Development
RBI	The Reserve Bank of India
Rs.	Indian National Rupee
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SBI	State Bank of India
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
TFL	Technical Feasibility Report
WBIDC	West Bengal Industrial Development Corporation

RISK FACTORS

1. FORWARD-LOOKING STATEMENTS AND MARKET DATA

a) Forward-looking Statements

This Draft Letter of Offer contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "may", "plan", "project", "shall", "will" or other words or phrases of similar import. Similarly, statements that describe Company's objectives, strategy, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about the company that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans and technological changes;
- Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premia;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee against other currencies;
- Amount that the Company is able to realize from the clients;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause the actual results to differ, please see the section entitled "Risk Factors" included in this Draft Letter of Offer. In the light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Draft Letter of Offer might not occur and are not guarantees of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team 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, for purposes of the Issue, the Company and the Lead Manager to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchanges.

b) Market Data

Industry and market data used throughout this Draft Letter of Offer has been obtained from Government of India sources, industry sources, Capital Market magazine, Capital line database and internal Company reports. Although industry and market data used in this Draft Letter of Offer are reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the company to be reliable, have not been verified by any independent sources.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The investors should carefully consider all the information in this draft letter of offer, including the risks and uncertainties described below, before making an investment in the Equity shares. If any of the following risks actually occur, the company's business, financial condition and results of operations could suffer, the trading price of the Equity Shares of the Company could decline and the investors may lose all or part of their investment. Unless specified or quantified in the relevant risk factors mentioned below, the Company is not in a position to ascertain the financial and other implications of any of the other risks mentioned below.

INTERNAL TO THE COMPANY AND SPECIFIC TO THE PROJECT

1. The Company, its Promoters and Directors are involved in certain legal and regulatory proceedings that, if determined against them, could have an adverse impact.

There are outstanding legal proceedings against the Company and its Promoters and Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. If any of these legal proceedings are determined against the Company, its Promoters and Directors, it could have an adverse impact on their financial status. For further details regarding such outstanding litigations, please refer to the section "Outstanding Litigation and Material Developments" beginning on page 145 of this Draft Letter of Offer.

2. Search and Seizure operation conducted by the income tax department

The Income Tax Authority, Kolkata had conducted a search and seizure operation on 05/01/2004 at the office and factory premises of the Impex Group of Companies including the residence of the Directors. The Income Tax Department has seized inter alia cash Rs. 13.70 Lacs and shares of Impex Ferro Tech Limited including those lodged with the company for endorsement worth Rs. 843.96 Lacs. The company has filed an application u/s 132B of the Income Tax Act, 1961 before the concerned authority for the release of the same which is still pending for disposal. The concerned authority has sent notices to Impex Group of Companies and the Directors for filing of revised returns for the last six years i.e. from Assessment year 1998-1999 to 2003-2004 u/s 153A/153C* of the Income Tax Act, 1961.

The following operations were conducted on various entities of the Impex group-

Name	Type
Mr. Vimal Kumar Patni	Search & Seizure
Mr. Suresh Kumar Patni	Search & Seizure
Mr. Ajit Kumar Patni	Search & Seizure
Mr. Naresh Kumar Jain	Search & Seizure
Mr. Vijay Kumar Jain (Patni)	Search & Seizure
Mr. Virendra Kumar Jain	Search & Seizure
Impex Ferro Tech Limited	Search & Seizure
Impex Metal & Ferro Alloys Private Limited	Search & Seizure
Vikash Metal & Power Limited*	Survey
Rohit Ferro Tech Limited*	Survey
Impex Infotech Limited*	Survey

For further details see the section "Outstanding Litigation and Material Developments" beginning on page 145 of this Draft Letter of Offer.

3. The following group companies/firms of the Promoters have reported losses or have Accumulated Losses during the last three financial years

The following entities forming part of the Promoters Group have incurred losses in recent years:

(Rs. in Lacs)

Name of the Company	Fiscal 2005	Fiscal 2006	Fiscal 2007
Subham Complex Pvt. Ltd.	0.05	0.13	0.08
Manju Cement Co. Pvt. Ltd.	0.26	-	-
Impex Industries Limited	2.64	0.55	-
Divine Trading Pvt. Ltd.	0.08	-	-
SBM Steels Pvt Ltd.	0.11	0.07	-
Sanjay Multimax Pvt. Ltd	-	0.09	-

The following entities forming part of the Promoters Group have carried forward losses in recent years:

(Rs. in Lacs)

Name of the Company	Fiscal 2005	Fiscal 2006	Fiscal 2007
Subham Complex Pvt. Ltd.	0.44	0.56	0.64
Manju Cement Co. Pvt. Ltd	80.96	61.02	52.35
Impex Industries Ltd.	40.98	40.90	40.79
Impex Infotech Limited	154.64	103.60	79.79
Goldmohar Steel Ltd.	10.23	10.17	9.88
SBM Steels Pvt Ltd.	0.91	0.98	0.94

4. Mr. Naresh Kumar Jain, a past director and one of the individuals in the promoter group, may be in conflict with the business interest of the Company

Mr. Naresh Kumar Jain, brother of the individual Promoters, was a Director in the Company since incorporation. However, he resigned from the directorship of the company on September 25, 2006. Further, through an affidavit dated January 16, 2008 Mr. Naresh has severed all ties from the Company, his five brothers and all entities/ventures promoted by his brothers and their family. He is now interested in the Company only as an outside shareholder to the extent of his shareholding in the Company.

The Promoters of the Company have severed all ties with Mr. Naresh Kumar Jain and do not have any information relating to companies/concerns which are exclusively his ventures or ventures of his spouse and / or children. Moreover, the Promoters of the Company are not interested in any such ventures.

At present he is engaged in similar lines of business of which the Company has no material information, neither do the Promoters have any interest or control in any manner whatsoever over his present or future ventures.

5. Time and cost overrun may affect the implementation of the project

The Company is setting up a fifth furnace of 7.5 MVA for manufacturing of High Carbon Ferro Manganese at and a 30 MW FBC (Coal based) Power plant at a total project cost of Rs. 15,287.23 Lacs. The project has been appraised by State Bank of India and the total estimated cost as per the appraisal report was Rs. 14,270 Lacs. The cost of the project has increased by Rs. 1,017.23 Lacs. This is because the Company has chosen contemporary technology and is installing high end machines to produce quality products at competitive costs.

Further, delays in the scheduled implementation of the Project for any reason, including construction delays, delays in receipt of government approvals or delays in delivery of equipment by suppliers, could result in cost overrun which in turn will require additional funds and will impact the overall profitability of the Project.

6. Common Pursuits amongst Group Companies headed by individual promoters

The individual promoters have conflicting interests in companies promoted by them and carrying on the same line of business as the issuer Company. For example Rohit Ferro-Tech Limited and Ankit Metal & Power Ltd, both promoted by Mr. Suresh Kumar Patni are engaged in production of ferro alloys. Similarly, Vikash Metal & Power Limited, promoted by Mr. Vimal Kumar Patni is in the

production of sponge iron and may in future move into manufacturing of ferro alloys also. Moreover, there is no non-compete agreement between the group companies. Such common pursuits may affect business strategies and thus the financial performance of issuer Company.

For more information about the business of the group companies please refer section entitled "Group Companies" beginning on page 82 of this Draft Letter of Offer

7. As stated in the latest audited financial statements, the Company is subject to certain contingent liabilities

The following are the contingent liabilities as extracted from the financial statements:

(Rs. in Lacs)	
Particulars	30 th September 2007
Guarantee given by Banks	32.70
Letter of Credit Issued by Bank Outstanding	627.34
Bill discounted	2,724.60
Commitment on Capital Account	6,114.92
Total	9,499.56

Crystallization of any of the above liabilities may require the company to honour the demands, if any, which may adversely affect the liquidity of the company and may have adverse effect on the financial resources and its net worth.

8. The company had faced a drop in the profit levels in financial year 2007 as compared to the financial year 2006 and may experience the same in future

The Company's net profits for fiscal 2007 were Rs. 284.54 Lacs as compared to Rs. 486.13 lacs in fiscal 2006, representing a downfall of 41.47%. This down-fall in profits was on account of an increase in operating expenses and interest cost due to an increase in secured and unsecured borrowings by the company. Such costs may not reduce at regular intervals in the future or may not reduce at all. The company cannot provide any assurance to the subscribers that profit levels will be sustainable and/or improve in the long run. Any further reduction in the profitability or the profit levels of the Company may have an adverse impact on its business, financial condition and results of operations.

9. The company does not have a track record for payment of dividend on equity shares. Moreover, a significant portion of the project cost will be financed through debt and therefore the Company would have debt servicing obligations that could affect its ability to declare dividends.

The company does not have a track record of dividend distribution on the Equity Shares. Moreover, approximately 55% of the total project cost is proposed to be funded through debt. This debt imposes a debt servicing obligation on the Company, which would have to be met from the future cash flows. The future cash flows may not be sufficient to fully meet the debt servicing obligations, and distributable profits, if any, for declaration of dividends may be consequentially affected.

10. The company has entered into related party transactions with the promoters and/or Directors and the Group Companies

The company has entered into transactions with related/group companies including loans taken/advanced and purchase and sale of goods. Whilst the company believes that all such transactions have been conducted on an "arm's length basis", there can be no assurance that the company could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the company may enter into related party transactions in the future. For details regarding the related party transactions, refer to "Financial Statements – Related Party Transactions" on page 131 of this Draft Letter of Offer.

11. Delay in Right Issue will impact the implementation of the Project

The cost of project is to be funded partly from the Rights Issue. Any delay in the issue process or any under-subscription of Equity Shares offered as part of this issue will impact the

implementation of the project. The management will make alternate funding arrangements through a suitable mix of secured/unsecured loans and contribution from the promoters to fund the interim requirement in case there is any delay in the Rights Issue.

12. The Company has not entered into any firm agreements for its raw materials

The Company has not entered into any firm arrangements for supply of important raw materials like manganese ore. Moreover, the recent past these raw materials have seen a steep rise in prices and a decline in supply. The Company is now expanding its capacities by adding a new furnace. If the Company is not able to procure the raw materials at low prices, its products would not be competitive and shall result in a decline in profitability.

13. The Company is subject to the risk of price volatility and availability as regards both its finished products and the raw materials required for their production.

The financial condition and results of operations of the Company are significantly influenced by the market prices of the raw materials principally Manganese ore which are subject to domestic and international supply and demand, import/export tariffs and duties, domestic duties and various other factors which are beyond the Company's control.

The market and prices for the finished products of the Company may be influenced by the aggregate demand for such products which may fluctuate with changes in economic conditions, the price and availability of equivalent products from competitors and the price and availability of substitute products among other factors.

The Group has been in the steel business for over a decade and has strong relationships with the raw material suppliers and service providers. However, no assurance can be given that future unfavorable movements in the price of the various raw materials or a reduction in demand for finished products will not have a material adverse effect upon the financial condition and results of operations.

14. The operations of the Company rely on timely supply of raw materials and inputs to the 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 seaborne freight, rail and road to receive raw materials and the same is as important to deliver the finished products to our 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 ability of the Company to source raw materials and components and its ability to supply products to customers. There can be no assurance that such disruptions will not occur in future. In addition, significant increases in transportation cost may adversely impact the financial results of the Company.

15. The Company is yet to receive certain licenses/approvals required for the proposed project

The Company is yet to receive certain statutory approvals, sanctions, licenses, registrations and permissions required for the implementation of the proposed project and the failure or delay to obtain these licenses or approvals may delay the implementation of the project. Further, in connection with the business, the company requires such approvals or their renewal from time to time. There can be no assurance that the company will receive such approvals or renewals within the anticipated time frames or at all, which could adversely affect the business activities. For further information on government approvals, please refer section entitled "Government and Other Statutory Approvals" beginning on page no.153 of this Draft Letter of Offer.

16. The Company has applied for rephasing of the Term Loans received for the captive power plant

At the consortium meeting held on December 12, 2007, the Company has requested for a revalidation and rephasing of the term loans sanctioned for the captive power plant as the CPP

would commence commercial production by March 2009 as per the implementation schedule disclosed on page no. 38 of this Draft Letter of Offer.

The members of the consortium have put up the request with their appropriate authorities and the decision shall be conveyed to the Company in the next consortium meeting to be held in the month of February 2008.

17. The Company is dependent on its promoters and any inability on their part to contribute to the business may affect the Company's performance.

The Company is dependent on the experience and the continued efforts of its promoters who are second generation entrepreneurs and have been associated with the company since inception. The promoters have been involved with the critical functions like project conceptualization, spearheading the execution and overseeing the key functions of the Company.

The Company has a broad based Board of Directors with seasoned and experienced professionals from varied field of expertise who assist the promoter directors to execute and spearhead the various functions of the company. The Company also has an experienced team of finance professionals, project managers and other professionals who are involved in the day-to-day operations of the Company and ably assist the Board to execute various functions. This reduces the dependence on the promoters to manage the operations of the Company.

18. The disassociation of key managerial personnel from the company could adversely affect its business.

The success of any organization largely depends upon the continued services of its key personnel and senior management team. If the Company loses the services of any of the Key individuals and is unable to find suitable replacement in a timely manner, its ability to realise the strategic objectives could be delayed/ impaired. Furthermore, the Company does not have any "Key Man" life insurance policy for any of its directors or members of the senior management team. If the Company loses the services of its key employees in the future, the business could be negatively impacted.

19. In a business marked by high working capital components due to the need of high quality of raw material, inefficient fiscal control could affect profitability

The company requires large amount of working capital for the efficient operation of day to day business activities. In addition to this, it is anticipated that the company will have to make arrangements for additional financing as it expands its operations. At that point of time, the company may not be successful in obtaining the required additional funds in a timely manner or on favourable terms or at all.

If the company does not have access to additional capital, it may be required to delay, scale back or abandon some or all of its plans or growth strategies or reduce the capital expenditures and the size of its operations. However the Company is strengthening its fiscal control through a progression towards value addition, cost reduction, a tight control on receivables, stronger negotiation with banks leading to a reduced cost of funds and a comfortable loan repayment schedule.

20. The Company is exposed to interest rate risk as well as liquidity risk.

The Company is exposed to interest rate fluctuations in respect of the borrowings from Banks and Institutions. In the event of increase in interest rates, the financial performance of the Company may be adversely affected.

21. Equipment failure, production curtailment and shutdowns may affect performance

In addition to equipment failures, the Company's facilities are also subject to risk of catastrophic loss due to unanticipated events including fires, explosions or adverse weather conditions. The 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 Company's

profitability and cash flows. The Company's manufacturing facilities are also 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 its facilities, 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 Company's financial condition and results of operations.

22. Uninsured losses or losses in excess of the insurance coverage could result in a loss of Investment

Although the Company attempts to limit and mitigate the liability for damages arising from fire and other perils, burglary, etc. through contractual provisions and/or comprehensive insurance coverage for the manufacturing facilities but still there are possible losses, which have not insured or the insurance cover in relation to which may not be adequate. On the occurrence of such loss the company may face loss of investments in the absence of insurance and even in cases in which any such loss may be insured or on the event when the company may not be able to recover the entire claim from insurance companies. Further, there are many events that could significantly impact the operations, or expose the company to third-party liabilities, for which it may not be adequately insured.

23. Failure to effectively coordinate various departments

The entire process of manufacturing ferro alloys requires a very high level of coordination and communication between the various departments and any time overrun within the system may cause the rupture of the entire system. Although the management has been handling these issues efficiently and this has contributed to the smooth functioning of the operations, there can be no assertion that the company will be able to keep up similar cordial relationships in future.

24. Dependency on steel, casting and other downstream industries

Ferro Alloys are used in the production of all grades of steel including stainless steel, special steel, casting and engineering industry. Any downturn in the above mentioned industries shall affect the business of the company accordingly. But with the general buoyancy in steel and engineering sector, the management is confident that there will be a strong demand growth for Ferro Alloy Products. The market is also continuously displaying an upward trend and the requirement of Ferro Alloys will also increase accordingly.

25. The Company's business may be adversely affected by environmental and safety regulations to which it is subject

The Company is required to comply with central, state and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of hazardous materials; the emission and discharge of hazardous materials into soil, air or water; and the health and safety of the employees. The Company is also required to obtain and comply with environmental permits for some of its operations. There can be no assurance that the Company will at all times be in complete compliance with such laws, regulations and permits. If the Company violates or fails to comply with any of the requirements under any such laws, regulations and permits, it could be fined or face other regulatory actions. In addition, such requirements may become more stringent over time and compliance with such requirements may become cumbersome.

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY

26. Changes in the policies of the Government of India or political instability could delay the further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact the Company's business and prospects

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. The Company cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in the securities of the Company could change as well.

The current Indian Government is coalition of several parties along with outside support from other partners. The withdrawal of one or several parties or withdrawal of outside support could result in political instability, which may have adverse affect on the capital market and investor confidence.

Any adverse change in Government policies relating to the steel industry in general and ferro alloys in particular may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

1. Sales Tax
2. Customs Duty
3. Import/ Export restriction
4. Excise Duty

27. The trading price of the shares may be highly volatile and could drop unexpectedly

Historically, there have been significant fluctuations in the price of the Shares on the Indian Stock Exchanges. In recent years, price and volume fluctuations have been especially severe and such fluctuations have often been unrelated or disproportionate to the operating performance of such companies. It is impossible to predict whether the price of the shares will rise or fall in the future. There can be no assurance that the market price of the shares will not decline in the future.

The trading price of the shares could be subject to significant volatility in the future as a result of the domestic and international markets for the Company's products and services among other factors:

- the performance of the Company's competitors, the general state of and the perception in the market about investment in these sectors;
- any changes in Indian government policies;
- announcements by the Company or its competitors of significant contracts, acquisitions, joint ventures, capital commitments, new product offerings, technological innovations or changes in pricing policies;
- volatility in the Indian securities market as a whole;
- changes in public expectations regarding the Company's operational results, financial condition or future financial performance;
- announcement of actual variations in the Company's operating or financial results;
- announcement by third parties of significant claims or proceedings against the Company;
- the depth and liquidity of the market for the Shares;
- general investor perceptions relating to companies and investments located in India; or
- general economic and other factors.

28. A slowdown in economic growth in India could cause the business to suffer

The performance and the quality and growth of the Company's assets are largely dependent on the overall health of the Indian economy. A slowdown in the Indian economy could adversely affect its business, including the Company's ability to grow its assets portfolio, the quality of its assets, and its ability to implement the right strategies. In particular, because India depends significantly on imported oil for its energy needs, the Indian economy could be adversely affected by the continuing upward trend in oil prices. India's economy could also be adversely affected by a general rise in interest rates, rupee dollar parity, weather conditions adversely affecting agriculture or other factors. In addition, the Indian economy is in a state of transition. The relative share of the services sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on the performance of the Company.

29. Hostilities in India and other countries in Asia may adversely affect the Indian economy, disrupt operations and cause business to suffer

India has from time to time experienced instances of hostilities with neighbouring countries. Military activity or terrorist attacks in future could influence the Indian economy by disrupting communications and making travel more difficult. In addition, India has from time to time experienced social and civil unrest due to religious strife. Events of this nature as well as social and civil unrest within other countries in Asia could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have a material adverse effect on the Company's financial condition and results of operations and the price of the shares.

30. A downturn in economic and financial conditions in the markets in which the Company operates may have an adverse effect on its business

The financial results of the Company are affected by external factors outside its control which influence the demand for its products in India and overseas. Demand for the Company's products may be adversely affected by factors such as changes in economic policy, fiscal policy, and export-import policy, political and financial instability, declining economic growth rates, excess capacity and competition from substitute products. There can be no assurance that the aforementioned factors, alone or in combination, will not have a material adverse effect on the the Company's financial condition and results of operations in the future.

31. Statutory taxes and other levies may affect margins in the event of the Company's inability to factor such expense in its trading margin.

Any increase in taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, may have a material adverse impact on the Company's business and results of operations and financial condition. However, as a matter of trade practice and such increase in costs are generally passed on to the customers.

32. The Company is subject to risk rising from changes in interest rates and banking policy

The Company is dependent on various Banks and Financial Institutions for arranging its working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the profitability of the Company.

33. Competition from Foreign players

Majority of the company's production is being exported and with the liberalization of the Indian economy, foreign multinational companies are expected to set up large infrastructures for manufacturing facilities in the country providing healthy competition for domestic manufacturers. These players have significant financial, technical and marketing resources and may be able to offer products and/or services at prices that may be more competitive than that of company. Such pricing pressure may result in company inability to attract new clients and/or retain existing

clients, decrease its market share, or may result in lowering the prices of product by the company, which may result in lowering its margins and profitability.

Notes:

- i. Net worth of the Company as on September 30, 2007 is Rs. 4,726.35 Lacs.
- ii. The present Rights Issue is of [•] Equity Shares of Rs. 10/- each for Cash at a Premium of Rs. [•] per Equity Share aggregating Rs. 4,000 Lacs.
- iii. Book Value of the Equity Shares of the Company as on 30th September 2007 is Rs. 18.91 per Equity Share.
- iv. Investors are advised to refer to the paragraph on "Basis for Issue Price" beginning on page no. 40 before making an investment in this Issue.
- v. Please refer to the section titled "Basis of Allotment" on page 180 of this Draft Letter of Offer for details of the basis of allotment.
- vi. The investors are advised to refer the Paragraph on promoter's background on page no. 74 and past financial performance of the company on page no. 109 of this Draft Letter of Offer before making an investment in the proposed Rights Issue issue.
- vii. There are no relationships with statutory auditors to the company other than auditing and certification of financial statements.
- viii. Except as disclosed in "Management" and "Promoter and Promoter Group" on pages 66 and 74 of this Draft Letter of Offer, none of the Promoters, Directors and key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates.
- ix. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/information pertaining to the Issue.
- x. For details of realty party transactions, please refer to page no. 131 of this Draft Letter of Offer.
- xi. Any clarification or information relating to the Offer shall be made available by the LM, and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

SUMMARY

Business of the Company

The Company was incorporated on June 07, 1995 with its registered office at 35, Chittaranjan Avenue, 4th floor, Kolkata – 700 012 with the intention to set up a plant for manufacturing Silico Manganese and Ferro Manganese. In the year 1997-98, the Company set up two number of submerged Arc furnaces with capacities of 3.60 MVA & 5.00 MVA for manufacturing Silico Manganese and Ferro Manganese respectively at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal and the unit became fully operational in 1998-99. The Company further went for expansion in the year 2000-01, when the third furnace having a rating of 7.50 MVA was installed and the same commenced production in April 2002. Encouraged with the market and the acceptance for its products and the growing demand for ferro alloys by the consuming industry, both in the domestic and export market, the Company went for further expansion by putting up a fourth submerged arc furnace of 8.25 MVA for manufacturing HC Silico Manganese and converting a part of the HC Ferro Manganese output into MC Ferro Manganese through the "SSM" Converter route and commissioned the same in the year 2004.

Presently the Company is operating four furnaces with a total capacity of 24.35 MVA. The company has been awarded the ISO 9001:2000 certification for manufacture and supply of different types of ferro alloys like ferro-manganese, silico-manganese and ferro chrome.

The Company has been successful in tapping the export market for their products. In the financial year 2006-07 the company achieved an export turnover of Rs. 6,051.40 Lacs.

The Industry

If we were to pause for a moment to think about the growth of human civilization, we would find that the pace of social and economic growth has been closely linked to the proficiency with which people have been able to use and shape materials. Steel is one such material that has played an important role in the development of mankind in the last century. The products manufactured by the Company belong to the Ferro alloy industry and Ferro alloys are vital to the steel industry as they provide certain special properties to steel like strength, luster & finish, ductility etc. Hence, fortunes of the Ferro alloy industry are closely linked to the steel industry.

Ferro alloys are alloys of iron with a high proportion of elements such as manganese, silicon, chromium, and molybdenum. Each alloy is generally named after the added metal – for example, Ferro Chrome, Ferro Manganese, Ferro Silicon etc. India has one of the largest deposits of manganese ore and chrome ore in the world. Growth of Ferro alloy industry is directly linked to growth of stainless steel industry, which plays a very significant role in the development of both the industrial and construction sector of the country.

Steel Production in India (in Million Tones):

Year	Main Producers	Secondary Producers	Grand Total
1997-98	10.44	12.93	23.37
1998-99	9.86	13.24	23.82
1999-00	11.20	15.51	26.71
2000-01	12.51	17.19	29.70
2001-02	13.05	17.58	30.63
2002-03	14.39	19.28	33.67
2003-04	15.19	21.00	36.19
2004-05	15.61	24.44	40.05
2005-06 (prov.)	16.236	24.00	42.636
2006-07 (Apr-May 07)	17.390	32.00	49.390

(Source: www.steel.nic.in, official website of Ministry of Steel, Government of India)

Ferro Alloys

The country has abundant natural resources like Manganese, Chrome and Quartz ores which ensures continuous supply of high quality raw material at reasonable prices to the Indian Ferro alloy industry with tremendous growth opportunities to help India in emerging as the leading exporter of Ferro alloys for the world. Ferro Alloys, as the name indicates are the alloys of

Chromium, Manganese, Silicon etc. Ferro Chrome is used for manufacture of various grades of Stainless Steel and other chromium bearing Alloy Steel. Ferro Alloys can be classified as bulk ferro alloys and noble ferro alloys. The latter are used in a small quantity. Noble ferro alloys are produced in India by Alumina Thermit process. Ferro Titanium, Molybdenum and Vanadium fall under the category of Noble Ferro Alloys.

Ferro-alloys are used in the manufacture of all grades of steel including stainless steel, alloy steel, castings and other engineering products. Ferro alloys are alloys of iron with a high proportion of elements such as manganese, silicon, chromium, and molybdenum. Each alloy is generally named after the added metal – for example, Ferro Chrome, Ferro Manganese, Ferro Silicon etc. Ferro alloys can be further classified as bulk and noble ferro alloys. India has one of the largest deposits of manganese ore and chrome ore in the world.

Capacity and Performance of the Industry

Ferro alloys industry is a power intensive industry. The total load of the Industry has grown almost 8 to 9 times from 130 MVA in the mid sixties to over 1000 MVA. The installed capacity of the Industry is now 1.9 million tonnes of bulk and noble ferro alloys. The capacity of manganese alloys is around 11,89,000 tonnes and ferro chrome/charge chrome about 7,02,000 tonnes. The production has gone up from 1.02 million tonnes in 2002-03 to 1.24 million tones in 2003-04, an increase of 21.93%.

Ferro alloys industry

The ferro alloys units have incorporated the latest technology in order to use low grade ores both lumps as well as fines, after necessary beneficiation and agglomeration by installing in-house Beneficiation Plant and Briquetting Plant. The Units have also incorporated effective pollution control measures, in the form of gas cleaning, deoxidizing and waste heat recovery. Ferro alloys industry is a power intensive industry.

The Issue

Equity Shares proposed to be issued by the Company	[•]Equity Shares
Rights Entitlement	[•]
Record Date	[•]
Issue Price per Equity Share	[•]
Equity Shares outstanding prior to the Issue	2,50,00,000 Equity Shares
Equity Shares outstanding after the Issue	[•]Equity Shares
Terms of the Issue	For more information, see "Terms of Issue" on page 170 of this Draft Letter of Offer.

Terms of Payment

Due Date	Amount
On application	Full Amount

Selected Financial Information

The following tables set forth certain summary financial data derived from the restated financials as of and for the Fiscal years ended March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and March 31, 2007 and the six months ended September 30, 2007. These financials statements have been prepared in accordance with Indian GAAP, the Companies Act and SEBI DIP Guidelines. The restated financial statements have been restated as described in the auditor's report included therewith, in the section titled Financial Statements beginning on page 109 of this Draft Letter of Offer.

Statement of Restated Profit & Loss

	FOR THE YEAR ENDED					Rs. in Lacs For the Half year ended
Particulars	31.03.03	31.03. 04	31.03. 05	31.03. 06	31.03. 07	30.09. 07
Income						
Sales						
Of products manufactured by the Company	5,650.49	6,443.80	12,988.43	9,807.04	9,690.85	6,814.71
Of products traded in by the Company	-	-	-	5,772.95	6,610.97	4,076.56
Export Incentives	117.04	123.63	78.91	463.53	178.94	218.07
Sub Total	5,767.53	6,567.43	13,067.34	16,043.52	16,480.76	11,109.33
Other Income	244.45	56.00	133.00	26.68	166.84	36.60
Increase/(Decrease) in Inventories	17.62	36.03	(131.35)	315.24	409.63	(304.12)
TOTAL INCOME	6,029.61	6,659.47	13,068.99	16,385.44	17,057.23	10,841.81
Expenditure						
Raw Materials Consumed	1,576.71	1,891.79	5,901.29	9,607.44	10,379.71	7,145.13
Manufacturing Expenses	521.99	604.24	968.42	237.76	220.79	77.35
Administration Expenses	339.29	381.08	675.94	750.73	1,179.42	770.66
Power	2,723.93	2,878.15	4,131.08	4,274.97	3,834.68	1,996.39
Payment to and Provision for Employees	24.82	32.24	50.08	61.20	83.08	41.12
Selling & Distribution Expenses	44.69	34.73	62.43	81.42	55.99	29.45
TOTAL EXPENDITURE	5,231.43	5,822.23	11,789.25	15,013.52	15,753.67	10,060.10
Net profit before interest, depreciation, Tax and extraordinary items	798.18	837.23	1,279.73	1,371.92	1,303.56	781.72
Interest	362.17	363.03	456.47	432.32	576.63	300.30
Depreciation	132.45	130.18	167.25	207.40	211.01	107.53
Net Profit before tax and Extraordinary Items	303.56	344.02	656.02	732.20	515.92	373.89
Provision for Taxation (including short / (excess) provision for tax for earlier years)	25.30	25.00	58.83	218.87	165.89	135.37
Provision for Deferred Tax	102.91	77.20	145.86	24.44	16.03	2.54
Fringe Benefit Tax	-	-	-	3.07	3.69	1.91

Extraordinary items (net of tax)	-	-	-	-	41.38	-
Net Profit after Extraordinary Items (A)	175.35	241.83	451.33	485.82	288.92	234.07
Adjustments (B)	1.02	(9.30)	(3.16)	0.31	(4.39)	20.07
(refer note no. 1 of annexure IV)						
Adjusted Profit (A+B)	176.37	232.53	448.18	486.13	284.54	254.14
Add: Surplus brought forward from previous years	618.30	543.01	775.53	1,223.71	1,709.84	1,994.38
Less: Deferred Tax Liability as on 1.04.2002	251.66	-	-	-	-	-
Balance Carried to Balance Sheet	543.01	775.53	1,223.71	1,709.84	1,994.38	2,248.52

Statement of Restated Balance Sheet

Rs in Lacs

		AS AT					
	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03. 07	30.09.07
A	Fixed Assets:						
	Gross Block	2,909.49	2,942.65	4,444.88	4,563.96	4,632.89	4,697.96
	Less: Depreciation	463.04	593.22	760.46	967.86	1,170.90	1,278.43
	Net Block	2,446.45	2,349.43	3,684.42	3,596.10	3,461.99	3,419.53
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	2,446.45	2,349.43	3,684.42	3,596.10	3,461.99	3,419.53
	Capital work-in progress	4.30	669.96	-	-	355.64	692.69
	Total Fixed Assets (A)	2,450.75	3,019.39	3,684.42	3,596.10	3,817.63	4,112.22
B	Investments	-	-	-	-	-	-
	Total (B)	-	-	-	-	-	-
C	Current Assets, loans and Advances:						
	Inventories	1,530.45	1,901.18	3,452.20	4,675.25	6,663.97	6,043.87
	Sundry Debtors	398.62	325.19	590.04	1,479.53	1,293.36	2,647.61
	Cash & Bank Balances	148.01	195.78	356.68	755.57	661.35	599.31
	Loans and Advances	759.42	896.16	521.97	838.50	1,723.60	3,473.65
	Total (C)	2,836.50	3,318.31	4,920.90	7,748.85	10,342.27	12,764.45
D	Liabilities and Provisions:						
	Secured Loans	1,597.15	1,876.60	2,278.75	3,577.69	4,748.97	4,422.20
	Unsecured Loans	158.01	517.76	-	-	195.37	1,529.70
	Current Liabilities and Provisions	1,090.93	1,092.10	2,081.98	2,994.57	4,121.23	5,577.78
	Deferred Tax Liability	354.19	430.87	576.04	599.50	618.10	620.64
	Total (D)	3,200.29	3,917.33	4,936.76	7,171.75	9,683.67	12,150.32
E	Net worth (A+B+C-D)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35
	Represented by						
	1. Share Capital (A)	1,350.00	1,634.20	2,500.00	2,500.00	2,500.00	2,500.00
	2. Reserves	563.01	795.53	1,243.71	1,729.84	2,014.38	2,268.52
	Less: Revaluation Reserve	-	-	-	-	-	-
	Reserves (Net of Revaluation Reserves) (B)	563.01	795.53	1,243.71	1,729.84	2,014.38	2,268.52
	Share Application (C)	179.70	-	-	-	-	-
	Miscellaneous Expenditure (D)	5.76	9.37	75.17	56.66	38.16	42.18
	Net worth (A+B+C-D)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35

GENERAL INFORMATION
IMPEX FERRO TECH LIMITED

Registered Office: 35, Chittaranjan Avenue, 4th Floor, Kolkata – 700012 (W. B.)
Tel.: 91-33-2211-9805/06 **Fax:** 91-33-2211-7871 **Email:** info@impexferrotech.com **Website:** www.impexferrotech.com
Registration No. 21- 71996

The company is registered at the Registrar of Companies, West Bengal located at Nizam Palace, IInd MSO Building, 2nd Floor, 234/4, A. J. C. Bose Road, Kolkata – 700020, India.

The offer is proposed to be listed at: Bombay Stock Exchange Limited (Designated Stock Exchange) and The National Stock Exchange of India Limited where the existing Equity Shares of the Company are presently listed.

BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of the Company comprises of 7 members as under:

Name	Designation	Status
Mr. Vimal Kumar Patni	Chairman	Non- Executive Chairman
Mr. Suresh Kumar Patni	Managing Director	Executive Director
Mr. Virendra Kumar Jain	Whole Time Director	Executive Director
Mr. Ajit Kumar Patni	Director	Non Executive Director
Mr. Chhatar Singh Dugar	Director	Independent & Non Executive
Mr. Prem Narayan Khandelwal	Director	Independent & Non Executive
Mr. Krishna Kumar Chanani	Director	Independent & Non Executive

Brief Profile of the Chairman and Executive Directors

Mr. Vimal Kumar Patni

Mr. Vimal Kumar Patni, s/o of Mr. Dharam Chand Patni, aged about 57 years, is the Chairman of the Company. He is a commerce graduate and has wide experience of around two decades in the Ferro Alloy and related Industries. He set up the group's first ferro alloys manufacturing unit under the name and style of Impex Ferro Tech Limited in 1998, 3 years after the company was incorporated in the year 1995. He looks after the overall management of the Company.

Mr. Suresh Kumar Patni

Mr. Suresh Kumar Patni, s/o of Mr. Dharam Chand Patni, aged about 46 years, is the Managing Director of the Company. He is a commerce graduate and has wide experience of around two decades in Ferro Alloy Industry. He looks after the Company's marketing aspects mainly due to his long association with the main bulk ferro alloys consumers. In 2002, he set-up another ferro alloy plant to manufacture High Carbon Ferro Chrome, and promoted Rohit Ferro-Tech Limited.

Mr. Virendra Kumar Jain

Mr. Virendra Kumar Jain, s/o of Mr. Dharam Chand Patni, aged about 35 years, is the Whole Time Director of the Company. He is a Bachelor in Civil Engineering and has experience of more than ten years in the Ferro Alloy Industry. He looks after the production and the overall management of the plants.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Pradip Kumar Agarwal

35, Chittaranjan Avenue,
4th Floor, Kolkata – 700012
Tel.: 91-33-2211-9805/06
Fax: 91-33-2211-7871
Email: info@impexferrotech.com

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/ share certificates/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders, etc.

LEGAL ADVISOR TO THE ISSUE

Mr. Sidhartha Sharma

Advocate, High Court Kolkata
Temple Chamber: 6, Old Post Office Street,
Room No. 64 (GF) & 107 (Top Floor)
Kolkata- 700 001
Tel: 91-33-2248 5337

BANKERS TO THE COMPANY

State Bank of India

Industrial Finance Branch,
11, DR. U. N. Brahmachari Street,
Kolkata – 700 017
Tel: 033 2287 3260/7607
Fax: 033-2287 9314
Email: sbi.01936@sbi.co.in

Punjab National Bank

31, C. R. AVENUE BRANCH,
Kolkata – 700 012
Tel: 033- 2211 1129/ 5355
Fax: 033-2211 8397

Bank of Baroda

33, C. R. AVENUE (SOUTH) BRANCH,
Kolkata – 700 012
Tel.: 033- 2211 7663
Fax: 033-2211 7663

AUDITORS

S. Jaykishan

Chartered Accountants

12, Ho-Chi Minh Sarani,
Suite No 2D, 2E and 2F, 2nd Floor
Kolkata – 700 071
Tel.: 033 2282 4942/43
Email: info@sjaykishan.com

LEAD MANAGER TO THE ISSUE

Microsec Capital Limited

Azimgunj House, 2nd Floor
7, Camac Street, Kolkata – 700 017
Tel.: 033 22829330
Fax: 033 22829335
E-mail: impex@microsec.in
Website: www.microsec.in
Contact Person: Mr. Pankaj Harlalka

REGISTRAR TO THE ISSUE

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor,
Kolkata – 700 001
Tel.: 033 2243 5029/5809
Fax: 033 2248 4787
E-Mail: mdpl@cal.vsnl.net.in
Contact Person: Mr. Rajagopalan

BANKERS TO THE ISSUE

[•]

CREDIT RATINGS

Since the present issue is a rights issue, no credit rating is required.

TRUSTEES

Since the present issue is of Equity Shares, appointment of Trustees is not required.

APPRAISING AGENCY

Under the Consortium arrangement between State Bank of India, Bank of Baroda and Punjab National Bank, State Bank of India has appraised the project.

MONITORING AGENCY

There is no outside independent Monitoring agency. The audit committee shall be responsible for monitoring the use of funds.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Microsec Capital Limited is the sole Lead Manager for this Issue, the entire Issue related activities are being handled by Microsec Capital Limited.

STANDBY UNDERWRITING AGREEMENT

The present Rights Issue is not underwritten. However, the Promoters have confirmed vide their Letter of Intent dated December 10, 2007 that they intend to subscribe to the full extent of their entitlement in the Issue. 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.

CAPITAL STRUCTURE

The capital structure of the company and related information is set forth below. For the purpose of this chapter bracketed numbers indicate negative figures.

		Rs. in Lacs	
		Aggregate Nominal Value	Aggregate Value at Issue Price
Authorized Share Capital			
5,20,00,000	Equity Shares of Rs. 10/- each	5,200.00	5,200.00
Issued, Subscribed and Paid Up Capital			
2,50,00,000	Equity Shares of Rs. 10/- each fully paid up	2,500.00	2,500.00
Present issue being offered to the Equity Shareholders through the Letter of Offer			
[•]	Equity Shares of Rs. 10/- each at a price of Rs. [•] per share	[•]	[•]
Paid Up capital after the Issue			
[•]	Equity Shares of Rs. 10/- each fully paid up	[•]	[•]
Share Premium Account			
	Existing Share premium account	NIL	[•]
	Share premium account after the issue	[•]	[•]

Changes in the Authorized Capital of the company since incorporation are given below:

On Incorporation	Initial Authorised capital of Rs. 100 Lacs
Feb.25 th 1997	Increase in the authorised share capital of the company from Rs. 100 Lacs to Rs. 500 Lacs.
Dec. 22 nd 1997	Increase in the authorised share capital of the company from Rs. 500 Lacs to Rs. 700 Lacs.
March 20 th 2000	Increase in the authorised share capital of the company from Rs. 700 Lacs to Rs. 750 Lacs.
Oct. 09 th 2000	Increase in the authorised share capital of the company from Rs. 750 Lacs to Rs. 850 Lacs.
Jan. 18 th 2001	Increase in the authorised share capital of the company from Rs. 850 Lacs to Rs. 1250 Lacs.
March 23 rd 2002	Increase in the authorised share capital of the company from Rs. 1250 Lacs to Rs. 1350 Lacs.
March 04 th 2003	Increase in the authorised share capital of the company from Rs. 1350 Lacs to Rs. 1550 Lacs.
March 15 th 2004	Increase in the authorised share capital of the company from Rs. 1550 Lacs to Rs. 2600 Lacs.
July 11 th 2007	Increase in the authorised share capital of the company from Rs. 2600 Lacs to Rs. 5200 Lacs.

Notes to the Capital Structure

1. a) Build up of Equity Share Capital

The following is the history of the Equity Share Capital of the Company:

Date of Allotment	No. of Equity Shares Allotted	Face Value (In Rs.)	Issue Price (In Rs.)	Cumulative paid-up capital (Rs in Lacs)	Consideration	Remarks
On Incorporation	700	10	10	0.07	Cash	Subscribers to the Memorandum of Association
March 29, 1996	71000	10	10	7.17	Cash	Allotted to Promoters/Others
February 20, 1997	615500	10	10	68.72	Cash	Allotted to Promoters/Others
March 31, 1997	1724000	10	10	241.12	Cash	Allotted to Promoters/Others
March 20, 1998	3221500	10	10	563.27	Cash	Allotted to Promoters/Others
November 24, 1998	867300	10	10	650.00	Cash	Allotted to Promoters/Others
March 25, 2000	955000	10	10	745.50	Cash	Allotted to Promoters/Others
October 11, 2000	860000	10	10	831.50	Cash	Allotted to Promoters/Others
March 26, 2001	3620000	10	10	1193.50	Cash	Allotted to Promoters/Others
June 18, 2001	560000	10	10	1249.50	Cash	Allotted to Promoters/Others
March 24, 2003	1005000	10	10	1350.00	Cash	Allotted to Promoters/Others
April 10, 2003	820000	10	10	1432.00	Cash	Allotted to Promoters/Others
November 28, 2003	180000	10	10	1450.00	Cash	Allotted to Promoters/Others
March 23, 2004	1842000	10	10	1634.20	Cash	Allotted to Promoters/Others
May 03, 2004	658000	10	10	1700.00	Cash	Allotted to Promoters/Others
January 25, 2005	8000000	10	10	2500.00	Cash	Initial Public Offering
Total	25000000					

1. b). Details of Share Premium Account prior to the Right Issue:

Date	No of Shares	Face Value	Issue Price	Premium Amt in Lacs	Cumulative Premium	Remarks
-	-	-	-	NIL	-	-

2. *Pre-issue shareholding pattern of the Company as on 31st December 2007 is as follows:*

Category code	Category of shareholder	No. of Shareholders	Total Number of shares	Total shareholding as a percentage of total number of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	13			
	Vimal Kumar Patni		235100	0.94%	0.94%
	Suresh Kumar Patni		226100	0.90%	0.90%
	Naresh Kumar Jain *		198100	0.79%	0.79%
	Virendra Kumar Jain		175600	0.70%	0.70%
	Ajit Kumar Patni		175000	0.70%	0.70%
	Vijay Kumar Patni		20000	0.08%	0.08%
	Dharam Chand Patni		15000	0.06%	0.06%
	Babita Jain *		5000	0.02%	0.02%
	Vikash Patni		5000	0.02%	0.02%
	Dhodwalal Enterprises Ltd.		4527500	18.11%	18.11%
	VSN Agro Products Ltd.		3930000	15.72%	15.72%
	Impex Cements Ltd.		2559500	10.24%	10.24%
	Patni Metal & Ferro Alloys Ltd.		2354000	9.42%	9.42%
	Sub-Total (A)(1)	13	14425900	57.70%	57.70%
2	Foreign				
	Sub-Total (A)(2)	Nil	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	13	14425900	57.70%	57.70%
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds & FIIs	Nil	-	-	-
(b)	Banks, Financial Institutions, Insurance Companies (Govt. / Non-Govt. Institutions)	Nil	-	-	-
	Sub-Total (B)(1)		-	-	-
2	Non-institutions				
(a)	Bodies Corporate	456	4014025	16.06%	16.06%
(b)	Indian Public	7130	6549132	26.20%	26.20%
(c)	NRIs / OCBs	23	10943	0.04%	0.04%
	Sub-Total (B)(2)	7609	10574100	42.30%	42.30%
	Total Public Shareholding (B) = (B)(1)+(B)(2)	7609	10574100	42.30%	42.30%
	TOTAL (A)+(B)	7622	25000000	100%	100%
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
		-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	7622	25000000	100%	100%

* Mr. Naresh Kumar Jain, brother of the individual Promoters, was a Director in the Company since incorporation. However, he resigned from the directorship of the company on September 25, 2006. Further, through an affidavit dated January 16, 2008 Mr. Naresh has severed all ties from the Company, his five brothers and all entities/ventures promoted by his brothers and their family. Mrs. Babita Jain is the wife of Mr. Naresh Kumar Jain. They are now interested in the Company only as outside shareholders.

3. Details of the transactions in Equity Shares by the Promoters and the promoter group during the last six months

The Promoters and the Promoters Group of the company have not purchased/ sold any equity shares of the company during the last six months.

4. Shareholding of the Directors of promoter companies in the Issuer Company

The following Directors of of VSN Agro Products Limited hold shares in the Issuer Company:

Name of Director	No. of shares	% of shareholding
Vimal Kumar Patni	235100	0.94%
Suresh Kumar Patni	226100	0.90%
Ajit Kumar Patni	175000	0.70%

The following Directors of of Dhodwala Enterprises Limited hold shares in the Issuer Company:

Name of Director	No. of shares	% of shareholding
Dharam Chand Patni	15000	0.06%
Vikash Patni	5000	0.02%
Ajit Kumar Patni	175000	0.70%

The following Directors of of Impex Cements Limited hold shares in the Issuer Company:

Name of Director	No. of shares	% of shareholding
Ajit Kumar Patni	175000	0.70%
Virendra Kumar Jain	175600	0.70%

The following Directors of of Patni Metals & Ferro Alloys Limited hold shares in the Issuer Company:

Name of Director	No. of shares	% of shareholding
Vikash Patni	5000	0.02%
Ajit Kumar Patni	175000	0.70%
Babita Jain	5000	0.02%

5. Top ten shareholders

- a. Top ten shareholders as on the date of filing this Draft Letter of Offer are as follows:(To be updated at the time of filing of the LOF)

Sl. No.	Name of shareholders	Shares Held	% Shareholding of
1.	Dhodwala Enterprises Limited	4,527,500	18.11
2.	Vsn Agro Products Limited	3,930,000	15.72
3.	Impex Cement Limited	2,559,500	10.24
4.	Patni Metal & Ferro Alloys Limited	2,354,000	9.42
5.	Kalyaneshwary Metals Pvt. Limited	501,000	2.00
6.	Destination Textiles Pvt. Limited	431,508	1.73
7.	Sudha Devi Prahaladka	368,500	1.47
8.	Vee Point Commerce Pvt. Limited	362,000	1.45
9.	Enarzier Commerce Pvt. Limited	250,000	1.00
10.	Vimal Kumar Patni	235,100	0.94
	TOTAL	15,519,108	62.08

- b. Top ten shareholders in the Company as on ten days prior to filling this Draft Letter of Offer are as follows: (To be updated at the time of filling of the LOF)

Sl. No.	Name of shareholders	Shares Held	% of Shareholding
1	Dhodwala Enterprises Limited	4,527,500	18.11
2	Vsn Agro Products Limited	3,930,000	15.72
3	Impex Cement Limited	2,559,500	10.24
4	Patni Metal & Ferro Alloys Limited	2,354,000	9.42
5	Kalyaneshwary Metals Pvt. Limited	501,000	2.00
6	Destination Textiles Pvt. Limited	431,508	1.73
7	Sudha Devi Prahaladka	367,000	1.47
8	Vee Point Commerce Pvt. Limited	362,000	1.45
9	Enarzier Commerce Pvt. Limited	250,000	1.00
10	Vimal Kumar Patni	235,100	0.94
	TOTAL	15,517,608	62.08

Top ten shareholders in the Company as of two years prior to filling this Draft Letter of Offer with SEBI are as follows: (To be updated at the time of filling of the LOF)

Sl. No.	Name of shareholders	Shares Held	% of Shareholding
1	Dhodwala Enterprises Pvt. Limited	4,527,500	18.11
2	Vsn Agro Products Pvt. Limited	3,930,000	15.72
3	Impex Cement Pvt. Limited	2,559,500	10.24
4	Patni Metal & Ferro Alloys Pvt. Limited	2,354,000	9.42
5	Kalyaneshwary Metals Pvt. Limited	501,000	2.00
6	Vee Point Commerce Pvt. Limited	362,000	1.45
7	West Bengal Industrial Development Corp	250,000	1.00
8	Vimal Kumar Patni	235,100	0.94
9	Suresh Kumar Patni	226,100	0.90
10	Naresh Kumar Jain	198,100	0.79
	TOTAL	15,143,300	60.57

6. The total number of members of the Company as on December 31, 2007 was 7622.
7. The present Issue being a rights Issue, as per SEBI guidelines, the requirement of promoters' contribution and lock-in are not applicable.
8. The Company has not instituted any employee stock option scheme as on the date of this Draft Letter of Offer.
9. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.
10. As on the date of this Draft Letter of Offer, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
11. The Promoters and Directors of the Company and Lead Manager of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.

12. The terms of issue to Non-Resident Equity Shareholders/Applicants have been presented under the section "Terms of the Issue" on page 170 of this Draft Letter of Offer.
13. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.
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 the Draft Letter of Offer with the SEBI and the date on which the Equity Shares issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, presently the Company does not have any intention to alter the equity capital structure by way of split/consolidation of the denomination of the shares, or issue of bonus or rights or public issue of shares or issue of shares on a preferential basis any other securities within a period of six months from the date of opening of the Issue.
15. The Issue will remain open for 30 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 60 days from the Issue Opening Date.
16. The Promoters have confirmed that they, along with relatives and the companies controlled by the Promoters (together hereinafter referred to as "Promoter" in this clause), intend to subscribe to the full extent of their entitlement in the Issue. The Promoters reserve the right to subscribe to their entitlement in the Issue 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. The Promoters will also apply for additional Equity Shares in the Issue, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire shares over and above their entitlement in the Issue, which may result in an their shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on "Objects of the Issue" on page 31 of this Draft Letter of Offer, 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, in this Issue, the Promoter shareholding in the Company exceeds their current shareholding. The Promoters intend to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements

However, the Promoters have confirmed that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the "permissible minimum level" on the basis of which the securities of the Company continue to be listed, they will either individually or jointly with other Promoters make an offer for sale of their holdings so that the public shareholding is raised to the "permissible minimum level" within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

In this context, the promoters of Impex Ferro Tech Limited have provided following undertaking:

"We hereby undertake that, in case the Rights Issue of Impex Ferro Tech Limited is completed with the promoters subscribing to equity shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the

“permissible minimum level” as specified in the listing condition or listing agreement, we will either individually or jointly with other promoters make an offer for sale of our holdings so that the public shareholding is raised to the “permissible minimum level” within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.”

OBJECTS OF THE ISSUE

The objects of the issue are as follows:

The present Rights Issue is being made by the Company to part finance its expansion plan for augmenting its manufacturing capacity at the exiting site by putting up a 5th submerged electric arc furnace of 7.5 MVA (15,825 MTPA) capacity for manufacturing HC Ferro Manganese. After the installation of 5th submerged arc furnace the total installed capacity of the unit shall be 31.85 MVA. The Furnaces are so designed as to produce other items of Ferro Alloys like High Carbon Ferro Chrome and Silico Manganese depending upon market demand. The Company also proposes to install a 30 MW AFBC (coal) based Captive Power Plant to feed the electric power requirement of the plant. The net proceeds of the Issue after deducting all issue related expenses are estimated to be approximately Rs. [●] Lacs.

The Main Object Clause and the objects incidental to the main object clause of the Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised in the present issue.

FUND REQUIREMENTS

The net proceeds from the issue shall be utilised to part finance the Expansion Plan of setting up a 5th submerged electric arc furnace of 7.5 MVA (15,825 MTPA) capacity for manufacturing HC Ferro Manganese and also proposes to install a 30 MW AFBC (coal) based Captive Power Plant to feed the electric power requirement of the plant at its location at Kadavita-Dendua Road, P.O.: Kalyaneshwari, P.S.: Kulti, District: Burdwan, West Bengal.

		Rs. in Lacs
Sl.No.	Name of the Project	Amount
1.	Setting up of 5 th submerged electric arc furnace of 7.5 MVA (15,825 MTPA) capacity for manufacturing HC Ferro Manganese	1,794.12
2.	Installation of 30 MW AFBC based Captive Power Plant to feed the electric power requirement of the plant	13,493.11
3.	Issue Expenses	50.00
	Total Fund Requirements	15,337.23

Means of Finance

		Rs. in Lacs
Particulars	Amount	
Term Loans from Banks*	8,575.00	
Proceeds of the right issue	4,000.00	
Unsecured Loans	2,162.23	
Internal Accruals	600.00	
Total	15,337.23	

*The company has already been sanctioned term loans amounting to Rs. 8,575.00 Lacs by State Bank of India (Rs. 4,100.00 Lacs), Punjab National Bank (Rs. 2,500.00 Lacs) and Bank of Baroda (Rs. 1,975.00 Lacs) vide their sanction letters dated April 28, 2006, September 12, 2006 and September 14, 2006 respectively.

The above fund requirement and deployment is based on the estimates prepared by the company in consultation with the technical advisors and has been appraised by the bankers. The fund requirement is based on the current business plan. In view of the highly competitive and dynamic nature of the industry in which the Company operates, it may have to revise the business plan from time to time and consequently the fund requirement may also change.

The details of the term loans sanctioned

The entire term loan requirement has been tied up by the Company. The details of the various term loans sanctioned by the Banks as on date of filing this Draft Letter of offer are as follows:

			Rs. in Lacs
Name of Bank	Amount Sanctioned	Date of Sanction	
State Bank of India	4,100.00	April 28, 2006	
Punjab National Bank	2,500.00	September 12, 2006	
Bank of Baroda	1,975.00	September 14, 2006	
TOTAL	8,575.00		

Firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue, have been made by the Company.

APPRAISAL

The project has been appraised by State Bank of India and the total estimated cost as per the appraisal report was Rs. 14,270 Lacs. The cost of the project has increased by Rs. 1,017.23 Lacs. This is because the Company has chosen contemporary technology and is installing high end machines to produce quality products at competitive costs.

DETAILED BREAK-UP OF PROJECT COST

A. Electric Arc Furnace

The following table summarizes the project costs for the Arc Furnace:

SL. NO.	DESCRIPTION	Rs. in Lacs
		Arc Furnace
1.	Land & Site Development Cost	10.80
2.	Building and Civil Construction Cost	137.28
3.	Plant & Machinery	902.09
4.	Miscellaneous Fixed Assets	345.85
5.	Technical Know How Fees	15.00
6.	Preliminary Expenses	1.06
7.	Pre-operative Expenses	75.39
8.	Contingencies	27.80
9.	Working Capital Margin	278.85
	TOTAL COST	1,794.12

Details of cost for the Submerged Electric Arc Furnace

1. Land & Site Development

The fifth Furnace will come at the existing land of the Company and hence cost of land has not been considered. The Land is located at Kalyaneshwari, Mouza Debipur, near Kulti, District Burdwan, West Bengal. The land is free from any encumbrances and the Company has a clear occupation for the same. The details of the cost for the Land and site development are as follows:

Sr. No.	Description	Qty.	Rate	Rs. in Lacs
				Amount
1	LAND	0 Kathas	0.00	0.00
2	SITE DEVELOPMENT EXPENSES			
	a) Land Filling	2 Acre	0.50	1.00
	b) Internal Roads	370 Sq. Mtr.	0.0075	2.78
	c) Boundary Wall including Gates etc.	0 RFT	0.00	0.00
	d) Compound Lighting (Sodium Vapour Lamps)	4	0.10	0.40
	e) Sewerage System	Lumpsum	-	1.00
	f) Water Storage Sump & Reservoir	7500 Cu. Ft.	0.00075	5.62
	TOTAL			10.80

2. Building and Civil Construction Cost

The estimated cost of building and civil construction for the project is Rs. 137.28 lacs. The details of the cost are as follows:

Sr. No	Item Description	Type of Const.	Covered Area (Sq. Ft.)	Rate (Rs.) /Sq. Ft.	Total Cost (Rs. in Lacs)
1	Main Furnace Bay	Steel	13500	450	60.75
2	Crane Bay Area	Steel	6000	350	21.00
3	Finished Goods Stripping & Storage Shed	RCC	4500	300	13.50
4	Pump House with Softening Plant	RCC	1000	250	2.50
5	Auxiliary Room				
	a) 1 st Floor	RCC	3750	200	7.50
	b) 2 nd Floor	RCC	3750	150	5.63
6	Shell Foundation with 1000 MT Load Bearing Capacity	RCC	600	1250	7.50
7	Civil Work including Platforms, Tanks etc.	-	-	-	10.00
8	Misc. Minor Civil Works	-	-	-	5.00
9	Overhead Tank	-	CUM	6000	3.90
	TOTAL				137.28

3. Plant & Machinery

The total cost for Plant & Machinery for the project is estimated at Rs. 902.09 lacs. The details of the cost are as follows:

Orders Placed and Machinery received

Rs. in Lacs			
Date of Order	Name of the Supplier	Type of Equipment	Cost (RS. In lacs)
		7500 KVA Submerged Arc Furnace	
20-Dec-07	M. Rajkrishnan & Co. Khandelwal Steel Tube Dipak Enterprises	Cooling water system complete with misc. items like Limit s/w. Thermocouples Switches, Control Cabling, pr. s/w blowers, Hydraulic & water piping, Insulating material Arching gun & complete hardware	25.00
11-Sep-07	Ravasco Transmission	Raw Material Handling	5.36
23-Jul-07	Midas Auto Soft Engineer	Raw Material Handling	3.14
28-Jun-07	Ferrocure Machine Pvt. Ltd.	Cooling water system complete with misc. items like Limit s/w. Thermocouples Switches, Control Cabling, pr. s/w blowers, Hydraulic & water piping, Insulating material Arching gun & complete hardware	1.56
		Fabricated Components	
28-Mar-07	Maithan Ceramic Ltd.	First set of Refractories complete for SAF	2.44
28-Feb-07	Grindwell Norton Ltd.	First set of Refractories complete for SAF	6.30
13-Feb-07	Various Steel Party as M.P.Trading Co, Sethi Enterprises,K.D.Gupta etc	M. S. Steel & Structural members	50.00

13-Feb-07	OCI Copper Pvt. Ltd.	Electrode contact clamp duly machined alongwith the pressure ring. cooling arrangement etc.	31.39
13-Feb-07	OCI Copper Pvt. Ltd.	Terminal connector castings duly machined made out of 85/15 brass material	5.10
13-Feb-07	OCI Copper Pvt. Ltd.	Copper flexible cables of suitable cross-section made out of electrolytic copper and cast terminal ends duly assembled.	20.69
13-Feb-07	OCI Copper Pvt. Ltd.	Copper Bus –Tubes	58.68
13-Feb-07	OCI Copper Pvt. Ltd.	Copper Bus-bars with insulating supports	13.00
		Raw Material Handling system	
12-Feb-07	International Combustion	Raw Material Handling	11.96
09-Feb-07	Tourbo Furguson (India) Pvt. Ltd.	Raw Material Handling	47.54
22-Jan-07	New Hydro Equipments Pvt. Ltd.	Hydraulic Powerpack & Cylinders	14.68
07-Nov-07	Ultimate Commodities	Steel & SSS Steel (for both Plant & Machinery & Material Handling System)	32.07
		TOTAL	328.91

Machinery/Items yet to be delivered

Rs. in Lacs

Date of Order	Name of the Supplier	Type of Equipment	Cost	Expected Date of Delivery
		7500 KVA Submerged Arc Furnace		
17-May-07	Incotech Engineers Pvt. Ltd.	Furnace control panel	22.23	Feb-08
-	Various Suppliers	Tapping gun assembly with trolley	49.26	Feb-08
		Fabricated Components	-	
25-Nov-06	Duo Engineers & Various Steel Party like M.P.Trading Co, Sethi Enterprises, Mudrika Steel, K.D.Gupta etc	Fabricated Shell, Smoke hood, Suspension mentle, one nos. of Chimney, Cooling cylinders and Misc. fabrication	289.94	Feb-08
10-Jun-07	Hindalco Industries Ltd.	First set of Refractories complete for SAF	33.51	Feb-08
		Supervision Charges for Erection and Commissioning of Furnace only	15.00	Mar-08
		Raw Material Handling system	-	
-	Various Parties	Ferro Manganese (10 ton capacity)	103.48	Mar-08

-		Erection and Commissioning for the above	11.50	Mar-08
-	Orders yet to be Placed*	Ladles of 5 M.T. Capacity with Refractory Lining	8.63	Feb-08
-	Orders yet to be Placed*	C.I. Moulds	2.01	Feb-08
-	Orders yet to be Placed*	Ladle Preheater with Heating and Pumping Unit, Day Tank, Blower etc.	5.29	Feb-08
-	Orders yet to be Placed*	Transfer Track with Ladle Car	10.76	Feb-08
-	Orders yet to be Placed*	Water Circulation Pumps for Fume Extraction System	7.19	Feb-08
-	Orders yet to be Placed*	Feeding System, Hopper, Bins etc for Converter Feeding	7.19	Feb-08
-	Orders yet to be Placed*	Ladles & Bail Arms	7.19	Feb-08
		TOTAL	573.18	

* The above material are readily available in the market & shall be ordered as and when needed.

4. Miscellaneous Fixed Assets

The total cost for Miscellaneous Fixed Assets for the project is estimated to be Rs. 345.85 lacs. The details of the cost are as follows:

Orders placed and items received

Rs. in Lacs			
Date of Order	Name of the Supplier	Type of Equipment	Cost
22-Jan-07	Siemens	Other Electrical Accessories	12.67
28-Mar-07	Sandas & Co.	Other Electrical Accessories	2.58
08-Mar-07	Silkaan Transelectrical Manufacturing Co. Pvt.	Other Electrical Accessories	0.65
18-May-07	Shree Vishnu Agencies	Other Electrical Accessories	1.17
18-May-07	Transelectricals	Other Electrical Accessories	1.57
15-Sep-07	Energe Capacitor	Other Electrical Accessories	5.95
-	Order yet to placed	Line Interconnecting Charges	15.00
		TOTAL	39.59

* The above material are readily available in the market & shall be ordered as and when needed.

Items not yet received

Rs. in Lacs				
Date of Order	Name of the Supplier	Type of Equipment	Cost(RS. In lacs)	Expected Date of Delivery
		For SAF		
10-Jan-08	Southern Cooling Tower Pvt. Ltd.	Cooling Tower	6.54	Feb-08
-	Order yet to placed*	Water Pumps	3.75	Feb-08
-	Order yet to placed*	Water Treatment Plant	1.56	Feb-08

-	Order yet to placed*	Fire Fighting Equipment	2.50	Mar-08
04-Dec-07	Atlas Copco (India) Ltd.	Compressed Air System	6.95	Feb-08
-	Order yet to placed*	Weighing Scales 1 M. T.	1.50	Feb-08
18-Sep-07	S.H.Engineering Pvt. Ltd.	Pollution Control Equipment	72.68	Feb-08
22-Sep-07	Electricals & Electronics	Pollution Control Equipment	4.03	Feb-08
22-Sep-07	Order yet to be placed *	Forklift	7.85	Mar-08
-	Order yet to be placed *	Fuel Oil Storage and Distribution System	4.50	Mar-08
		Electricals	-	
22-Nov-06	Makpower Transformers Pvt. Ltd.	Furnace Transformer 9000 KVA	175.65	Feb-08
-	Order Yet to be placed*	Power Transformer	18.75	Mar-08
		TOTAL	306.26	

* The above material are readily available in the market & shall be ordered as and when needed.

B. Captive Power Plant

The following table summarizes the project costs for the Captive Power Plant:

		Rs. in Lacs
SL. NO.	Description	Captive Power Plant
1.	Land & Site Development Cost	11,858.10#
2.	Building Cost	
3.	Plant & Machinery	
4.	Miscellaneous Fixed Assets	
5.	Technical Know How Fees	
6.	Preliminary Expenses	14.94
7.	Pre-operative Expenses	1,106.50
8.	Contingencies	395.63
9.	Working Capital Margin	117.94
	Total Cost	13,493.11

The company on a turn key basis has placed orders with Engineering & Industrial Consultancy Services (EICS) & EICS Power Services (P) Ltd. (EPSPL) for the Captive Power Plant.

The details of the agreement entered with Engineering & Industrial Consultancy Services & EICS Power Services (P) Ltd.

1. Agreement with Engineering & Industrial Consultancy Services

The Company has entered into an agreement dated April 10, 2007 with EICS for supply of Plant & Machineries to the company at Kalyaneswari, Kulti, West Bengal. The amount of Rs. 9,935.69 Lacs represents payment towards supply of Plant & Machineries by EICS.

EICS is a company incorporated under the provisions of the Companies Act, 1956 and has its registered office at G.V.-19, Geetanjali Vihar, Ameri Road, Bilaspur- 495 001.

EICS provides the complete range of services needed to conceptualise, design, engineer and construct projects to meet the specific requirements of its clients. Its association with clients

extends beyond the commissioning of their plants through monitoring operation of each plant and accumulating feed-back on performance.

Scope of Services

EICS will supply plant & Machinery to the company. The details of the Plant & Machinery that will be provided are as follows-

- Steam Generator & Auxiliaries
- Boiler Feed water
- Turbo Generator & Auxiliaries
- Fuel Handling System
- Ash Handling Systems
- Filtration & DM Plant
- Piping
- Insulation
- Electrical System
- Instrumentation & Control System
- For the AFBC Boiler- Three element drum level control, Furnace Draft Control, Combustion Control, Attenuator Control
- Turbine Control Panel & Turbine Gauge panel
- Miscellaneous

Delivery

All the equipments including the two sets of 70TPH Boiler and 15MW Turbine shall be delivered within 18 months from the date of order i.e. by October 2008.

Price Escalation

To safe guard from price escalation the issuer company has entered a clause with EICS that no price escalation will be provided during/completion of the agreement/contract.

Mode of Payment

The contract price as mentioned above includes all taxes & duties including transportation cost to the site. Payment made to parties directly by Impex shall be subtracted from the total contract value.

2. Agreement with EICS Power Services (P) Ltd. (EPSPL)

The Company has also entered into an agreement dated April 10, 2007 with EPSPL for services relating to setting up of the captive power plant, which include construction of Civil Work, erection & Commissioning of Plant & Machineries, design & engineering & Project management. The amount of Rs. 1,922.41 Lacs represents payment towards rendering of the above services by EPSPL.

Scope of Services

The details of the Scope of services to be provided by EPSPL are as follows-

Detailed Engineering- EPSPL will freeze all the technical parameters for the project. EPSPL will prepare diagram for various systems of the power plant, plot plan, layouts, procurement specification etc. This will also include various auxiliary facilities.

EPSPL will finalize the print layout & auxiliaries in consultation with the company & specification of the equipments required.

EPSPL will design and prepare all drawings for the plant service air and instrument air system including compressor, drier & auxiliary. EPSPL will also design & prepare specification of required equipments, distribution plan for air conditioning & ventilation. EPSPL will finalize the designs & prepare specifications for the piping system, Electrical.

Civil Design & Construction- EPSPL will design and prepare civil construction drawings for main turbo generator building and equipment foundations including turbo generator, boiler, RCC chimney and auxiliary equipment on the basis of certified foundation outline drawings, embedment details. It will also review the structural design drawings prepared and submitted by vendors of fuel handling system and ash handling system.

Project Management Support-EPSPL will also provide the Project Management Support (Site Supervision, co-ordination, execution). EPSPL will make overall project time frame, follow up with the vendors, identifying delay & also deviation from planned schedule, periodic monitoring and updating work schedule.

Site Fabrication, Erection & Commissioning- EPSPL will erect & commission FBC Boiler & auxiliaries- 2*70 TPH, TG & auxiliaries-2*185 MW, cooling tower 7 auxiliaries, fuel handling system, compressed air system, chimney etc. EPSPL will also run power plant continuously for 72 hrs. without interruption and testing of all/equipments.

Others-EPSPL will submit all technical matters at the time of meetings. Submission of drawings/ clarification/ explanation while dealing or processing with Government/ all statutory agencies for getting approval for installation & Commissioning of power plant.

Statutory fees & miscellaneous fees for obtaining approvals including chief Electrical Inspectorate of Government approval, calibration of energy tariff meters by Government authorities, necessary documents to obtain approvals, etc. shall be in place in the scope of EPSPL.

To safe guard from price escalation the issuer company has entered a clause in the agreement with the EPSPL that no price escalation will be provided during/completion of the agreement/contract.

C. Issue Expenses

The total issue expenses are estimated to be around Rs. 50 Lacs. The break-up of the expenses is as under:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Fees of Lead Manager, Registrar, Legal Advisor, Auditors	23.81
2	Printing & Stationery, Distribution, Postage, etc.	6.25
3	Advertisement & Marketing Expenses	10.00
4	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	6.00
5	Contingencies	3.94
	Total	50.00

Schedule of Implementation

	Submerged Arc Furnace		Captive Power Plant	
Activity	Start	End	Start	End
Civil Work	February-2007	February-2008	April-2007	May-2008
Plant & Machinery	November-2006	February-2008	April-2007	September-2008
Erection of Equipment	August-2007	March-2008	May-2008	November-2008
Trial Run	March-2008	April-2008	December-2008	February-2009
Commercial Production	April-2008	N.A.	March-2009	N.A.

Deployment of Funds in the Project

The Company has already deployed a sum of Rs. 3626.19 Lacs up to November 30, 2007 towards the objects of the present issue. The same has been certified by S. JAYKISHAN, Chartered Accountants, the Statutory Auditors of the Company, vide their certificate dated December 22, 2007. The details of the funds already deployed are as under:

Rs. in Lacs		
Sl. No.	Particulars	Amount
1.	Land & Site Development	12.69
2.	Buildings	169.58
3.	Plant & Machinery	479.78
4.	Technical & Consultancy Fees	0.46
5.	Cenvat Credit & VAT Receivables on Capital Goods	87.79
6.	Advance against Project	2,675.21
7.	Pre Operative Expenses(Interest & Loan Processing Charges)	261.48
8.	Preliminary expenses	13.28
9.	Less: Sundry Creditors for Capital Goods/Expenses	62.56
	TOTAL	3,626.19

Sources of Funds already deployed

Rs. in Lacs		
Sl.No.	Particulars	Amount
A.	Disbursement of Term Loan from Banks	
	SBI,PNB & BOB	2,084.25
C.	Unsecured Loan	1,440.00
B.	Internal Accruals (B/F)	101.94
	Total	3,626.19

Year wise Break-up of the expenditure incurred proposed to be incurred on the said Project

Rs. in lacs	
Year	Proposed expenditure to be Incurred
Incurred till 30.11.2007	3,626.19
2007-08	4,250.00
2008-09	1,1037.73
Total	1,5287.73

Interim use of Funds

Pending utilization 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. A part of the proceeds of the Issue, pending utilization for the purposes described above, may also be used by the Company to temporarily reduce its working capital borrowings from Banks.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors included in page numbers 7 to 15

and the details about the Company and its financial statements included in this Draft Letter of Offer. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

Long Standing of the Group- The Company is the flagship company of the Impex Group, a leading manufacturer of ferro alloys in the country. The group is engaged in the ferro alloy and related industries for the last 2 decades and the company would derive benefit from the brand equity and goodwill created by the group.

Strong Board of Directors and Management team- The composition of the board of directors enables the Company to draw on their varied experience by providing strategic vision and good governance practices. The Board is ably assisted by a strong team of Professionals from various fields.

Captive power Plant- The Company is setting up a captive power plant of 30 MW and its installation shall reduce the power cost considerably which would in turn decrease the production cost substantially.

Quality Standards - The company adheres to strict quality standards in respect of the process of production and end products. The Company is ISO 9001:2000 certified.

Financial closure for the project- The entire project has been financially closed, with a consortium of bankers lending Rs. 8,575.00 Lacs to Company

Quantitative Factors

Adjusted Earnings Per Share (EPS)	Amount (Rs)	Weight Used
2004-05	2.44	1
2005-06	1.94	2
2006-07	1.14	3
Weighted Average	1.62	
Price Earning Ratio (P/E) in relation to Issue Price of Rs. [•]		
Based on March 31, 2007 EPS of Rs 1.14	[•]	
Industry P/E		
Highest	25.2	
Lowest	6.45	
Average	8.89	
Return on Net Worth		
2004-05	12.22%	1
2005-06	11.65%	2
2006-07	6.36%	3
Weighted Average	9.10%	
Minimum Return on Total Net Worth after issue needed to maintain EPS of Rs. 1.14		
Total Net Worth after Issue (Rs. in Lacs)	[•]	
No. of Equity Shares after the Issue (in Lacs)	[•]	
Profits Required to get the required EPS (Rs. In Lacs)	[•]	
Minimum Required RONW to maintain the above EPS	[•]	
Net Asset Value (NAV)		

As at 31 st March 2007	17.90	
After Issue	[●]	
Issue Price	[●]	

Notes:

- The Earnings per Share and the Return on Net Worth have been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years if any.
- The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.
- Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.

Comparison with Financial ratios of the Peer Group

Name of the Company	Period Ended	Ratios				
		Book Value	RONW %	EPS	P/E Ratio	Price as on 18/01/08
Facor Alloys	31-03-07	(0.90)	-	0.70	8.70	15.00
Ferro Alloys Corporation	31-03-07	4.40	21.20	0.80	20.50	40.00
Maharashtra Elektros melt Limited	31-03-07	28.20	30.20	7.30	96.30	857.00
GMR Industries Limited	31-03-07	55.10	16.10	9.00	-	136.00
Rohit Ferro Tech Limited	31-03-07	35.50	21.80	5.80	10.30	101.00
Issuer Company						
Impex Ferro Tech Ltd.#	31-03-07	17.90	6.36	1.14	17.00	24.00

* Source: Capital Market

Vol XXII/24, Jan 28-Feb 10, 2008

Source: Audited Balance Sheet of the company for the year ended 31-03-07

The Face value per share is Rs. 10/- and the issue Price of Rs. [●] is [●] times the Face Value.

The Lead Manager believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page no.109 of the Draft Letter of Offer to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Impex Ferro Tech Limited
35, C.R. Avenue,
Kolkata- 700 012

Dear Sirs,

That under the current provisions of the Income Tax Act, 1961 and other applicable laws for the time being in force, the following benefits are available to the Company and to the members of the Company.

1. Key benefits available to the Company under the Income Tax Act, 1961 ("the Act")

A) BUSINESS INCOME:

I. Depreciation

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 any new plant and machinery (other than ships and aircraft) that will be acquired by the Company, the Company is entitled to a further sum 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 (AY) can be carried forward and set off against any source of income in the subsequent AYs as per section 32 of the Act.

II. Preliminary Expenditure:

As per section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit of an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in the said section.

III. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

IV. Expenditure on Scientific Research:

As per Section 35, the company is eligible for –

– deduction in respect of any expenditure (not being expenditure on acquisition of land) on scientific research related to the business subject to conditions specified in that section.

V. Carry forward of business loss

Business losses, if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

VI. MAT Credit:

As per Section 115JAA(1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any AY commencing on or after April 1, 2006 against normal income-tax payable in subsequent AYs. MAT credit shall be allowed for any AY to the extent of difference of the tax paid for any AY under 115JB and the amount of tax payable as per the normal provisions of the Act for that AY. Such MAT credit will be available for set-off upto 7 years succeeding the AY in which the MAT credit is allowed.

B) CAPITAL GAINS:

I. (a) Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

(b) Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

II. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
W.e.f from AY 2007-2008, income by way of long term capital gain exempt u/s 10(38) of a company shall be taken into account in computing the Book profit and income-tax payable under section 115JB.

III. As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

(a) As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable SC + EC).

(b) However as per proviso to section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceed 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

IV. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT.

V. As per section 71 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains for subsequent 8 years.

VI. As per section 71 read with section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long term capital gains for subsequent 8 years.

VII. Under section 54EC of the Act, capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bond issued by the following and subject to the conditions specified therein –

- National Highway Authority of India constituted under Section 3 of National Highway Authority of India Act, 1988
- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/ conversion.

The investments in the Long Term Specified Asset made by the company on or after April 1, 2007 during the financial year should not exceed 50 Lakhs rupees.

C) INCOME FROM OTHER SOURCES

Dividend Income:

Dividend (both interim and final) income, if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under Section 10(35) of the Act.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a domestic company is exempt under Section 10(34) read with Section 115O of the Act.

b) Capital gains:

i) Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders.

In addition to the same, the following benefits are also available to resident shareholders.

ii) As per Section 54F of the Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c) Rebate:

In terms of Section 88 E of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions subject to conditions and limit specified in that section.

2.2 Non-Resident Members

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under Section 10(34) read with Section 115O of the Act

b) Capital gains:

Benefits outlined in Paragraph 2,1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result, of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates

prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

c) Rebate:

Benefits outlined in Paragraph 2.1.c above are also applicable to the non-resident shareholders.

d) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

e) Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A

- i Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- ii Specified foreign exchange assets include shares of an Indian company acquired/ purchased/subscribed by NRI in convertible foreign exchange.
- iii As per section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable SC + EC). No deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.
- iv As per section 115E, LTGC arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC).
- v As per section 115F, LTCG on transfer of a foreign exchange asset shall be exempt under Section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.
- vi As per section 115G, if the income of an NRI taxable in India consists only of income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.
- vii As per section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are converted into money.
- viii As per section 115I, the NRI can opt not be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

2.3 Foreign Institutional Investors (FIIs)

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

b) Capital gains:

- i. Under Section 115AD, income (other than income by way of dividends referred in Section 115O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC & EC). No deduction in respect of any expenditure/allowance shall be allowed from such income.
- ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:
 - As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC).
 - LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). The benefit of indexation of cost of acquisition, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

2.3.3 Exemption of capital gains from income-tax

- i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 1(B)(vii) above.

2.3.4 Rebate:

Benefits as outlined in Paragraph 2.1.c above are also available to FIIs.

2.3.5 Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

2.4 Key Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

3. Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax.

Notes:

- a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For S. Jaykishan
Chartered Accountants

VIVEK NEWATIA
PARTNER

M.No.: 062636

Place: Kolkata

Date: December 20, 2007

INDUSTRY OVERVIEW

THE FERRO ALLOYS INDUSTRY

Ferro Alloys are alloys of Chromium, Manganese, Silicon etc. Ferro Alloys are used in steel making as an additive for imparting strength and quality required in a particular grade of Steel. Ferro Manganese, Silicon Manganese & Ferro Silicon are used in Steel making in different proportion depending upon the grade of the Steel. Ferro Chrome is used for manufacture of various grades of Stainless Steel and other chromium bearing Alloy Steel. Growth of Ferro Alloys Industry is directly linked to growth of Steel Industry. Consumption of Ferro Chrome is linked with growth of Stainless Steel and other Alloy Steel.

Ferro-alloys are used in the manufacture of all grades of steel including stainless steel, alloy steel, castings and other engineering products. Ferro alloys are alloys of iron with a high proportion of elements such as manganese, silicon, chromium, and molybdenum. Each alloy is generally named after the added metal – for example, Ferro Chrome, Ferro Manganese, Ferro Silicon etc. Ferro alloys can be further classified as bulk and noble ferro alloys. India has one of the largest deposits of manganese ore and chrome ore in the world.

The Ferro Alloys in India Industry was established during the second five-year plan, as an ancillary industry to cater to the growing needs of the domestic Steel Industry. The Industry's present capacity is around 3.25 Million Tonnes. The products covered are: Manganese Alloys (HC, MC and LC Ferro Manganese and Silico Manganese), Ferro Silicon, Chrome Alloys (HC, MC & LC Ferro Chrome, Silico Chrome and Charge Chrome), Noble Ferro Alloys (Ferro Molybdenum, Ferro Vanadium, Ferro Tungsten, Ferro Silicon Magnesium, Ferro Boron, Ferro Titanium) etc.

The Industry produces around 1.2 million tonnes with almost 25 % to 30 % of the production being exported every year, worth about Rs 15,000 million. The country has sufficient raw material resources, highly qualified manpower, latest equipments and technologies, which have contributed in India being recognized as a major Ferro Alloy producing country in the world. Quality-wise, Indian Ferro Alloys are rated amongst one of the best in the world. India is established as a regular exporter of Silico Manganese and HC Ferro Chrome, with major exports to countries like Bangladesh, Europe, Germany, Indonesia, Japan, Korea etc.

Thus, the Ferro Alloys Industry, considered to be a vital industry, needs to be encouraged. It is envisaged by the planners that the Industry should produce larger quantities of basic alloys, which are required for the growth of the Steel Industry at home and also to cater to the international demand.

Capacity and Performance of the Industry

Ferro alloys industry is a power intensive industry. The total load of the Industry has grown almost 8 to 9 times from 130 MVA in the mid sixties to over 1000 MVA. The installed capacity of the Industry is now 1.9 million tonnes of bulk and noble ferro alloys. The capacity of manganese alloys is around 11,89,000 tonnes and ferro chrome/charge chrome about 7,02,000 tonnes. The production has gone up from 1.02 million tonnes in 2002-03 to 1.24 million tones in 2003-04, an increase of 21.93%.

The ferro alloys units have incorporated the latest technology in order to use low grade ores both lumps as well as fines, after necessary beneficiation and agglomeration by installing in-house Beneficiation Plant and Briquetting Plant. The Units have also incorporated effective pollution control measures, in the form of gas cleaning, deoxidizing and waste heat recovery.

Stainless Steel demand- the major growth demand for the industry

Fastest growing metallic material: From 1980 till today stainless steel demand has grown at the highest pace among all metallic materials ahead of steel, zinc, copper and aluminium. Stainless steel was initially used in kitchen ware; in India 85% of the stainless still produced is still utilised in this segment. However globally the applications of stainless still have increased with the users industries being:

- Architecture

- Construction
- Infrastructure
- Electrical equipments
- Consumer durables
- Plants and machinery
- Transportation

Global demand: Global demand for stainless steel has remained strong with Asia accounting for the increased demand. China has been the main consumer with the consumption pie of Cr-Mn Stainless Steel increasing from 5% in 2001 to nearly 20% in 2005. International Stainless Steel Forum figures show that stainless steel crude steel production has increased in the first half of 2007 by 9.1% YoY. In Asia, stainless steel production grew by 20.2% with China growing at 54% and India at 7%.

Domestic demand: Indian per capita consumption of stainless steel is ~1.1 kg which is lower than that of China at ~4 kg and developed countries in range of 15-20 kg. India is a net exporter of steel with 30% of its production being exported. However, with retail and infrastructure segments growing this scenario is likely to change and stainless steel is expected to grow at 12-15% annually going forward.

The industry structure (by capacity) represents as follows:

Particulars	Units	Production
Ferro Manganese	64	19,57,000
Ferro Silicon Manganese	29	1,97,380
Ferro Chrome Alloys	26	10,55,000
Noble Ferro Alloys	37*	40,000*
Total	156	32,49,380

(*) Estimated

Present Working Capacity:

Particulars	Units	Production
Ferro Manganese	55	16,71,300
Ferro Silicon Manganese	20	1,45,050
Ferro Chrome Alloys	22	9,27,440
Noble Ferro Alloys	37	35,000
Total	134	27,78,440

(*) Estimated

Export of Ferro Alloys

Exports, which were around 15% of the production when the liberalized policy was introduced in 1991-92, are now around 35% of the total production. In terms of value, exports, which were around Rs. 25,000 Lacs, had crossed Rs. 50,000 Lacs in 1997-98. However, there was a slow down in the exports during 1999-2000; dropping to Rs. 39,250 Lacs due to global recession in the steel industry. The exports of ferro alloys touched an all time high of Rs. 55,460 Lacs during 2000-2001. However, it again dropped to Rs. 27,310 Lacs in 2001-2002 as it was unable to compete in the international market due to high power tariff. The industry has already established itself as a regular exporter of high carbon ferro chrome and silicon manganese. It has potential to export manganese alloys, ferro silicon, silico magnesium etc.

Details of export of Ferro Alloys for the last five years are given hereunder:

In Lacs Tones

Year	Quantity
1999-00	2.06
2000-01	2.65
2001-02	1.52
2002-03	1.82
2003-04	2.52

Source Indian Ferro Alloys Producers' Association, Mumbai, www.ifapainc.org

FERRO SILICON MANGANESE & FERRO MANGANESE

Ferrosilicon, or **ferrosilicium** is an alloy of iron and silicon in between 15 and 90%. It contains a high proportion of iron slides. Its melting point is about 1200 °C to 1250 °C with a boiling point of 2355 °C. It also contains about 1 to 2% of calcium and aluminium. Ferrosilicon is used in steel making and foundries as a source of silicon in production of carbon stainless steels, and other ferrous alloy for its deoxidizing properties, to prevent loss of carbon from the molten steel (so called *blocking the heat*); ferro manganese, silicides of calcium, and many other materials are used for the same purpose. It can be used to make other ferroalloys. Ferrosilicon is also used for manufacture of silicon, corrosion-resistant and high-temperature resistant ferrous silicon alloys, and silicon steel for electro motors and transformer cores. In manufacture of cast iron, ferrosilicon is used for inoculation of the iron to accelerate graphitization. In arc welding, ferrosilicon can be found in some electrode coatings.

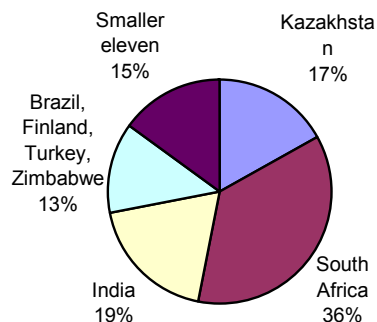
Ferrosilicon is a basis for manufacture of prealloys like magnesium ferro silicon (FeSiMg), used for modification of melted malleable iron; FeSiMg contains between 3-42% of magnesium and small amounts of rare earth metals. Ferrosilicon is also important as an additive to cast irons for controlling the initial content of silicon. In contact with water, ferrosilicon may slowly produce hydrogen. Ferrosilicon is produced by reduction of silica or sand with coke in presence of scrap iron, millscale, or other source of iron. Ferrosilicons with silicon content up to about 15% are made in blast lined with acid fire bricks. Ferrosilicons with higher silicon content are made in electric arc furnaces. An overabundance of silica is used to prevent formation of silicon carbide. Microsilica is a useful byproduct.

Ferro manganese, a ferro alloy with high content of manganese, is made by heating a mixture of the oxides MnO_2 and Fe_2O_3 , with carbon in a furnace. They undergo a thermal decomposition reaction. It is used as a deoxidizer for steel.

Ferrochrome

Ferrochrome (FeCr) is an alloy of chrome and iron containing 50-65% chromium. Chromium is a metal mined from chromite ore, which is the 13th most common mineral on earth with ~11 billion tons of chromite reserves enough to last hundreds of years into the future. H.C. FeCr is produced from high grade chromite ore and has a high chromium to iron ratio with minimum levels of other elements such as sulphur, phosphorus and titanium.

World chromite ore production in 2006



Source: Industry data

User Industries of FeCr

The primary commercial supply is in the form ferrochromium (ferrochrome) for the ferrous and non-ferrous metals industries, the chemical industry and the refractories industry (as direct application for chromite as a heat conductive foundry moulding sand).

In 2006, ~6.3 million tonnes of ferrochromium was produced globally and ~90% was used in stainless steel-making where chromium is the unique ingredient. Stainless steel is an iron-carbon alloy with a minimum of 10.5% chromium content. Chromium added to ordinary steel gives it a

bright shiny gloss and makes it highly resistant to corrosion and rusting. All classes of stainless steel have a minimum of 10.5% chromium viz.

- **Austenitic:** Chromium-nickel-iron alloys with 16-26% chromium, 6-22% nickel, and low carbon content. Type 304 or 18/8 (18% chromium 8% nickel) is the most commonly used grade or composition.
- **Martensitic:** Chromium-iron alloys with 10.5-17% chromium and carefully controlled carbon content
- **Ferritic:** Chromium-iron alloys with 17-27% chromium and low carbon content

High-carbon stainless steel contains a minimum of 0.3% carbon. The higher the carbon content, the tougher the steel becomes.

MARKET FOR SILICO MANGANESE AND FERRO MANGANESE

The production of both High Carbon and Medium Carbon Ferro Manganese and Silicon Manganese are as follows:

Particulars	2000-01	1999-00	1998-99	1997-98	1996-97
HC Ferro Manganese	1.69	1.27	1.63	1.59	1.84
MC Ferro Manganese	0.01	0.07	0.01	0.01	0.02
HC Silicon Manganese	2.76	2.33	1.93	1.98	1.75
LC Silicon Manganese					0.02

Based on the demand and availability projections, the demand supply gap of ferro manganese is shown below:

SILICO MANGANESE

Particulars	Quantity (in Tons)
Present Demand	2,35,974
Present Availability	1,99,210
Demand Supply Gap	46,76

Based on the present demand and future growth in steel production, it is estimated that the demand for Silico manganese shall be as follows:

Year	Steel Production	Silico Manganese Demand
2004-05	324.0	2.36
2009-10	433.0	3.15
2014-15	580.0	4.22
2017-18	691.0	5.03

FERRO MANGANESE

Particulars	Quantity (in Tons)
Present Demand	2,11,113
Present Availability	1,69,269
Demand Supply Gap	41,844

Based on the present demand and future growth in steel production, it is estimated that the demand for Ferro Manganese shall be as follows:

Year	Steel Production	Ferro Manganese Demand
2004-05	324.0	2.11
2009-10	433.0	2.81
2014-15	580.0	3.78
2017-18	691.0	4.50

Industry Concerns

- Power costs (coke, coal and electricity) form 30%-40% of the cost of production
- The demand for high ferro carbon is dependent on the demand and growth of stainless steel industry and subject to cyclic movements
- Rupee appreciation from this levels would impact the demand of Indian manufacturers
- Shortage of chromite and manganese ore causing maintenance of high inventory levels

POWER SCENARIO:

Power is a critical infrastructure for economic development and for improving the quality of life. The country has an achievement of increasing installed power capacity from 1,362 MW to over 1,00,000 MW since independence. On account of inadequate generation capacity, the country is plagued by power shortages. The total energy shortage during 2000-01 was 39,816 million units amounting to 7.8% and the peak shortage was 10,157 MW translating to 13% of peak demand. Based on the demand projections made in the 16th electric power survey over 1,00,000 MW additional generation capacity needs to be added by 2012 to bridge the gap between demand and supply of power.

With the gap between demand and supply of power increasing rapidly, the GOI is encouraging implementation of Co-generation and Captive Power Generation Programs. The Ministry has taken a comprehensive and realistic review of the various power projects to prioritize those, which can be commissioned in the 10th and 11th Plans. Based on this review, a capacity addition target of 46,600 MW has been tentatively fixed for Central Public Sector Undertakings under the Ministry of Power. At the State level, the state utilities and private sector should add about 41,800 MW.

The power position in Eastern Region is also in line with the country's power program. The total installed capacity of the power generation is nearly 18,000 MW whereas the shortfall is nearly 8 to 10%.

CAPTIVE POWER PLANT

Captive generating plant means a power plant set up by any person to generate electricity primarily for its own use and includes a power plant set up by a co-operative society or association of persons for generating electricity primarily for use of members of such co-operative society or association.

Industries representing primary producers of infrastructure material such as, alloys, aluminum, cement, fertilizers, iron & steel, paper and sugar have significant captive capacity to meet a significant part of their energy requirements. Notably, about 30% of the electricity requirement of the Indian industry is met from in-house power plants.

With the GOI's policy and the recent development in world wide industrial scenario, there is a need for liberalization and in turn encouragement for private investment. Government is switching over from the status of partial entrepreneurial body of full regulator. Moreover, private participation in development of economy is being encouraged. The first stage of utilization of such policies for private promoters will be to reduce the production cost. Power being one of the major components of overall cost of production, savings under this head would lead to substantial reductions in the cost of production.

As an encouragement to electricity generating companies, wheeling facility is also being provided by the state Electricity Boards in general. SEB's provide wheeling at a uniform wheeling charge of 2% of cost of power wheeled irrespective of the distance from the generating station. The board permits the electricity generated to be banked for a period of six months. An industrial undertaking not carrying on continuous process of production may draw power from the bank at any time of the day except during evening hours.

Tariff for sale of power is determined for each generating station separately upon consideration of various factors such as generating cost based on total investment (less central government grant) debt equity ratio, depreciation, O&M, return on equity, debt service condition etc. as is done for large thermal/hydro power generating stations. With the estimated load increase and reduction in government investments in larger scale power projects, the tariff increase will be inevitable.

Ferro Alloy production being a power intensive industry, there is a definite requirement to go in for power generation so that the power cost in the final product will be controlled. On an average around four units of power is consumed to produce 1 kg of Ferro Alloy, which means nearly Rs. 40 savings per tonne if one paisa of power cost is reduced per unit of consumption.

PROVISION IN ELECTRICITY ACT 2003

Section 9 of the Electricity Act 2003 stipulates for Power Generation as under:

"Notwithstanding anything contained in this Act, a person may construct, maintain or operate a captive generating plant and dedicated transmission lines. Provided that the supply of electricity from the captive generating plant through the grid, shall be regulated in the same manner as the generating station of a generating company.

Every person who has constructed a captive generating plant and maintains and operates such plant shall have the right to open access for the purposes of carrying electricity from his captive generating plant to the destination of his use. Provided that such open access shall be subject to availability of adequate transmission facility.

4th Provision of Sub Sec 2 of Sec 42 of the Electricity Act 2003 exempts captive power plant from the liability of surcharge for carrying electricity from the generating station to the destination of use. Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use.

COAL BASED POWER GENERATION

The large coal reserves in the country provide a ready and economical resource and ensure energy security. Hence, coal has been identified as the mainstream fuel for power generation till 2012. The high potential of coal in the Eastern region gives the confidence for installation of coal based power station at the plant where the Ferro Alloy plant of Impex Ferro Tech Limited is located.

BUSINESS OVERVIEW

Impex Ferro Tech Limited is currently operating a Ferro Alloy Plant comprising of 4 submerged Arc furnaces of 3.6 MVA, 5 MVA, 7.5 MVA and 8.25 MVA at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal

The details of the Company's registered office and factory are provided below:

Sr. No.	Location	Utilization	Nature of Possession
1.	35, Chittaranjan Avenue, 4 th Floor, Kolkata – 700 012 (W. B.)	Registered Office	Owned
2.	Kadavita Dendua Road, P.O. Kalyaneshwari, P.S. Kulti, Dist: Burdwan – 713 369 (W. B.)	Factory	Partly owned and partly Leased

Location of the Plant

The land is located at Kalyaneswari Kulti, District Burdwan, in West Bengal, having an area of 22.42 acres. Out of this 9 acres is leased land while 13.42 acres has been purchased.

Encouraged with the market acceptance for its products (due to its quality ISO 9001:2002) and the growing demand for ferro alloys by the consuming industry, both in the domestic and export sectors, the Company has decided to enhance its manufacturing capacity by setting up another submerged arc electric furnace of 7.5 MVA capacity for manufacturing HC Ferro Manganese and to feed the regular electrical power supply to the plant the company proposes to install a 30 MW AFBC based Captive Thermal Power plant.

Presently the Company is operating four furnaces with a total capacity of 24.35 MVA . The Company has been successfully running its operations since last 10 years. The products of the company are also well accepted in the International markets. In the financial year 2006-07 the company achieved an export turnover of Rs. 6,051.40 Lacs.

PRODUCT & ITS USES

Ferro alloys are consumables required in the manufacture of steel. Ferro alloys are used for manufacture of various types of carbon and alloy steel, essentially to impart certain physical and chemical properties in a particular grade of steel viz. change of tensile strength, ductility, hardness, corrosion resistance, wear or abrasion resistance properties etc. Ferro alloys are commonly used for deoxidation, desulphurization and refining of steel. The use of Ferro Manganese and Silico Manganese in the production of carbon steel is primarily because of refining and deoxidation of steel. Ferro Manganese and Silico Manganese are primarily used for this purpose and their demand is proportional to the production of steel.

The furnace is a versatile one and can produce either of the ferro alloys viz. Silico Manganese or Ferro Manganese. It can also produce Ferro Silicon etc. The company produces manganese alloys which comprises of silico manganese and high carbon ferro manganese. These alloys are used in the manufacturing of stainless steel and mild steel to solidify the strength of steel.

MANUFACTURING PROCESS OF FERRO ALLOYS

The most common method of producing high carbon ferro alloys is through Submerged Electric Arc Furnace Route where carbon in the form of coke or charcoal is used as a reluctant to obtain a specific grade of ferro alloy. Mineral Ore like Chrome Ore, Manganese Ore, Quartz etc. depending upon item of Ferro Alloys manufactured along with coke and coal as a reducing agent and fluxes are fed into the furnaces in required proportion. Electrical Energy at high amperage is induced from the furnace transformer through electrodes which results into generation of heat at a high temperature ranging upto 1600 - 1800 Degree Centigrade. The reaction takes place inside the furnace hearth at a high temperature when carbon content in Coke & Coal reacts with the oxides which are reduced to metal by liberation of Carbon monoxide and Carbon dioxide. The impurities in the ore are separated by use of fluxes and forms slag which being lighter floats over the molten metal. Slag is tapped into the slag pot and dumped into the slag yard except in the case of Ferro

Manganese where the slag is utilized as input material for production of Silicon Manganese. Molten Metal is tapped in the ladles for further handling, breaking and sizing to buyers requirement.

For manufacturing MC grade of alloys, the molten HC ferro alloys are transferred from SA Furnace by Ladle to the converter for further refining to desired chemical composition with the addition of required alloys and fluxes and also use of various gases. By this method, the carbon content is brought down to 0.95-1.5% (max) and that of Si to 0.50 (max) and Mn 70-75%.

Quality control is exercised right at the Raw Material stage as well as intermediate stage by spoon analysis and finally testing of the finished product in the laboratory. The gaseous matter and fumes generated in the furnace is treated through pollution control equipment and clean gas is allowed to escape to the atmosphere through chimney. The process is highly power intensive and cost of electrical energy forms a major component of the production cost. Therefore, every care is taken for conservation of the energy. With a view to this, the Company proposes to install a 30 MW AFBC based Captive Thermal Power plant for the entire unit.

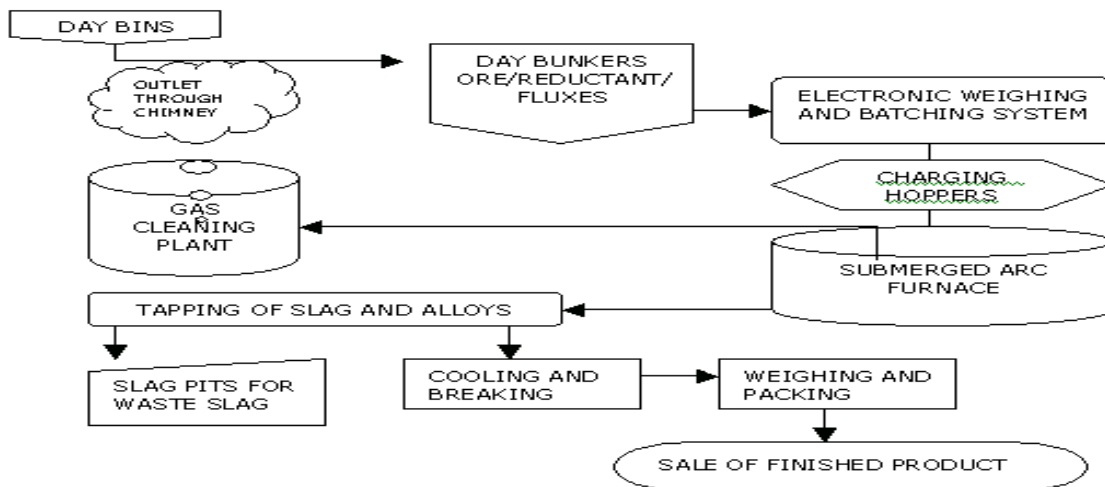
Brief Manufacturing Process of Ferro-Alloys Products (High Carbon/ Medium Carbon Ferro Manganese):

The basic raw material for manufacturing of hereinabove captioned final products is Manganese Ore. The ingredients of stated raw material are manganese, iron, silicon, alumina, phosphorous and sulphur etc. The extraction of manganese takes place with the help of coke/coal. The above stated materials are taken in the furnace by batch-weighing system as per calculation for manufacturing a particular type of finished goods of desired specifications. For melting of material, electric power is required. Transmission of electricity is made from sub-station to transformer. Transformer is connected to the casing electrode with the copper bus bars and copper flexible cables and contact clamps. Hence transmission of power from Transformer to casing electrode which is poked in the charged furnace, is made through copper bus bars and contact clamps.

There after reaction takes place in the chamber of the shell. After melting, liquids alloys are withheld in the chamber and it is taken out in a molten mass condition from the chamber through the tape-holes. Tape- holes are opened with the help of flow of Oxygen through the lancing pipe which are consumed in the process. Liquid alloys and slag coming out as a molten mass are separated with the help of Laddle and skimmer.

After cooling of metal and slag cake both are lifted from the furnace bed area to their specified area. Metal cake are broken, chipped / dressed and screened of a desired size and packed in the required packing material.

PROCESS FLOW CHART FOR MANUFACTURING OF FERRO ALLOY PRODUCTS



The Composition of Ferro Manganese is given below:

Grade	Content (in %)				
	Mn (At Least)	C	Si	P	S
FMnO5	85	0.5	2.0	0.3	
FMn1.OA	85	1.0	1.5	0.1	
FMn1.O	85	1.0	2.0	0.3	
FMn1.5	85	1.0	2.5	0.3	0.03
FMn78A	78	7.0	2.0	0.05	
FMn78K	78	7.0	1.0	0.35	
FMn78	78	7.0	2.0	0.35	
FMn75K	75		1.0	0.45	
FMn75	75		2.0	0.45	

Harden-ability, hardness, ultimate strength and yield limit of steel increase and its toughness decreases with a higher content of manganese. Steel containing about 1 percent C and 11-13 percent Mn are distinguished by high abrasion resistance.

Composition of Ores:

Physico-Chemical properties of Manganese: manganese has an atomic mass of 54.9381, density 7.3, melting point 1244 deg. Centigrade. Iron and manganese in molten state are mutually soluble. Manganese ores to be used for melting ferro-manganese should meet the following process conditions:

- The content of manganese in ores should be 45%, a higher content of manganese ensures a higher productivity of furnaces and a lower use of electric energy per ton of alloy.
- The content of silica in ore should be as low as possible: silica increases the slag ratio and causes a larger loss of manganese to manganese and a higher use of electric energy. The reductant for the process is usually coke breeze with not more than 12% ash, 11% moisture, 2% volatiles, and less than 0.2% phosphorus; its grain size should be from 3 to 15 mm.

High-Carbon Ferro Manganese is made in three phases in an open or closed top furnace of a power of 7,500-16,500 Kva at a linear voltage of 120-130 kA with electrodes 900-1150 mm in diameter, operating at a voltage of 120-130 V. The hearth and walls of the furnace are lined with carbon blocks, and the upper portion of walls with fire clay bricks. The charge for making high-carbon ferro-manganese may be composed of manganese ore and coke breeze.

Physico-Chemical condition of the process: High carbon ferro manganese is smelted by a continuous process with the electrodes submerged deep into the charge. The following process takes place when making high carbon ferro manganese.

- Pre-heating of materials;
- Drying and removal of volatiles and moisture from the charge and heating of the charge by the heat of burning gases which leave the furnace and after burn at the top;
- Reduction of oxides;
- Melting of the elements reduced with the formation of molten ferro manganese;
- Formation and melting of slag;
- Reduction of chromium and silico from the slag

Melt procedure: As has been mentioned earlier, melt for high -carbon ferro- manganese is carried out with the furnace top being closed. For a furnace of 7,500 kW and voltage of 164 V, the electrode depth is 800-1000 mm. In a melt for high -carbon ferro -manganese, slag is formed in the hearth that is why there is a single large pool of molten metal under the electrodes, instead of individual "pots" as is the case with slagless process for smelting silicon alloys. Hygroscopic moisture of the charge material is removed in 10-15 minutes upon charging, while the volatile matters are run-off in the temperature range of between 200-1000 deg. C.

The iron contained in the manganese ore is reduced to a high extent in the process. Ferric oxides are reduced with carbon monoxides and hydrogen at low temperatures. Ferrous oxide is first reduced with carbon monoxides and hydrogen at 500-600 deg temperature and after that with solid carbon in the deeper zones of the bath. The reduction of manganese from pyrolusite occurs stepwise: $MnO_2 \rightarrow Mn_3O_4 \rightarrow MnO \rightarrow Mn_3C$. With a reducing atmosphere in the furnace, the

dissociation of manganese oxides can take place at low temperatures. Carbon monoxide and hydrogen can also reduce Mn_3O_4 to MnO at low temperature.

High Carbon Ferro Manganese can be smelted with addition of fluxes or by fluxless process. In the latter case, a valuable by product of the process is high manganese low phosphorus slag, which is used in smelting silico manganese and manganese metal. The reducing conditions in the furnace ensure that phosphorus be reduced almost fully. The acid slags cannot absorb phosphorus, which is removed from furnace gases and 75-80% passes to the alloy.

A great part of electric energy is lost in the slag, which raises the temperature of the slag above that of the metal. The mass of manganese ore in the batch charge is established at 500-700 kg and the amount of coke breeze and quartzite are taken according to a charging table, which specifies the composition of manganese ore and the moisture content of the ore and coke breeze.

Mixed charge is delivered to the furnace from furnace bays along with four movable chutes. Three chutes serve to deliver the charge to space between the electrodes and the fourth, into space between the central electrode and furnace wall. Charging is done periodically to allow the previous charge settled at the top, to move down. With normal run of the furnace, yellow flames shoot up evenly all over the surface of the furnace top.

The following measures are essential to maintain the top in normal conditions:

- a) The charge should always have the specified composition;
- b) The charge should be given evenly to each phase electrode;
- c) Consumption of electric energy strictly correspond to the number of unit charges, without letting the top overheat;
- d) Charged cones should be pierced periodically.

Disturbances in the furnace run may be caused by the various factors. Most often they are linked to inappropriate consumption of the slag and a deficiency or excess of the reducer in the charge. Each type of disturbance has quite typical external features: deep or shallow position of the electrodes, an increase or decrease in slag viscosity, an increase or decrease in the content of carbon or silicon, overheating or 'chilling of the top, evolution of white smoke at the electrodes, ejection of coke breeze, intense slagging at the electrodes etc.

The electrodes are slipped every shift or sometimes twice a day. The metal and slag are tapped simultaneously three times a shift. The ladle for tapping is mounted on a carriage under the tap hole, the slag flows over the ladle nose into a slag pot installed on a parallel railway. During tapping, the hole is often poked with an iron bar so as to let out the metal and slag completely from the furnace. The tap hole is packed with thick clay as soon as metal appears at the ladle nose (i.e. when the ladle is filled with metal).

Technology

The Company has selected Submerged Arc Furnace route for producing Ferro Alloys, which is relatively less expensive and mature technology and can be indigenously sourced. This process is widely used for manufacturing high & medium Carbon Ferro Alloys.

Quality Control

The Company has state-of-the-art Quality Control Laboratory with modern equipments like Spectrophotometer, C. S. Apparatus and digital heat analyzer coupled with strict quality assurance procedures. Stringent Metallurgical control is maintained right from the receipt of raw materials to finished products. The Company's quality management program of ISO Accreditation ensures that the product is consistently within the specification parameters providing the customers with reassurance and confidence.

Research & Development (R & D)

The Company carries out intensive research & development activities on a continuous basis. The key areas of Research & Development resources and initiatives are focused on improving and optimizing furnace efficiency, developing process for pre-heating and pre-reduction of mineral

inputs, constant process of improvement for increasing output quality to customers' specification, and finally for upgrading and developing new products.

Collaboration

The Company has not entered into any Collaboration.

Geographies

Area wise break-up of Export Sales for the FY 05, FY 06 & FY 07 are as follows:

Rs in Lacs

Country Name	FY 07	FY 06	FY 05
Japan	-	-	357.84
Switzerland	-	-	337.34
Argentina	18.02	-	-
Germany	281.28	625.72	290.14
Korea	237.8	369.17	286.47
Bangladesh	-	5.4	44.62
Nepal	4.13	-	-
Thailand	-	33.43	151.42
Indonesia	17.51	-	-
Greece	117.67	1,394.80	792.12
Iran	-	-	10.8
Austria	-	14.63	312.96
Turkey	167.04	171.98	21.25
Netherland	3,300.27	-	-
Slovenia	492.62	-	-
Bulgaria	-	7.78	-
Egypt	-	7.2	-
Italy	1,394.59	1,026.58	-
Taiwan	-	109.5	-
Indirect Export Sales	20.47	147.32	-
Total	6,051.40	3,913.51	2,604.96

INFRASTRUCTURAL FACILITIES FOR UTILITIES AND RAW MATERIALS

1) Location

The proposed 30.0 MW power project of IFTL will need around 10 acres of land for locating the power plant facilities and a storage area for storing about 30 days fuel requirement and this proposed site is within a distance of around 0.25 Kms from the existing process plant at Kalyaneshwari, P.S. Kulti, Dist. Burdwan, West Bengal which is near to the newly developed 4-Lane Durgapur Bypass Expressway & having all industrial infrastructures like roads, power, water, communication and availability of the skilled manpower.

2) Compressed Air System

Compressed air is required for the operation of pneumatic devices, instruments and controls and for general-purpose use in the plant. It is proposed to install 2 Nos. (1 working + 1 standby) of Non-Lubricated type reciprocating compressors packaged along with a dryer. Each compressor dryer package will have a capacity of 250 N CUM/Hour at a discharge pressure of 8.0 KSCA.

3) Transport Facilities

The plant site is approachable by an all Weather motorable roads. Transportation of the product of process plant does not have any problem for the infrastructure requirement of Road, Rail Links. As the power plant location is within 1.5 KM, transportation of fuel to the site will not pose any problem.

- Connecting road to Asansol is around 40 Kms
- Nearest Railway Station is Asansol
- Nearest Airport is Kolkata
- Nearest Seaport is Haldia

4) Raw Material

Raw material plays a major part in the successful execution of any ferro alloy plant. The Company ensures the procurement of raw materials at competitive rates from neighbouring areas. The basic raw materials being Manganese Ores is available from Mines at MOIL, Nagpur as well as private mines in Orissa and other suppliers from North-East states like Assam & Meghalaya. The Coal is sourced from Raniganj, Jharia and Dhanbad mines which are within 200-250 Kms radius of the Plant. The other raw materials, mainly fluxes, are easily available in the country.

For the proposed 30 MW Captive Thermal Power Plant, the raw material is Coal Char and Coal Fines which is available as a waste product in that area from the sponge iron plants and the same can be used in the AFBC boiler. Coal Grade E and F are available readily from the coal mines which can be procured for the project. The combinations of these fuels are proposed for the operation of the power plant. Hence the power plant will be designed and built to use any of these low grade fuels available.

5) Water

Water is required both in the production process and also for drinking & sanitation requirements of the workers. The total water requirement for the existing plant is about 150 cum per day which is sourced from Tubewell. The proposed power plant will need around 150 cum/hour of fresh water for make up to the condenser cooling water system, make up to the demineralization plant for boiler feed water make-up, drinking water needs and other miscellaneous uses in the plant. Of this, major quantity of around 125 cum/hour will be for make up to the condenser cooling water system. There are no rivers or other perennial water sources in the proposed site. The only other alternative source of water for the power plant will be subsoil water from borewell to be dug in the proposed plant area. The raw water quality is reasonably good and a cycle of 5 can be maintained in the recirculation cooling water circuit.

6) Power

Power is a major component of the cost of production. Presently, existing plant is drawing the entire power through 132 KVA Lines. The process plant is already connected to the electricity grid at the voltage level of 132 KVA. The existing process plant is the main consumer of the power generated. The switchyard in the generating plant will be connected to the existing process plant switchyard for power evacuation. During shut down of the power plant the same line will be used for import of power-to-power plant. Around 0.25 Km length of private transmission line will be installed for interconnecting the power plant and the process plant.

7) Manpower

The Company would need additional manpower for its expanded facility. Cheaper and both skilled & unskilled workforce is available locally in plenty as the area is a part of the steel belt in Eastern India.

8) Fire Fighting Facilities

In order to combat any occurrence of fire in the proposed or existing plant premises, fire protection facilities have been envisaged for the various units of the plant including office buildings, stores, laboratories etc.

MARKETING & SELLING ARRANGEMENTS

The Company adopts a three-pronged approach to marketing. It markets its products by participating in tenders for which it has now set-up a separate full-fledged Tender Department, through direct selling to customers and through a network of dealers spread across the country. The company has appointed agents throughout the country who help the company in procuring orders from various customers. To procure contracts from Private Clients, the Company on a continuous basis collects market information through subscription to various magazines and information provided by its team of marketing personnel. The promoter's track record over two decades of existence enables the company to bag repeat orders from its client base. The company enjoys loyalty of an exclusive customer base and is recognized as a premiere Ferro alloy manufacturer in the country

EXPORT OBLIGATION

There is no export obligation of the Company as on date.

BUSINESS STRATEGY

The Company intends to have a balanced sales strategy for domestic as well as export depending upon the demand. Considering the existing competition in the industry and future entrants, the Company has focused on the following business strategies:

1. With the intention to tap better margin yielding products and large domestic as well as export opportunities for these products, the company has laid down strategies to manufacture High Carbon Ferro Manganese & Silico Manganese through Submerged Arc Furnace route.
2. All the furnaces shall be used interchangeably for producing any of these products due to its versatile nature of the plant to produce other kinds of ferro alloys.
3. In order to reduce power cost, the company proposes to have its own thermal based Captive Power Plant in this expansion plan, which will reduce the manufacturing cost significantly.
4. As the company is already exporting ferro alloys in their existing operations, addition of proposed capacities would enable the company to exploit further opportunities in the international market.
5. The Company also proposes to enter into quantity based firm tie-up for sale of its products to global clients which will help the company in poor market conditions.
6. The Company intends to manufacture products with specific composition (like low silica or low-phos) as per the client's requirement, which will fetch premium in the domestic as well as international markets.

COMPETITIVE STRENGTHS

In today's world of high competition, the Company is better placed on account of the following:

- Better cost structure due to multipoint value addition and economies of scale.
- Power availability at cheaper cost due to captive thermal power plant.
- Better technology resulting in lower costs and better quality.
- Better pricing control and access to markets.
- Proximity to the availability of Raw materials.

The Company believes that with the above strengths along with the promoter's wide experience in the Steel & Ferro Alloys sector, the Company can easily ward off the threat of competition.

FUTURE PROSPECTS

The Company looks at future of ferro alloy industry with optimism. Considering the prospects for development of infrastructure, construction and industrial activity in India in the years to come,

large scope exists for consumption of long steel products. The ferro alloys are consumed mainly by the steel plant and foundries. The demand for ferro alloys is therefore dependent on demand for steel in the country.

CAPACITY & CAPACITY UTILIZATION

The installed capacity and capacity utilization of the existing furnaces for the last three years was as under:

Particulars	2005	2006	2007
Installed Capacity of Ferro Alloys (TPA)	43200	43200	43200
Capacity Utilisation	78%	88%	80%
Production (TPA)	33565	38150	34439

The installed capacity and proposed capacity utilization of 5th Ferro Alloy Furnace for the next three years is as under:

Particulars	2009	2010	2011
Installed Capacity of Ferro Manganese (TPA)	15825	15825	15825
Capacity Utilisation	70%	80%	85%
Production	11078	12660	13451

The installed capacity and proposed capacity utilization of the captive power plant for the first three years of operation is as under:

Particulars	2010	2011	2012
Installed Capacity (MW)	30	30	30
Capacity Utilisation	70%	80%	85%
Generation (MW)	21.00	24.00	25.50

INSURANCE

The company plant at Kalyaneswari Kulti, District Burdwan, in West Bengal, has been insured. The company has taken Insurance Policies from United India Insurance Company Limited, the details of which are as under-

Stock of Ferro Alloys and finished Goods are insured against range of risk including fire, burglary/house breaking up to a limit of Rs. 300 Lacs for burglary. The policy is valid till Midnight of February 27, 2008.

The company has insured its Stock of Ferro Alloys and finished Goods against the peril of earthquake and fire up to a limit of Rs. 3,700 Lacs & other operating assets of the company are insured against the loss caused due to earthquake and fire to the extent of Rs. 4,000 Lacs. The policy is valid till midnight of April 18, 2008.

The company also maintains machinery break-down insurance policy of Rs. 1,533 Lacs for the machineries installed at manufacturing unit at Kalyaneswari Kulti, District Burdwan, in West Bengal. The policy is valid till midnight of May 07, 2008.

The Company proposes to take necessary policies relating to risk during Construction of Building, Transportation of Machines & Equipments. The company will take additional coverage as and when required.

KEY INDUSTRY REGULATIONS & POLICIES

Some of the Key Industrial Regulations & policies which are important for the company are under:

1) THE ESSENTIAL COMMODITIES ACT, 1955

The Essential Commodities Act, 1955 (hereinafter referred to as the Act) provides for the control of the production, supply and distribution of, and trade and commerce, in certain commodities. Coal including coke and other derivatives as well as iron and steel including manufactured products of iron and steel are essential commodities as per Section 2 of the Act. Section 3 of the Act confers extensive powers on the Central Government to make orders for achieving the primary objective of exercising effective control over the supply and equitable distribution of the essential commodity at fair prices. The order made, under Section 3, by the Central Government may provide inter alia for regulating by licenses, permits or otherwise the production or manufacture of any essential commodity.

2) THE ELECTRICITY ACT, 2003

The Electricity Act, 2003 (hereinafter referred to as the "Act") was enacted with effect from June 10, 2003 repealing and replacing all the three Acts i.e. Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and Electricity Regulatory Commissions Act, 1998. The Act seeks to provide for demarcation of the roles of generation, transmission and distribution to provide for individual accountability of each. Some of the major provisions of the Act include inter alia the following:

1. de-licenses generation, makes captive-generation freely permissible;
2. provides open access for transmission, distribution and trading;
3. specifies technical standards, grid standards and safety requirements; and
4. introduces power trading as a distinct activity from power generation, transmission and distribution.

As regards captive power generation, Section 7 of the Act provides that a generating company may establish, operate and maintain a generating station without obtaining a license under this Act if it complies with prescribed technical standards. Section 9(1) of the Act allows any person to construct, maintain or operate a captive generation plant and dedicated transmission lines, subject to the condition that supply of electricity from the captive generating plant through the grid shall be regulated in the same manner as the generating station of a generating company. Section 9(2) of the Act further states that every person who has constructed a captive generating plant and maintains and operates such plant shall have the right to open access for the purposes of carrying electricity from captive generating plant to the destination of his use, subject to availability of adequate transmission facility.

3) THE FACTORIES ACT, 1948

Being a manufacturing company, the Company is governed by the provisions of the Factories Act, 1948. The Factories Act, 1948 is the principal legislation for regulating various aspects relating to safety, health and welfare of workers employed in factories. This act is enacted primarily with object to protect workers employed in factories against industrial and occupational hazards. This Act requires that workers should work in healthy and sanitary conditions and for that purpose it provides that precautions should be taken for safety of workers and prevention of accidents.

Besides above, the Company is governed by various other statutes like the Companies Act, 1956, Industrial Disputes Act, 1947, The Minimum wages Act, 1948, The Payment of Wages Act, 1936, The Contract Labour (Regulation and Abolition) Act, 1970, Workmen's Compensation Act, 1923, The Payment of Gratuity Act, 1972, Employee's States Insurance Act, 1948, Employee's Provident Fund and Miscellaneous Provisions Act, 1952, Payment of Bonus Act, 1965, etc.

HISTORY AND CORPORATE STRUCTURE

Impex Ferro Tech Limited was incorporated on June 07, 1995 with its registered office at 35, Chittranjan Avenue, 4th Floor, Kolkata- 700 012 with the intention of manufacturing Silico Manganese and Ferro Manganese. The company has been promoted by Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni and Mr. Virendra Kumar Jain. The Promoter Directors of the company has requisite experience in the industry and are successfully managing Company's operation since incorporation in 1995.

In the year 1997-98 the company set up two numbers submerged Arc Furnaces of 3.6 & 5.0 MVA rating plant for manufacturing Silico Manganese and Ferro Manganese at Kalyaneshwari, P. S. Kulti, District Burdwan, West Bengal. The Company further went for expansion in the year 2000-01, when the third furnace having a rating of 7.5 MVA was installed and the same commenced production in April 2002. The company had decided further expansion of its manufacturing facilities at the existing site in 2004 by putting up a fourth submerged arc furnace of 8.25 MVA capacity for manufacturing HC Silico Manganese and converting a part of the HC Ferro Manganese output into MC Ferro Manganese through the "SSM" Converter route. The site has the necessary infrastructure in place, thus the unit was cost competitive compared to other similar units.

IFTL has been awarded ISO 9001: 2000 certification for manufacture and supply of different types and grades of ferro alloy metals like Silicon Manganese, Ferro Manganese and ferro chrome.

Encouraged with the robust demand for the ferro alloy and future outlook, the company has decided for further expansion of its manufacturing facilities at the existing site by putting up a fifth submerged arc furnace of 7.5 MVA capacity for manufacturing HC Ferro Manganese and to feed the regular electrical power supply, the company also proposes to install a 30 MW AFBC (coal) based Captive Thermal Power plant.

Important events in the history of the Company is as follows:

Year	Events
1995	Incorporation of Impex Ferro Tech Limited
1998	Set up Two Submerged Arc Furnaces of 3.6 & 5.00 MVA rating plant
2002	Set up Third Submerged Arc Furnace of 7.5 MVA rating
2005	Initial Public Offering of 80,00,000 equity shares and listing on BSE & NSE
2005	Set up Fourth Submerged Arc Furnaces of 8.25 MVA capacity
2007	Accredited ISO 9001:2000 Certificate from Systems & Services Certification

MAIN OBJECTS OF THE COMPANY AS SET OUT IN THE MEMORANDUM OF ASSOCIATION

- 1.
- a) To manufacture, fabricate, refine, market, prepare, import, export, buy, sell, and act as an commission agent and deal in all types of minerals, alloys and ferro alloys including bentonite powder, silicon, manganese, carbon chrome, titanium tungston, moly, vanadium and lime stone powder and other minerals.
- b) To manufacture, fabricate, refine, market, prepare, import, export, buy, sell, and deal in alloy sheets, circles, ingots, foils, powder, wires, wares, utensils, furniture notch bar, shots and other products in aluminium and or any other ferrous and non-ferrous metals.
- c) To manufacture, fabricate, refine, market, prepare, import, export, buy, sell and deal in steel ingots, shots, wires, wares, , furniture, notch bar, shots and other products in steel and any non-ferrous metals.
- d) To carry on business buyers, sellers, suppliers, traders, merchants, importers, exporters, indentors, manufacturers, producers, agents, brokers, commission agent, assemblers, packers, stockists, distributors, hire purchaser and dealers, of and all kinds of ferrous and non-ferrous metals, dealers in all kinds and description of iron and steel, structural steel, stainless steel, carbon steel, alloy steel, mild steel, micro-alloy steel, tool steel and other special steel group and their product such as ingots, billets, blooms, sheets, strips, rounds, rods, bars, tops, squares, invert angles, valve, plates, mining u-beams, elevator, guide channels, flats, slabs, I-beams, H-beams, rails, joints, joist, channels, angles, rolls, steel, strips, plates plain and cooled twisted bars, Z-sections, shafting, structural pipes, tubes, wires etc. and all other varieties of profiles and other products whether forged, rolled, cast or drawn and all products

intermediated and by-products consequent to or obtained in the process of manufacture of above articles and to carry on any other business.

- e) To carry on the business of founders of ferrous and non-ferrous metals, sheet metal works, mechanical structural electrical and metallurgical engineers, to carry on the work of cast iron foundry for the manufacture of all types of pipes and pipe-fittings, water reservoirs, drainage requisites including manhole frames and covers graftings and ladders, cast iron sanitary appliances and fittings including flushing cisterns, bath-tubs, wash-basins, cast iron, building requisites including railing, spiral stairs ladders, ventilators, ornamental window frames, pillars, agricultural implements including choppers, sloughs, cast iron, railway casting including sleepers, fish plates, wheels and other fittings household requisite and utensils including cooking pans, containers, coal mining and engineering requisite including opinions, tube-wheels pump parts and other general and special castings. To carry on the work of mechanical and electrical engineers and to run a workshop to undertake and execute all type of mechanical and structural jobs of manufacturing, fabrication and erection of building and articles and to do various types of sheets, metal work including manufacturing and construction of storage tanks, bucket drums, various types of containers and other similar items that may be easily marketable.
 - f) To carry on business as manufacturers, producers, converters, processors, founders, moulders, casters, forgers, makers, fabricators, formers, extruders, reconditioners, machinists, finishers, exporters, importers, traders, dealers, distributors, stockists, buyers, sellers, agents or merchants in all kinds of pipes, tubes including conduit pipes, lancing tubes, stay tubes, hydraulic tubes, steel pressure tubes, super heater tubes. Heat exchanger tubes, RCC spun pipes, hume pipes, oxygen lancing pipes, steel tubular poles, fittings, including valves, cokes, flangers, coupling clamps, elbows, fees, reducers, union, sockets, bends, nipples of ERW, black G.I. mild steel, carbon steel, stainless steel seamless, boiler, galvanized of all ferrous and non ferrous material, iron steel, malleable, brass, copper, aluminum, bronze, lead, stainless steel, cast iron, sponge iron, S.G iron, carbon steel, mild steel, PVC, plastic, allied chemical, compound, asbestos, cement, gas, water, oil precision, electric sanitary, structure, mechanic, furniture, pneumatic, transformer through electric resistance welding process, extrusion process, butt welding type or any other process.
2. To acquire by purchase, lease, exchange, hire or otherwise develop or operate land, buildings, any estate or interest in and hereditaments of any tenure or description including agricultural land, mines, quarries, farms, gardens and any estate or interest therein, and any right over or connected with land and buildings so situated and construct, develop or to turn the same to account as may see expedient and in particular by preparing building sites, flats, houses, apartments, commercial complexes, by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, rooms, flats, houses, restaurants, markets, shops, workshops, mills, factories, warehouses, cold storages, wharves, godowns, hotels, hostels, gardens, swimming pools, playgrounds, buildings, works and conveniences of all kinds and selling, leasing, hiring, otherwise deal with or disposing of the same and to manage land, building and other properties, whether belonging to the company or not, and to collect rents and income, and to supply tenants, occupiers, and other refreshments, attendance, light, waiting rooms, readings rooms, meeting rooms, electric and other convenience commonly provided in flats, suits and residential and business units and to act as architects, consultants, designers, developers, builders, contractors, estate agents, merchants and dealers in building requisites and materials.
 3. To carry on the business as buyers, sellers, suppliers, traders, manufacturers, producers exporters, importers, indentors, brokers, agents, commission agents, carriers or in any other capacity assemblers, packers, stockists, distributors, hire purchaser and dealers, of and in all kinds of ferrous and non-ferrous metals, industrial and other wastes and by product, consumer goods, household goods, cosmetic goods, hardware stores, plant, machinery, spare part and accessories, vessel and other earth moving equipment commercial and man made fibres, cellulose, viscose, rayon yarn, and fibres, synthetic fibre and yarns and such other fibres for fibrous materials, including polyester filament, yarn textile of all kinds, readymade garments, wool, silk, hemp, flax and other business substances, blankets and any products of cotton, yarn and woolen textiles, raw jute products, cement, chemicals, plastics, building materials, jewellery ornaments, bullion, gold and silver ornaments, precious stones, real estate, wires, cable, conductors, coir and coir products, foam and its allied products, inorganic salt, dies and die intermediates, paints and varnishes, plastic and linoleum products petrochemicals and pharmaceutical products, pesticides, fungicides,

insecticides, food grains, bhujia, papad, namkin, iron and steel, aluminium, stainless steel, engineering goods, electrical goods, data computer, electronic goods, toys and their components, plywood and plywood products, ceramic and allied products, processed minerals including granite, explosive and graphite, glass and glass wares, refractories, surgical and scientific apparatus, rubber products, leather goods, sport goods, paper, ink, computer stationery, process goods, seafoods, spices, vegetables, wines, liquors and other alcoholic and non- alcoholic or synthetic drinks, tea, coffee, cement, oil seeds, essential oils and fat and their derivatives, tobacco products, handicrafts, books and periodicals, arms accessories and arms wares and decors, raw materials and products of marine, fish, frozen shrimps, seafoods, animals, birds, reptiles, insects, bones, skins, arts and sculptures, watch, clock, musical instrument, furniture and fixture, vehicles, aircraft, water, fruits, flowers, and all types of agricultural and horticultural products and all types of food preparation and all kinds of eatables tinned or preserve or otherwise that are made by bakers, confectioners, dairymen, grocers, ice merchants, wine merchants, sweetmeat sellers and food suppliers and to refine, and prepare all kinds of food provision either prepared manufactured or in a raw state and all substances, merchandise goods machineries, commodities implements and articles in India or in any part of the world.

Changes in the Memorandum of Association

Since the incorporation of the company the following changes have taken place in its Memorandum of Association:

Date of Amendment	Amendments
	Authorised Capital at the time of Incorporation was Rs. 100 Lacs
February 25, 1997	Increase in the authorized share capital of the company from Rs. 100 Lacs to Rs. 500 Lacs.
December 22, 1997	Increase in the authorized share capital of the company from Rs. 500 Lacs to Rs. 700 Lacs.
March 20, 2000	Increase in the authorized share capital of the company from Rs. 700 Lacs to Rs. 750 Lacs.
October 09, 2000	Increase in the authorized share capital of the company from Rs. 750 Lacs to Rs. 850 Lacs.
January 18, 2001	Increase in the authorized share capital of the company from Rs. 850 Lacs to Rs. 1250 Lacs.
March 23, 2002	Increase in the authorized share capital of the company from Rs. 1250 Lacs to Rs. 1350 Lacs.
March 04, 2003	Increase in the authorized share capital of the company from Rs. 1350 Lacs to Rs. 1550 Lacs.
March 15, 2004	Increase in the authorized share capital of the company from Rs. 1550 Lacs to Rs. 2600 Lacs.
July 11, 2007	Increase in the authorized share capital of the company from Rs. 2600 Lacs to Rs. 5200 Lacs.

The details of the capital raised are given in the section on Capital Structure on page no. 24 of the Draft Letter of Offer.

Subsidiaries of the Issuer Company

The company has no subsidiaries as on the date.

Holding Company of the Issuer Company

The Company does not have a holding company.

Shareholders agreements

At present there are no shareholding agreements between the company and any other person.

Strategic Partners

The company as on date has no strategic partners.

Financial Partners

The company also has no financial partners.

Except the agreements in the normal course of business, the Company has not entered into any other agreements of any kind.

MANAGEMENT

As per Article 92 of the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors.

The company has seven (7) Directors out of which two (2) are Executive Directors, two (2) are Non- Executive and Non-Independent Directors, and three (3) Independent and Non- Executive Directors.

Board of Directors

The following table sets forth the details regarding the Board of Directors as of the date of this Draft Letter of Offer:

Sr. No	Name, Designation, Father's Name, Address, DIN & Occupation, Term of Appointment	Age	Date of Appointment	Other Directorship
1.	Mr. Vimal Kumar Patni Promoter Director & Chairman S/o Mr. Dharam Chand Patni 227/1A, A. J. C. Bose Road, Kolkata-700 020 DIN:00101744 Occupation: Business Term: Liable to retire by rotation	57	07.06.1995	1. Vikash Metal & Power Ltd. 2. VSN Agro Products Ltd. 3. Impex Industries Ltd 4. Dhodwala Enterprises Ltd. 5. Vikash Smelters Ltd. 6. Patni Infotech Ltd. 7. Chiragsala Sales (P) Ltd. 8. Vikash Urja Ltd.
2.	Mr. Suresh Kumar Patni Managing Director S/o Mr. Dharam Chand Patni 15, Burdwan Road, Kolkata-700 027 DIN:00032674 Occupation: Business Term: For a period of 5 years w.e.f. July 01, 2003	47	10.06.1995	1. Impex Metal & Ferro Alloys Pvt. Ltd. 2. VSN Agro Products Ltd. 3. Impex Industries Ltd. 4. Invesco Finance Pvt. Ltd. 5. Subham Complex Pvt. Ltd. 6. Suanvi Trading & Investment Co. Pvt. Ltd. 7. Ankit Metal & Power Ltd. 8. Poddar Mechtech Services Pvt. Ltd. 9. Sarita Steel Tech Pvt. Ltd. 10. Rohit Ferro-Tech Ltd. 11. Vasupujya Enterprises (P) Ltd. 12. Impex Mineral & Chemical* 13. Impex Industries*
3.	Mr. Virendra Kumar Jain Whole Time Director S/o Mr. Dharam Chand Jain 62/50 Diamond Harbour Road Kolkata-700 038 DIN:00103011 Occupation: Business Term: For a period of 5 years w.e.f. July 01, 2003	36	15.01.2002	1. Impex Cement Ltd. 2. Siddhanth Multimex Private Ltd. 3. Vinita Smelters Private Ltd. 4. Impex Steel Private Ltd.
4.	Mr. Ajit Kumar Patni Non-Executive and Non-Independent Director S/o Mr. Dharam Chand Patni Avani Heights, Flat-5A, 59A, Chowringhee Road, Kolkata-700020	45	25.09.2006	1. Impex Cements Ltd. 2. Sanjay Multimax (P) Ltd. 3. Kiran Smelters (P) Ltd. 4. Impex Steel (P) Ltd. 5. Impex Industries Ltd. 6. Patni Metal and Ferro Alloys Ltd.

	DIN: 00100970 Occupation: Business Term: Liable to retire by rotation			7. Dhodwala Enterprises Ltd. 8. Gold Mohar Steel Ltd. 9. VSN Agro Products Ltd.
5.	Mr. Prem Narayan Khandelwal Independent & Non-Executive Director S/o Late. Satyanarayan Khandelwal 'Radha Kunj' C/1/63, Sector-3, Devendra Nagar, Raipur, M. P. DIN: 00438367 Occupation: Service Term: Liable to retire by rotation	69	12.04.2004	-Nil-
6.	Mr. Chattar Singh Dugar Independent & Non-Executive Director S/o Mr. Chainroop Dugar 5, S. R. Das Road, 3 rd Floor, Kolkata-700026 DIN:00431322 Occupation: Business Term: Liable to retire by rotation	57	15.01.2002	1. Gaurav Agencies (P) Ltd. 2. Glorex Business (P) Ltd. 3. Vikash Metal & Power Ltd.
7.	Mr. Krishna Kumar Chanani Independent & Non-Executive Director S/o Ganesh Mall Chanani 5A/1 Motilal basak Lane Phool Bagan Kolkata – 700054 DIN:00369417 Occupation: Practising Chartered Accountant Term: Liable to retire by rotation	37	27.04.2006	1. Benexim (P) Ltd. 2. DSJ Consultants (P) Ltd. 3. K.K.Chanani & Associates**

* Proprietor

**Partner

Mr. Vimal Kumar Patni

Mr. Vimal Kumar Patni, s/o of Mr. Dharam Chand Patni, aged about 57 years, is the Chairman of the Company. He is a commerce graduate and has wide experience of around two decades in the Ferro Alloy and related Industries. He set up the group's first ferro alloys manufacturing unit under the name and style of Impex Ferro Tech Limited in 1998, 3 years after the company was incorporated in the year 1995. He looks after the overall management of the Company.

Mr. Suresh Kumar Patni

Mr. Suresh Kumar Patni, s/o of Mr. Dharam Chand Patni, aged about 46 years, is the Managing Director of the Company. He is a commerce graduate and has wide experience of around two decades in Ferro Alloy Industry. He looks after the Company's marketing aspects mainly due to his long association with the main bulk ferro alloys consumers. In 2002, he set-up another ferro alloy plant to manufacture High Carbon Ferro Chrome, and promoted Rohit Ferro-Tech Limited.

Mr. Virendra Kumar Jain

Mr. Virendra Kumar Jain, s/o of Mr. Dharam Chand Patni, aged about 35 years, is the Whole Time Director of the Company. He is a Bachelor in Civil Engineering and has experience of more than ten years in the Ferro Alloy Industry. He looks after the production and the overall management of the plants.

Mr. Ajit Kumar Patni

Son of Shri Dharam Chand Patni, aged 45 years, is a B.Com graduate and has experience in the Iron & Steel Industry. He is the Non Executive Director of the Company.

Mr. Prem Narayan Khandelwal

Mr. Khandelwal, aged 69 years, is the Independent & Non Executive Director of the Company. He holds a masters degree in economics and has over the years acquired expertise in the subject matter of accounts and Corporate laws.

Mr. Chatter Singh Dugar

Mr. Dugar, aged about 57 years, is the Independent & Non Executive Director of the Company. He is a graduate in Commerce and possesses rich experience in the ground on finance and Corporate matters.

Mr. Krishna Kumar Chanani

Mr. Chanani aged 37 years, is the Independent & Non Executive Director of the Company. He is the member of Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. He has a wide knowledge in the field of Accounts, Finance, Taxation, Legal & Corporate matters. He is actively participating in professional Education programs organized by ICAI and is contributing articles to the various professional and allied magazines and bulletins. He is also the Chairman of the Audit Committee of the Company.

BORROWING POWER OF DIRECTORS

Pursuant to a resolution of the shareholders of the Company dated October 1, 2004, the Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 20,000 Lacs (Twenty Thousand Lacs).

Remuneration, Appointment and Service Contract with Executive Directors

The following table set forth the terms of reappointment and remuneration payable to Mr. Suresh Kumar Patni, Managing Director and Mr. Virendra Kumar Jain, Whole-Time Director.

Terms	Mr. Suresh Kumar Patni- Managing Director	Mr. Virendra Kumar Jain- Whole Time Director
Period of Agreement	July 01, 2003 to June 30, 2008	July 01, 2003 to June 30, 2008
Salary	Rs. 7,500/- per month	Rs. 10,000/- per month
Perquisites	Nil	Nil
Earned Leave	Leave allowed shall be a maximum of one month in a year, for the twelve month of service	Leave allowed shall be a maximum of one month in a year, for the twelve month of service
No sitting fees will be paid to Managing Director and Whole-time Director for attending the Board Meeting or the any committee meeting during the tenure of their appointment.		

Terms and Conditions:

1. Managing Director and Whole time Director will not, so long as they function as such Managing Director and Whole time Director, become interested or otherwise concerned directly or through their spouse and/or minor children, in any selling agency of the Company in future unless prior approval of the Central Government.

2. The Managing Director and Whole time Director and the Company shall have the right to terminate the appointment by giving two months' prior notice in writing or payment in lieu thereof to the other.

CORPORATE GOVERNANCE

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of Audit Committee and shareholders'/Investors' Grievance Committee.

COMPOSITION OF BOARD OF DIRECTORS

The Board of Director of the Company consists of Seven Directors and has optimum combination of Executive and Non-Executive Directors as envisaged in Clause 49 of the Listing Agreement. The Board comprises of Five Non-Executive Directors out of which three are Independent Directors.

For more information on the Board of Directors of the company refer section entitled 'Management' beginning on page no. 66 of this Draft Letter of Offer.

1. AUDIT COMMITTEE

The terms of the audit committee comply with the requirements of clause 49 of the listing agreement as entered with the Stock Exchanges. The Committee has two Independent and Non-Executive Directors and one Non-Independent and Non-Executive Director. The head of the Finance & Accounts Department is the permanent invitee to the Audit Committee Meetings. The composition of Audit Committee is as under.

Name of the Member	Designation	Category
Mr. Krishna Kumar Chanani	Chairman	Independent & Non-Executive Director
Mr. Chattar Singh Dugar	Member	Independent & Non-Executive Director
Mr. Ajit Kumar Patni	Member	Non-Executive Director

The scope of Audit Committee includes and is not restricted to the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct sufficient and credible.
2. Recommending to the Board, the appointment re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing with the management the annual financial statements before submission to the board for approval.
4. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
7. Other matters as setout in the listing agreement.

2. SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

The composition of the committee is as under:

Name of the Member	Designation	Category
Mr. Chattar Singh Dugar	Chairman	Independent & Non-Executive Director
Mr. Suresh Kumar Patni	Member	Managing Director
Mr. Ajit Kumar Patni	Member	Non-Executive & Non-Independent Director

Terms of Reference

The Committee is empowered to oversee the redressal of Investors' complaints pertaining to share transfer, non receipt of annual report, non receipt of share certificate, refund warrant and other miscellaneous complaints.

3. REMUNERATION COMMITTEE

The Company does not have a "Remuneration Committee". All such items that may be required to be discussed at a meeting of the Remuneration Committee could be considered at a meeting of the "Board of Directors".

Share Holding of Directors

The following table details the shareholding of the Directors in their personal capacity and either as sole or first holder, as on the date of this Draft Letter of Offer:

Name of Director	Number of Shares Held	% age Holding
Mr. Vimal Kumar Patni	2,35,100	0.94
Mr. Suresh Kumar Patni	2,26,100	0.90
Mr. Virendra Kumar Jain	1,75,600	0.70
Mr. Ajit Kumar Patni	1,75,000	0.70
Mr. Prem Narayan Khandelwal	NIL	NIL
Mr. Chattar Singh Dugar	NIL	NIL
Mr. Krishna Kumar Chanani	NIL	NIL

Interest of Directors

Except as otherwise stated elsewhere in this Draft Offer Document, all the Directors may be deemed to be interested to the extent of remuneration and fees payable to them for attending the meeting of the Board or Committee thereof and reimbursement of traveling and other incidental expenses, if any, for such attendance's as per the Articles.

All the Directors/ Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present issue, and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

The Managing Director and the Whole-Time Director are interested to the extent of remuneration paid to them for their services rendered to the Company. Further, they are interested to the extent of equity shares that may be subscribed and allotted/ transferred to them out of the present Offer in terms of the Draft Letter of Offer and also to the extent of any dividend and/or other distributions in respect of the said Equity Shares.

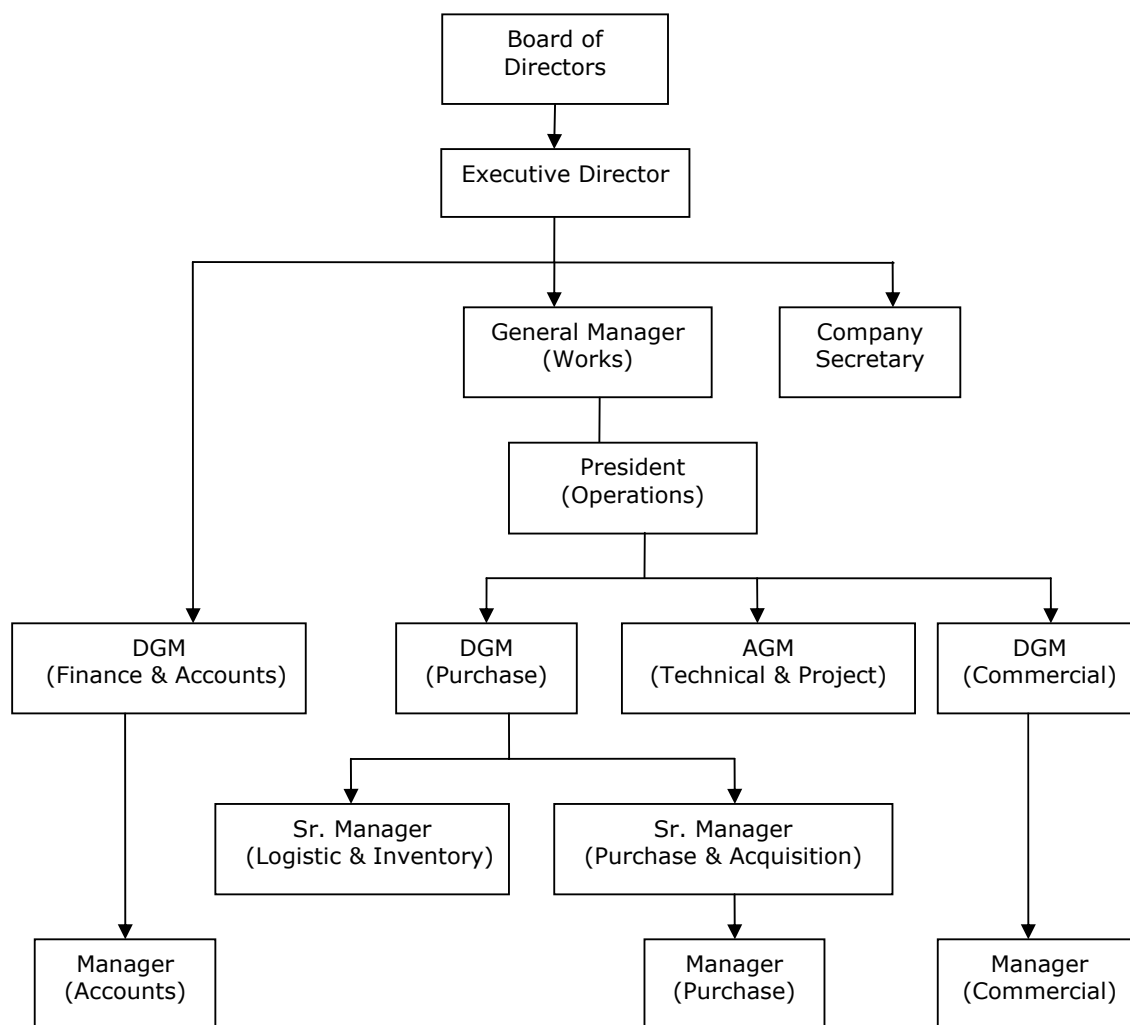
The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/ transferred to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by IFTL with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise in this Draft Letter of Offer, the Company has not entered into any contract, agreements or arrangement 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 these contracts, agreements or arrangements which are proposed to be made to them.

Changes in Board of Directors during Last Three Years

Sr. No	Name of the Director	Date of Appointment	Date of Cessation	Reason
1.	Naresh Kumar Jain	-	25.09.2006	Resigned from Directorship
2.	Mr. Ajit Kumar Jain	25.09.2006	-	Appointed as an Additional Director
3.	Mr. Vijay Mal Lodha	-	27.04.2006	Resigned from Directorship
4.	Mr. Krishna Kumar Chanani	27.04.2006	-	Appointed as an Additional Director

ORGANIZATION STRUCTURE OF THE COMPANY



The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the Management:

Sr. No.	Name	Designation	Qualification	Date of Joining	Exp years	Previous Employment
1.	Mr. Vijay Kumar Jain	President Operations	B. Com	10.04.2003	-	None
2.	Mr. Pradip Kumar Agarwal	Company Secretary	B. Com & A.C.S.	15.07.2003	7	Besco Limited
3.	Mr. Suryanarayan S. Kanchibail	G.M. (Works)	B.S.C.	18.10.1998	20	Jalan Ispat Casting Ltd.
4.	Mr. Pravin Kumar Sirohia	DGM (Fin. & Acc.)	B. Com & ACA	10.04.2003	6	M. K. Doshi & Co., Kolkata
5.	Mr. Ram Sunder Singh	DGM (Comm.)	B.S.C. & ICWAI (Inter)	10.01.1998	12	Pearl Polymers Limited
6.	Mr. Rabindra Nath Roy	AGM (Technical & Project)	BE (Elec.)	01.12.2003	13	Shyam Ferro Alloys Ltd., Durgapur
7.	Mr. Surendra Kr. Sharma	Manager (Commercial)	B. Com	10.04.2003	6	None
8.	Mr. R. N. Singh	Sr. Manager (P & A)	-	20.07.2003	-	None
9.	Mr. P. N. Singh	Sr. Manager (Logistic/Inventory.)	B. A.	01.07.1998	28	Nipha Steel Limited, Srirampur
10.	Mr. Vikash Mundhra	Manager (Accounts)	B. Com	01.04.2004	5	Baheti Exports Ltd.
11.	Mr. Pravesh Kumar Rathi	Manager (Purchase)	B. Com (Hons.)	01.04.2004	3	Super Electric Co.
12.	Mr. Rana Pratap Singh	DGM(Purchase)	B. Com; LLB	02.05.2005	35	Shyam Ferro Alloys Limited

The above persons are on the payroll of the company as permanent employees.

Shareholding of Key Management Personnel:

The shareholding of key management personnel of the Company as on the date of the filling of this Letter of Offer is as follows:

Sr. No.	Name	No. of Shares held	% age Holding
1.	Mr. Vijay Kumar Jain	20000	0.08

Bonus or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the key managerial personnel. The Company makes bonus payments or ex-gratia payments to the employees based on their performances, which is as per their terms of appointment.

Changes in the Key Managerial Personnel

There has been no change in the key managerial personnel in the last one year

Employees

The total manpower directly employed by the Company including site staffs as on December 31, 2007 was 139.

Disclosures Regarding Employees Stock Option Scheme/ Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, under any Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or benefit to the officers of the Company during the last two years

Apart from salaries and perquisites, the Company makes ex-gratia payments to the employees based on their performances, which is as per their terms of appointment.

PROMOTERS

The individual promoters of the company are:

1. Mr. Vimal Kumar Patni
2. Mr Suresh Kumar Patni
3. Mr. Virendra Kaumar Jain

The Corporate Promoters of the company are:

1. VSN Agro Product Limited
2. Dhodwala Enterprises Limited
3. Impex Cements Limited
4. Patni Metals and Ferro Alloys Limited

1. Mr. Vimal Kumar Patni



Residential Address	227/1A, A. J. C. Bose Road, Kolkata-700 020
Occupation	Business
Date of Birth	February 13, 1950
Passport Details	T872870
Voter ID Number	WB/18/113/054744
Driving License Number	Not Available
Name of Bank and Address	Punjab National Bank, 31 C. R. Avenue, Kolkata – 700 012
Type of Account	Savings
Bank Account Number	009100 0102117299

The Bank Account Number, PAN No. and Passport Details of Mr. Vimal Kumar Patni have been submitted to BSE and NSE.

2. Mr. Suresh Kumar Patni



Residential Address	15, Burdwan Road, Kolkata – 700 027
Occupation	Business
Date of Birth	August 12, 1960
Passport Details	E2986035F
Voter ID Number	Not Applied
Driving License Number	WB-01-251116
Name of Bank and Address	Bank of Baroda, 35 C. R. Avenue (S) Branch, Kolkata
Type of Account	Savings
Bank Account Number	05900100002334

The Bank Account Number, PAN No. and Passport Details of Mr. Suresh Kumar Patni have been submitted to BSE and NSE.

3. Mr. Virendra Kumar Jain



Residential Address	62/50 Diamond Harbour Road Kolkata-700 038
Occupation	Business
Date of Birth	April 03, 1971
Passport Details	NA
Voter ID Number	Not Applied
Driving License Number	WB-19-043379
Name of Bank and Address	Punjab National Bank, 31 C. R. Avenue, Kolkata – 700 012
Type of Account	Savings
Bank Account Number	009100 0102145821

The Bank Account Number, PAN No. and Passport Details of Mr. Virendra Kumar Jain have been submitted to BSE and NSE.

4. VSN AGRO PRODUCTS LTD.

The Company was promoted by Mr. Vimal Kumar Patni and Mr. Suresh Kumar Patni as VSN Agro Products Pvt. Ltd. on November 07, 1996. The Company was converted into a Public Limited Company on August 31, 2007. The Company was incorporated with the main object of carrying out business in agro products. The registered office of the company is located at 35, Chittaranjan Avenue, Kolkata-12.

Date of Incorporation	November 07, 1996
Registration No.	21-81962
Nature of Business	Agro Products and Investments
Banker of the Company	Punjab National Bank, 31 C. R. Avenue, Kolkata – 700 012
Bank Account No.	0091002100869424
Listing Status	Unlisted

The Bank Account No., PAN No., Registration Number of the company has been submitted to the designated stock exchange.

There have been no changes in the management of the company for the last three years.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% age holding
Promoter & Promoter Group	262700	28.22
Others	668100	71.78
Total	930800	100.00

Board of Directors:

The Directors of the Company are Vimal Kumar Patni, Suresh Kumar Patni and Ajit Kumar Patni.

Financial Performance

The financials for the last three years are given below:

Particulars	Rs. in Lacs		
	2005	2006	2007
Total Income	0.28	0.81	0.77
Profit after tax (PAT)	0.06	0.06	0.07
Share Capital	93.08	93.08	93.08
Reserves (excluding revaluation reserve)	121.39	121.45	121.52
Miscellaneous Expenditure	0.28	0.17	0.07
Net Worth	214.19	214.36	214.53
NAV	23.01	23.03	23.05
Earning Per Share (Rs.)	0.01	0.01	0.01
No of Equity Shares	930,800	930,800	930,800

Source: Audited Financial Statements

5. DHODWALA ENTERPRISES LTD.

The Company was promoted by Mr. Dharam Chand Patni and Mr. Vikash Patni as Dhodwala Enterprises Pvt. Ltd. on December 04, 1995. The Company was converted into a Public Limited Company on August 31, 2007. The Company was incorporated with the main object of manufacturing and dealing in all types of minerals, alloys and ferro alloys. The registered office of the company is located at 35, Chittaranjan Avenue, Kolkata-12.

Date of Incorporation	December 04, 1995
Registration No.	21-75710
Nature of Business	All Types of Minerals, Alloys and Ferro Alloys
Banker	Punjab National Bank, 31 C. R. Avenue, Kolkata – 700 012
Bank Account No.	0091002100880153
Listing Status	Unlisted

The Bank Account No., PAN No., Registration Number of the company has been submitted to the designated stock exchange.

There have been no changes in the management of the company for the last three years.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% age holding
Promoter & Promoter Group	323,200	34.01
Others	627,100	65.99
Total	950,300	100.00

Board of Directors:

The Directors of the Company are Dharam Chand Patni, Vikash Patni & Ajit Kumar Patni.

Financial Performance

The financials for the last three years are given below:

Particulars	Rs. in Lacs		
	2005	2006	2007
Total Income	0.30	0.74	0.87
Profit after tax (PAT)	0.03	0.09	0.13
Share Capital	95.03	95.03	95.03
Reserves (excluding revaluation reserve)	138.11	138.20	138.33
Miscellaneous Expenditure	0.32	0.18	0.04
Net Worth	232.82	233.05	233.32
NAV	24.50	24.52	24.55
Earning Per Share (Rs.)	-	0.01	0.01
No of Equity Shares	950,300	950,300	950,300

Source: Audited Financial Statements

6. IMPEX CEMENTS LTD.

The Company was promoted by Mr. Ajit Kumar Patni, Mr. Vimal Kumar Patni & Mr. Vijay Kumar Patni as Impex Cements Pvt. Ltd. on December 13, 1991. The Company was converted into a Public Limited Company on August 31, 2007. The Company was incorporated with the main object of carrying out business in cement & cement products. The registered office of the company is located at 35, Chittaranjan Avenue, Kolkata-12.

Date of Incorporation	December 13, 1991
Registration No.	21-53832
Nature of Business	Cement & Cement Products
Banker	Bank of Baroda C. R. Avenue, Kolkata
Bank Account No.	201293
Listing Status	Unlisted

The Bank Account No., PAN No., Registration Number of the company has been submitted to the designated stock exchange.

There have been no changes in the management of the company for the last three years.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	225,400	21.31
Others	832,500	78.69
Total	1,057,900	100.00

Board of Directors:

The Directors of the Company are Ajit Kumar Patni, Vinita Jain & Virendra Kumar Jain.

Financial Performance

The financials for the last three years are given below:

Particulars	Rs. in Lacs		
	2005	2006	2007
Total Income	0.33	0.55	1.55
Profit after tax (PAT)	0.06	0.06	0.66
Share Capital	105.79	105.79	105.79
Reserves (excluding revaluation reserve)	65.40	65.46	66.12
Miscellaneous Expenditure	0.34	0.19	0.05
Net Worth	170.85	171.07	171.87
NAV	16.15	16.17	16.25
Earning Per Share (Rs.)	0.01	0.01	0.06
No of Equity Shares	1,057,900	1,057,900	1,057,900

Source: Audited Financial Statements

7. PATNI METAL & FERRO ALLOYS LTD.

The Company was promoted by Mr. Vikash Patni & Mrs. Babita Jain as Patni Metals and Ferro Alloys Limited on November 16, 1995. The Company was converted into a Public Limited Company on August 31, 2007. The Company was incorporated with the main object of carrying out business in manufacturing of Ferrous & Non-ferrous Metals, Minerals, Alloys and Ferro Alloys. The registered office of the company is located at 35, Chittaranjan Avenue, Kolkata-12.

Date of Incorporation	November 16, 1995
Registration No.	21-75401
Nature of Business	Manufacturing of Ferrous & Non-ferrous Metals, Minerals, Alloys and Ferro Alloys
Banker	Punjab National Bank 31 C. R. Avenue, Kolkata – 700 012
Bank Account No.	0091002100880588
Listing Status	Unlisted

The Bank Account No., PAN No., Registration Number of the company has been submitted to the designated stock exchange.

There have been no changes in the management of the company for the last three years.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% age holding
Promoter & Promoter Group	127,500	13.07
Others	847,900	86.93
Total	975,400	100.00

Board of Directors:

The Directors of the Company are Vikash Patni, Babita Jain & Ajit Kumar Jain.

Financial Performance

The financials for the last three years are given below:

Particulars	Rs. in Lacs		
	2005	2006	2007
Total Income	2.35	2.09	2.20
Profit after tax (PAT)	0.08	0.07	0.21
Share Capital	97.54	97.54	97.54
Reserves (excluding revaluation reserve)	80.78	80.84	81.05
Miscellaneous Expenditure	0.29	0.15	0.05
Net Worth	178.03	178.23	178.54
NAV	18.25	18.27	18.30
Earning Per Share (Rs.)	0.01	0.01	0.02
No of Equity Shares	975,400	975,400	975,400

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share of all the above Companies is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, No. of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against any of the company and neither any company has been declared sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

Companies with which the Promoters have disassociated in the last three years

The Promoters have not disassociated themselves from any company in the last three years.

Common Pursuits

Rohit Ferro-Tech Limited and Ankit Metal & Power Ltd both promoted by Mr. Suresh Kumar Patni, the Managing Director of the issuer Company, are engaged in production of ferro alloys.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding Directorship in the company. The Promoters are not interested in any property acquired by IFTL within two years from the date of the Draft Letter of Offer. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

The following companies/firms/ventures promoted by the Promoters of the Company and the Promoters may be deemed to be interested in these Companies:

Sr. No.	Name of the Concern	Type of Concern	Interested Party
1.	Rohit Ferro - Tech Limited	Company	Mr. Suresh Kumar Patni
2.	Ankit Metal & Power Limited	Company	Mr. Suresh Kumar Patni
3.	Vikash Metal & Power Limited	Company	Mr. Vimal Kumar Patni Mr. Virendra Kumar Jain
4.	Sarita Steel -Tech Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
5.	Impex Metal & Ferro Alloys Pvt Ltd.	Company	Mr. Suresh Kumar Patni
6.	Greetamax Estates Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
7.	Pioneer Multimax Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
8.	Nutech Multimax Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
9.	Divine Trading Company Pvt. Ltd	Company	Mr. Suresh Kumar Patni
10.	SBM Steels Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
11.	Subham Complex Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
12.	Poddar Mech Tech Services Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
13.	Invesco Finance Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
14.	Suanvi Trading & Investment Co. Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
15.	Vasupujya Enterprises Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
16.	Impex Infotech Limited	Company	Mr. Vimal Kumar Patni
17.	Manju Cement Co. Pvt. Ltd.	Company	Mr. Suresh Kumar Patni
18.	Impex Industries	Proprietorship	Mr. Suresh Kumar Patni
19.	Impex Mineral & Chemical Company	Proprietorship	Mr. Suresh Kumar Patni

Except as disclosed above and in the Related Party Transaction on Page no. 131 of this Draft Letter of Offer, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

Apart from the above there have been no payments or benefits to the Promoters of the Company.

Related Party Transactions

For details of related party transactions please refer to page no. 131 of the Draft Letter of Offer.

PROMOTER GROUP

In addition to the Promoters as specified above, the following individuals (being the immediate relatives of the Promoters and some of whom hold equity shares) and companies are part of the Promoter Group:

Individuals

Premlata Patni	Wife of Vimal Kumar Patni
Sarita Patni	Wife of Suresh Kumar Patni
Vinita Jain	Wife of Virendra Kumar Jain
Dharamchand Patni	Father of- Vimal Kumar Patni Suresh Kumar Patni Virendra Kumar Jain Ajit Kumar Patni Vijay Kumar Patni
Late Kapoor Devi Patni	Mother of- Vimal Kumar Patni Suresh Kumar Patni Virendra Kumar Jain Ajit Kumar Patni Vijay Kumar Patni
Vikash Patni	Son of Vimal Kumar Patni
Akash Patni	
Rajesh Patni	

Rohit Patni	Son of Suresh Kumar Patni
Ankit Patni	
Siddhanth Jain	Son of Virendra Kumar Jain
Shlok Jain	
Vijay Kumar Patni	Brother of Vimal Kumar Patni Suresh Kumar Patni Virendra Kumar Jain Ajit Kumar Patni
Ajit Kumar Patni	Brother of Vimal Kumar Patni Suresh Kumar Patni Virendra Kumar Jain Vijay Kumar Patni
Hira Devi Jain	Sister of Vimal Kumar Patni Suresh Kumar Patni Virendra Kumar Jain Ajit Kumar Patni Vijay Kumar Patni
Late Mool Chand Kala	Father in Law of Vimal Kumar Patni
Sarbati Devi Kala	Mother in law of Vimal Kumar Patni
Late Bhawar Lal Barjatya	Father in Law of Suresh Kumar Patni
Umrao Devi Barjatya	Mother in Law of Suresh Kumar Patni
Bimal Rara	Father in Law of Virendra Kumar Jain
Rajamati Rara	Mother in Law of Virendra Kumar Jain
Bhupendra Kala	Brother in law of Vimal Kumar Patni
Sanjay Kala	
Manoj Kala	
Mahendra Barjatya	Brother in law of Suresh Kumar Patni
Ashok Jain	
Rajesh Rara	Brother in law of Virendra Kumar Jain
Jitendra Rara	
Sushila Devi Patni	Sister in law of Vimal Kumar Patni
Santosh Patni	
Kanchan Patni	
Manju Patni	
Mamta Pataudi	

Mr. Naresh Kumar Jain, brother of the individual Promoters, was a Director in the Company since incorporation. However, he resigned from the directorship of the company on September 25, 2006. Further, through an affidavit dated January 16, 2008 Mr. Naresh has severed all ties from the Company, his five brothers and all entities/ventures promoted by his brothers and their family. He is now interested in the Company only as an outside shareholder.

The Promoters of the Company have severed all ties with Mr. Naresh Kumar Jain and do not have any information relating to companies/concerns which are exclusively his ventures or ventures of his spouse and / or children. Moreover, the Promoters of the Company are not interested in any such ventures.

The companies that are the part of promoters group, apart from the promoter companies mentioned above are as follows

1. Rohit Ferro Tech Limited
2. Ankit Metal & Power Limited
3. Vikash Metal & Power limited
4. Sarita Steel Tech Private Ltd
5. Impex Metal & Ferro Alloys Private Limited
6. Greetamax Estates Pvt Ltd
7. Pioneer Multimax Pvt Ltd
8. Nutech Multimax Pvt Ltd
9. Subham Complex Pvt Ltd

10. Poddar Mech Tech Services Pvt Ltd
11. Invesco Finance Pvt Ltd
12. Suanvi Trading & Investment Company Pvt Ltd
13. Vasupujya Enterprises Pvt. Limited
14. Impex Infotech Ltd
15. Manju Cement Company Pvt. limited
16. Impex Steel Pvt. Limited
17. Hira Concast Pvt. Ltd.
18. Sahyogi Distributors Pvt. Ltd.
19. Brahmand Udyog Pvt. Ltd
20. Gold Mohar Steel Ltd
21. Impex Industries Ltd
22. Divine Trading Pvt. Ltd
23. SBM Steels Pvt. Ltd
24. Siddhant Multimax Pvt. Ltd
25. Kiran Smelters Pvt. Ltd
26. Sanjay Multimax Pvt. Ltd
27. Vinita Smelters Pvt. Ltd

The Proprietorship Firm that is the part of promoter group apart from the above mentioned Co. is as follows:

28. Impex Industries
29. Impex Mineral & Chemical

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

DIVIDEND POLICY

The Company has a dividend policy for dividend payment as written in the Articles of association of the Company. The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, in their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition.

The company has not declared any dividends during the last five years.

GROUP COMPANIES

The information for the last three years based on the audited statements in respect of the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

1. ROHIT FERRO-TECH LIMITED

The Company was incorporated on April 7th, 2000 as a private Limited Company with its Registered Office at 35, C. R. Avenue, 4th Floor, Kolkata – 700 012. The Company was converted to a Public Company under the name & style of Rohit Ferro-Tech Limited with effect from 24th June 2004. The Company is currently manufacturing 40,000 MTPA High Carbon Ferro Chrome from its 4 furnaces at Bishnupur in the state of West Bengal and another 1,10,000 MTPA of ferro alloys from its 4 furnaces at Jajpur in Orissa. The Company is in the process of expansion and has announced an addition of another 9 MVA furnace (fifth) at Bishnupur. The fifth furnace is expected to start production by the end of the financial year 07-08. Thus, after the expansion the total combined capacity of the company shall stand to produce 180,000 MPTA of High Carbon Ferro Chrome.

Shareholding Pattern as on 31st December 2007

The shareholding pattern of the Company as on 31st December 2007 is as provided below:

	Category of Shareholder			
A	Shareholding of the Promoter and Promoter Group	No. of shareholder	No. of Shares	Percentage(%) of holding
1	Indian			
	Individuals/HUF	4	2,599,007	7.55%
	Bodies Corporate	4	18,287,500	53.06%
	Sub-Total	8	20,886,507	60.61%
2	Foreign	-	-	-
A	Total Shareholding of Promoter and Promoter Group	8	20,886,507	60.61%
B	Public Shareholding			
1	Institutions	-	-	-
2	Non-Institutions			
	Bodies Corporate	891	5928516	17.20%
	Individuals			
	Individual shareholders holding nominal share capital up to Rs. 1 Lakh	9020	4299290	12.48%
	Individual shareholders holding nominal share in excess of Rs. 1 Lakh	67	3105059	9.01%
	Non-Resident Indians	86	243573	0.71%
	Sub-Total	10064	13,576,438	39.39%
B	Total Public Shareholding	10064	13,576,438	39.39%
	TOTAL(A+B)	10072	34,462,945	100.00%
	Shares held by Custodians and against which depository receipts have been issued	-	-	-
	TOTAL(A+B+C)	10072	34,462,945	100.00%

Board of Directors

The Board of Directors of the Company consists of the following members:

Name of the Director	Designation
Mr. Suresh Kumar Patni	Non Executive Chairman
Mr. Rohit Patni	Managing Director
Mr. Ankit Patni	Jt. Managing Director
Mr. Binit Jain	Executive Director
Mr. Kailash Chand Jain	Independent Director
Mr. Jatindra Nath Rudra	Independent Director
Mr. Jayant .K. Chatterjee	Independent Director
Mrs. Sarita Patni	Non Executive Director

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	10,357.45	13,166.21	20,363.84
Profit after tax (PAT)	774.68	1,104.22	2,043.73
Share Capital	1,626.12	1,751.52	3,446.29
Reserves (excluding revaluation reserve)	1,231.18	3,636.83	8,545.00
Miscellaneous Expenditure	17.32	37.33	160.02
Net Worth	2,839.99	5,351.02	11,831.27
NAV	17.46	30.55	34.33
Earning Per Share (EPS) (Rs.)	5.47	6.35	5.96
No of Equity Shares	16,261,200	17,515,200	34,462,945

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

Share Quotation

Highest and Lowest price of equity shares as quoted on BSE (Designated Stock Exchange) in the last six months:

Month	High (Rs.)	Low (Rs.)
July 2007	42.50	32.50
Aug 2007	41.50	34.10
Sep 2007	57.30	38.80
Oct 2007	62.00	45.00
Nov 2007	93.00	52.10
Dec 2007	110.00	78.00

Source: www.bseindia.com

Last issue by Rohit Ferro-Tech Limited

In March 2006, Rohit Ferro-Tech Ltd made a public issue of 1,69,47,667 Equity Shares of Rs.10/- each for cash at a premium of Rs.20/- per Equity Share aggregating Rs.5084.30 Lacs.

Current market price

The closing market price of equity share of the company on BSE on January 28, 2008 was Rs. 80.65

The closing market price of equity share of the company on NSE on January 28, 2008 was Rs. 81.90.

Particulars of changes in Capital Structure since the date of issue

There has been no change in the capital structure of the Company since the date of the issue.

Mechanism evolved for Redressal of Investor Grievances

Rohit Ferro-Tech Ltd has formed Investor Grievance cum Share Transfer committee. The Committee comprises of two Independent Directors and one Non-Executive Director, the details of which are as follows-

Name of the Director	Designation	Status
Mr. J.K. Chatterjee	Independent Director	Chairman
Mr. J.N. Rudra	Independent Director	Member
Mr. S.K. Patni	Non Executive Chairman	Member

This committee specifically looks into the redressing transfer of shares, non-receipt of the declared dividends etc. The Company shall adhere to the following schedule in respect of below mentioned complaints:

Nature of Complaint	Time Taken
Non receipt of the refund warrants	Within 7 days of receipt of complaint, subject to production to satisfactory evidence
Change of address notification	Within 7 days of receipt of information
Any other complaint in relation to public issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed, Mr. Pramod Kumar Jain Company Secretary, Rohit Ferro-Tech Ltd as the Compliance Officer.

2. ANKIT METALS & POWER LIMITED

The Company was originally incorporated as Ankit Steel Works Private Ltd on 7th August, 2002 by 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.)

Promoted by Mr. Suresh Kumar Patni the company has already commissioned & started production from its Steel Melting Shop of 65,100 MTPA, Sponge Iron Plant of 1,05,000 MTPA and Rolling Mill of 1,00,000 MTPA & the AFBC based Power Plant of 4 MW is at an advanced stage of implementation. The company is in the early stage of setting of High Carbon Ferro Manganese plant of 12,325 MTPA. The product portfolio of the group presently comprises a range of value added products ranging from Sponge Iron, Billets, TMT Bars, Rods, Manganese & Chromium based Ferro Alloys, Metals, Minerals and other steel related products.

Shareholding Pattern as on 31st December 2007

The shareholding pattern of the Company as on **31st December 2007** is as provided below:

Sl. No.	Category of Shareholder	No. Of shares	No. of Shares	Percentage(%) of holding
A	Shareholding of the Promoter and Promoter Group			
1	Indian			
	Individuals/HUF	4	2,510,500	7.64%
	Bodies Corporate	4	18,940,000	57.61%

	Sub-Total	8	21,450,500	65.25%
2	Foreign			
A	Total Shareholding of Promoter and Promoter Group	8	21,450,500	65.25%
B	Public Shareholding			
1	Institutions			
	Foreign Institutions/Banks	1	200,000	0.61%
	Foreign Institutional investors	3	2,202,380	6.70%
	Sub-Total	4	2,402,380	7.31%
2	Non-Institutions			
	Bodies Corporate	185	5,926,718	18.03%
	Individuals			
	Individual shareholders holding nominal share capital upto Rs. 1 Lac	1943	684,418	2.08%
	Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	27	1,724,734	5.25%
	Clearing Members	54	576,110	1.75%
	NRI	26	110,640	0.34%
	Sub-Total	2235	9,022,620	27.44%
B	Total Public Shareholding	2239	11,425,000	34.75%
	TOTAL(A+B)	2247	32,875,500	100.00%
	TOTAL(A+B+C)	3231	32,875,500	100.00%

Board of Directors

The Board of Directors of the Company consists of the following members:

Name of the Director	Designation
Mr. Suresh Kumar Patni	Chairman(Non-Executive Director)
Mr. Ankit Patni	Managing Director(Executive Director)
Mr. Sanjay Singh	Executive Director
Mr. Kailash Chand Jain	Non-Executive Independent Director
Mr. Vijay Kumar Jain	Non-Executive Independent Director
Mr. Jatindra Nath Rudra	Non-Executive Independent Director
Mr. Rohit Patni	Joint Managing Director(Executive Director)

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.32	5,828.02	19543.17
Profit after tax (PAT)	0.04	347.90	1,054.17
Share Capital	1,291.05	2,097.55	2,097.55
Reserves (excluding revaluation reserve)	945.05	2,099.44	3,153.61
Miscellaneous Expenditure	10.81	11.65	28.81
Net Worth	2,225.29	4,185.35	5,222.35
NAV	17.24	19.95	24.90
Earning Per Share (EPS) (Rs.)	0.00	1.66	5.03
No of Equity Shares	12,910,500	20,975,500	20,975,500

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

Share Quotation

Highest and Lowest price of equity shares as quoted on BSE (Designated Stock Exchange) in the last six months:

Month	High (Rs.)	Low (Rs.)
July 2007	46.50	35.60
Aug 2007	64.20	39.90
Sept 2007	51.00	42.50
Oct 2007	61.30	42.65
Nov 2007	84.50	45.35
Dec 2007	103.15	70.00

Source: www.bseindia.com

Last issue by Ankit Metal & Power Limited

On June 18, 2007 Ankit Metal & Power Ltd. made a public issue of 1,19,00,000 Equity Shares of FV Rs.10/- each for cash at a premium of Rs. 26/- per Equity Share aggregating Rs.4284.00 Lacs.

Current market price

The closing market price of equity share of the company on BSE on January 28, 2008 was Rs. 85.55

Particulars of changes in Capital Structure since the date of issue

There has been no change in the capital structure of the Company since the date of the issue.

Mechanism evolved for Redressal of Investor Grievances

Ankit Metal & Power Ltd. has formed Investor Grievance cum Share Transfer committee. The Committee comprises of two Independent Directors and one Executive Director, the details of which are as follows-

Name of the Director	Designation	Status
Mr. J.K. Rudra	Non-Executive Independent Director	Chairman
Mr. Vijay Kumar Jain	Non-Executive Independent Director	Members
Mr. Ankit Patni	Managing Director(Executive Director)	Members

This committee specifically looks into the redressing transfer of shares, non-receipt of the declared dividends etc. The Company shall adhere to the following schedule in respect of below mentioned complaints:

Nature of Complaint	Time Taken
Non receipt of the refund warrants	Within 7 days of receipt of complaint, subject to production to satisfactory evidence
Change of address notification	Within 7 days of receipt of information
Any other complaint in relation to public issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed, Mr. Chandra Kumar Jain Company Secretary, as the Compliance Officer

3. VIKASH METAL & POWER LIMITED

The Company was incorporated under the name of Vikash Metal Private Ltd. on 04.07.1996. The company subsequently became a public company under the name of Vikash Metal Limited with effect from 13.12.2002. The name of the company was subsequently changed to Vikas Metal & Power Ltd. with effect from 21.01.2003. The Company is presently engaged in the business of manufacturing sponge iron. The current Installed capacity of the company is 130000 MTPA.

Shareholding pattern as on 31st December, 2007

The shareholding pattern of the Company as on 31st December, 2007 is as provided below:

Sl. No.	Category of Shareholder	No. of Shareholder	No. of Shares	Percentage(%) of holding
A	Shareholding of the Promoter and Promoter Group			
1	Indian			
	Individuals/HUF	7	7,455,200	21.23%
	Bodies Corporate	4	13,249,400	37.73%
	Sub-Total	11	20,704,600	58.95%
2	Foreign		-	-
A	Total Shareholding of Promoter and Promoter Group	11	20,704,600	58.95%
B	Public Shareholding			
1	Institutions			
2	Non-Institutions			
	Bodies Corporate	806	6989718	19.90%
	Individuals			
	Individual shareholders holding nominal share capital upto Rs. 1 Lac	13191	6266574	17.84%
	Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	42	1007229	2.87%
	NRI	81	151979	0.43%
	Sub-Total	14120	14,415,500	41.05%
B	Total Public Shareholding	14120	14,415,500	41.05%
	TOTAL(A+B)	14131	35,120,100	100.00%
	Shares held by Custodians and against which depository receipts have been issued	-	-	-
	TOTAL(A+B+C)	14131	35,120,100	100.00%

Board of Directors:

The Board of Directors of the Company consists of the following members:

Name of the Director	Designation
Mr. Vimal Kumar Patni	Non-Executive Chairman
Mr. Vikas Patni	Managing Director
Mr. Akash Patni	Non-Executive Director
Mr. Virendra Kumar Jain	Non-Executive Director
Mr. Chattar Singh Dugar	Non-Executive Independent Director
Mr. Vijay Kumar Jain	Non-Executive Independent Director
Mr. Kailash Chand Jain	Non-Executive Independent Director
Mr. Vijay Mal Lodha	Non-Executive Independent Director

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	3,510.70	5,913.15	16,968.69
Profit after tax (PAT)	208.84	416.54	759.16
Share Capital	1,035.92	3,512.01	3,512.01
Reserves (excluding revaluation reserve)	226.06	3,118.69	3,672.41
Miscellaneous Expenditure	19.48	178.75	132.52
P/L Debit Balance	-	-	-
Net Worth	1,242.50	6,451.96	7,051.90
NAV	11.99	18.37	20.08
Earning Per Share (EPS) (Rs.)	2.31	1.94	2.16
No of Equity Shares	10,359,200	35,120,100	35,120,100

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

Share Quotation

Highest and Lowest price of equity shares as quoted on BSE (Designated Stock Exchange) in the last six months:

Month	High (Rs.)	Low (Rs.)
June 2007	17.80	13.50
July 2007	18.00	15.00
Aug 2007	19.95	14.50
Sep 2007	24.45	17.85
Oct 2007	23.85	17.00
Nov 2007	35.35	17.50
Dec 2007	39.70	32.25

Source: www.bseindia.com

Last issue by Vikash Metal & Power Limited

In October 2005, Vikash metal & Power Ltd made a public issue of 1,89,02,900 Equity Shares of FV of Rs.10/- each for cash at a premium of Rs. 10 per Equity Share aggregating Rs.3780.58 Lacs.

Current market price

The closing market price of equity share of the company on BSE on January 28, 2008 was Rs. 28.30.

The closing market price of equity share of the company on NSE on January 28, 2008 was Rs. 28.40.

Particulars of changes in Capital Structure since the date of issue

There has been no change in the capital structure of the Company since the date of the issue.

Mechanism evolved for Redressal of Investor Grievances

Vikash Metal & Power Ltd has formed Investor Grievance cum Share Transfer committee comprising of one Independent Director, one Non-Executive Chairman & one Managing Director, Mr. Vijay Kumar Jain being the Chairman., the details of which are as follows-

Name of the Director	Designation	Status
Mr. Vijay Kumar Jain	Non-Executive Independent Director	Chairman
Mr. Vimal Kumar Patni	Non-Executive Chairman	Member
Mr. Vikas Patni	Managing Director	Member

This committee specifically looks into the redressing transfer of shares, non-receipt of the declared dividends etc. The Company shall adhere to the following schedule in respect of below mentioned complaints:

Nature of Complaint	Time Taken
Non receipt of the refund warrants	Within 7 days of receipt of complaint, subject to production to satisfactory evidence
Change of address notification	Within 7 days of receipt of information
Any other complaint in relation to public issue	Within 7 days of receipt of complaint with all relevant details

The company has appointed, Ms. Ruchika Jain, Company Secretary, Vikash Metal & Power Limited as the Compliance Officer

4. SARITA STEEL-TECH PRIVATE LIMITED

The Company was incorporated on 13th February 2004 under the Companies Act, 1956 as a Private Limited Company with an object to deal & manufacture in the Iron & Steel sector. The Company has not started any operations, and thus, there is no Profit & Loss account prepared for the year ended 31st March '2005 & 2006.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	10,000	100.00
Others	-	-
Total	10,000	100.00

Board of Directors

The Directors of the Company are Suresh Kumar Patni & Sarita Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	-	-	1.89
Profit after tax (PAT)	-	-	0.02
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	-	-	0.02
Miscellaneous Expenditure	0.61	0.65	0.52
Net Worth	0.39	0.35	0.50
NAV	3.54	3.54	4.99
Earning Per Share (EPS) (Rs.)	-	-	0.16
No of Equity Shares	10,000	10,000	10,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

5. IMPEX METAL & FERRO ALLOYS PVT. LTD.

Impex Metal & Ferro Alloys Pvt. Ltd. was incorporated on May 31, 1991 under the Companies Act 1956 as a private limited Company. The Company is engaged in trading and import of Ferro Alloys, Metals and Minerals. The issuer company is engaged/ proposes to engage in manufacturing of sponge iron, M.S. Ingots & Billets & TMT Rods & engaged in trading of steels items –

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. Of Shares	% Shareholding
Promoter & Promoter Group	68,270	38.70%
Others	108,130	61.30%
Total	176,400	100.00

Board of Directors

The Directors of the Company are Suresh Kumar Patni, Sarita Patni, Ankit Patni & Rohit Patni

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	8,235.21	8,226.24	15,170.35
Profit after tax (PAT)	72.76	65.73	153.12
Share Capital	176.40	176.40	176.40
Share Application Money (Pending Allotment)	75.00	125.00	332.50
Reserves (excluding revaluation reserve)	286.32	352.05	470.37
Net Worth	537.72	653.45	979.27
NAV	304.83	370.44	555.14
Earning Per Share (EPS) (Rs.)	41.25	37.26	86.80
No of Equity Shares	176,400	176,400	176,400

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.100/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.

3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

6. GREETAMAX ESTATES PVT. LTD.

The company was incorporated on February 19, 1991 under the companies Act, 1956 as a private limited company. The company was incorporated for carrying on the business of investing and dealing in real estate.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	85,500	86.17
Others	13,720	13.83
Total	99,220	100.00

Board of Directors

The Directors of the Company are Rohit Patni & Ankit Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.83	1.20	1.20
Profit after tax (PAT)	0.30	0.35	0.24
Share Capital	9.92	9.92	9.92
Reserves (excluding revaluation reserve)	0.00	0.12	0.36
Miscellaneous Expenditure	0.23	-	-
Net Worth	9.69	10.04	10.28
NAV	9.77	10.12	10.36
Earning Per Share (EPS) (Rs.)	0.30	0.35	0.25
No of Equity Shares	99,220	99,220	99,220

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

7. PIONEER MULTIMAX PVT. LTD.

The company was incorporated on February 19, 1991 under the companies Act, 1956 as a Private Limited Company. The company was incorporated for carrying on the business of investing and dealing in real estate.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	85,500	86.17
Others	13,720	13.83
Total	99,220	100.00

Board of Directors:

The Directors of the Company are Rohit Patni & Ankit Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs			
Year Ended March 31	2005	2006	2007
Total Income	0.83	1.20	1.20
Profit after tax (PAT)	0.26	0.35	0.25
Share Capital	9.92	9.92	9.92
Reserves (excluding revaluation reserve)	-	0.12	0.36
Miscellaneous Expenditure	0.24	-	-
Net Worth	9.68	10.04	10.28
NAV	9.76	10.12	10.36
Earning Per Share (EPS) (Rs.)	0.26	0.36	0.25
No of Equity Shares	99,200	99,200	99,220

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

8. NUTECH MULTIMAX PVT. LTD.

The company was incorporated on March 20, 1991 under the companies Act, 1956 as a private limited company .The company was incorporated for carrying on the business of investing and dealing in real estate..

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	85,500	86.17
Others	13,720	13.83
Total	99,220	100.00

Board of Directors

The Directors of the Company are Rohit Patni & Ankit Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	0.83	1.20	1.20
Profit after tax (PAT)	0.28	0.35	0.25
Share Capital	9.92	9.92	9.92
Reserves (excluding revaluation reserve)	-	0.30	0.54
Miscellaneous Expenditure	0.06	-	-
P/L Debit Balance	-	-	-
Net Worth	9.86	10.22	10.47
NAV	9.94	10.30	10.55
Earning Per Share (EPS) (Rs.)	0.29	0.36	0.25
No of Equity Shares	99,220	99,220	99,220

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

9. SUBHAM COMPLEX PVT. LTD.

The company was incorporated on December 17, 1998, under the companies Act, 1956 as a private limited company for investing and dealing in real estate.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	72,200	100.00
others	-	-
Total	72,200	100.00

Board of Directors

The Directors of the Company are Suresh Kumar Patni & Sarita Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	-	-	-
Profit after tax (PAT)	(0.05)	(0.13)	(0.08)
Share Capital	7.22	7.22	7.22
Reserves (excluding revaluation reserve)	-	-	-
Miscellaneous Expenditure	0.03	0.03	0.02
P/L Debit Balance	0.44	0.56	0.64
Net Worth	6.76	6.63	6.56
NAV	9.36	9.18	9.08
Earning Per Share (EPS) (Rs.)	(0.08)	(0.18)	(0.11)
No of Equity Shares	72,200	72,200	72,200

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-

2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

10. PODDAR MECH TECH SERVICES PVT. LTD.

The Company was incorporated on March 21, 1996 having its registered office at 35.C. R. Avenue, Kolkata-700012. The Company is a Non- Banking Financial Company. As the Company is NBFC Company, the main business is to raise & lend money at a competitive rate & gain the profit by investing in companies. Poddar Mech Tech Services (P) Limited was founded and promoted by Mr. Rajesh Poddar and Mr. Jai Kumar Jha. Mr. Suresh Kumar Patni is now the promoter of the Company.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	881,700	55.92
Others	695,000	44.08
Total	1,576,700	100.00

Board of Directors:

The Directors of the Company are Suresh Kumar Patni & Sarita Patni.

Financial Performance

The financials for the last three years are given below:

Year Ended March 31	2005	2006	2007
Total Income	8.85	4.13	36.93
Profit after tax (PAT)	2.32	0.22	32.09
Share Capital	128.67	157.67	157.67
Reserves (excluding revaluation reserve)	771.49	1032.72	1,064.80
Miscellaneous Expenditure	0.56	0.56	0.30
Net Worth	899.60	1189.83	1,222.18
NAV	69.94	75.46	77.51
Earning Per Share (EPS) (Rs.)	0.18	0.01	2.04
No of Equity Shares	1,286,700	1,576,700	1,576,700

Rs. in Lacs

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

11. INVESCO FINANCE PVT. LTD.

The Company was incorporated on the February 16,1995 having its registered office at 35, C. R. Avenue, Kolkata-700 012. The Company is a Non- Banking Financial Company. As the Company is NBFC Company, the main business is to raise & lend the money at a competitive rate & gain the profit by investing in companies. Invesco Finance Pvt. Ltd was founded by Mr. Sandeep Kumar Sethia & Mr. Ram Singh. Mr. Suresh Kumar Patni is now the promoter of the Company and the Company.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	607,000	26.25
Others	1,705,000	73.75
Total	2,312,000	100.00

Board of Directors:

The Directors of the Company are Suresh Kumar Patni & Sarita Patni.

Financial Performance

The financials for the last three years are given below:

Year Ended March 31	Rs. in Lacs		
	2005	2006	2007
Total Income	2.56	8.34	53.96
Profit after tax (PAT)	0.65	5.04	50.80
Share Capital	190.20	190.20	231.20
Reserves (excluding revaluation reserve)	424.68	429.71	849.51
Miscellaneous Expenditure	0.76	0.97	0.68
Net Worth	614.11	618.94	1,080.03
NAV	32.29	32.54	46.71
Earning Per Share (EPS) (Rs.)	0.03	0.26	2.20
No of Equity Shares	1,902,000	1,902,000	2,312,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

12. SUANVI TRADING & INVESTMENT CO. PVT. LTD.

The Company was incorporated on February 04, 1996 having its registered office at 35, C.R. Avenue, Kolkata-700 012. The Company is a Non- Banking Financial Company. As the Company is NBFC Company, the main business is to raise & lend the money at a competitive rate & gain the profit by investing in companies. Suanvi Trading & Investment Co Pvt Limited was founded and promoted by Mr. Vishnu Kumar Maskara Mr. Sunil Kumar Maskara. Mr. Suresh Kumar Patni is now the promoter of the Company.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	756,550	43.22
Others	993,750	56.78
Total	1,750,300	100.00

Board of Directors:

The Directors of the Company are Suresh Kumar Patni & Sarita Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	3.59	9.61	71.10
Profit after tax (PAT)	0.97	4.23	63.51
Share Capital	175.03	175.03	175.03
Reserves (excluding revaluation reserve)	611.89	611.89	679.63
Miscellaneous Expenditure	0.68	0.48	0.28
Net Worth	786.24	786.44	854.38
NAV	44.92	45.17	48.81
Earning Per Share (EPS) (Rs.)	0.06	0.24	3.63
No of Equity Shares	1,750,300	1,750,300	1,750,300

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

13. VASUPOJYA ENTERPRISES PVT. LTD.

The Company was incorporated on February 28, 1995, having its registered office at 863, Marshall House, 33/1, N.S.Road, Kolkata-700 001. The Company is a Non-Banking Finance Company (NBFC). As the Company is NBFC Company, the main business is to raise & lend the money at a competitive rate & gain the profit by investing in companies.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	1,499,850	100.00
Others	-	-
Total	1,499,850	100.00

Board of Directors:

The Directors of the Company are Suresh Kumar Patni & Ankit Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	0.75	1.96	49.90
Profit after tax (PAT)	0.46	0.85	43.12
Share Capital	149.99	149.99	149.99
Reserves (excluding revaluation reserve)	6,202.03	6,202.88	6,246.00
Miscellaneous Expenditure	0.95	0.84	0.74
Net Worth	6,351.07	6,352.02	6,395.25
NAV	423.45	423.51	426.39
Earning Per Share (EPS) (Rs.)	0.03	0.06	2.88
No of Equity Shares	1,499,850	1,499,850	1,499,850

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.

3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

14. IMPEX INFOTECH LIMITED

Impex Infotech Limited was incorporated on 03.12.2001 under the Companies Act 1956 as a limited Company. The Company has been incorporated with the object of carrying out business of software development and information technology enabled services. Presently the Company is running a call center of 50 seat capacity at 4, Lee Road, Kolkata 700 020.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	3,277,300	49.49
others	3,345,000	50.51
Total	6,622,300	100.00

Board of Directors:

The Directors of the Company are Akash Patni, Vimal Kumar Patni, Gautam Bagchi & Sangeeta Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	403.81	265.26	213.15
Profit after tax (PAT)	22.12	51.03	23.82
Share Capital	317.73	343.23	343.23
Miscellaneous Expenditure	1.53	0.94	1.75
P/L Debit Balance	154.64	103.60	79.79
Net Worth	161.57	238.69	261.69
NAV	5.09	6.95	7.62
Earning Per Share (EPS) (Rs.)	1.12	1.49	0.69
No of Equity Shares	3,177,300	3,432,300	3,432,300

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

15. MANJU CEMENT CO. PVT. LTD.

Manju Cement Company Pvt. Limited was promoted by Mr. Vinod Goyal and his wife Mrs. Manju Goyal on 17/10/1996 with the object of manufacturing Portland Cement. The company had set up a cement plant having a capacity of 60,000 MTA at Asansol, Dist- Burdwan in the year 1998. The company incurred losses over the years, which prompted Mr. Vinod Goyal to exit and sell his stake in the company along with the management to Mr. Ajit Kumar Patni, Mr. Suresh Patni and Mr. Vijay Kumar Patni w.e.f 01/03/2004. After taking over the new management paid off all the statutory and Bank liabilities and the plant resumed its operations w.e.f 09/08/2004.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	194,000	16.99
others	948,000	83.01
Total	1,142,000	100.00

Board of Directors:

The Directors of the Company are Vijay Kumar Patni & Vinay Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	181.15	256.38	747.74
Profit after tax (PAT)	(0.26)	19.93	8.67
Share Capital	114.20	114.20	114.20
Reserves (excluding revaluation reserve)	127.80	127.80	127.80
Miscellaneous Expenditure	0.23	0.15	0.08
P/L Debit Balance	80.96	61.02	52.35
Net Worth	160.82	180.83	189.58
NAV	14.08	15.83	16.60
Earning Per Share (EPS) (Rs.)	(0.02)	1.75	0.76
No of Equity Shares	1,142,000	1,142,000	1,142,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

16. IMPEX INDUSTRIES

Impex Industries is a proprietorship firm set up by Mr. Suresh Kumar Patni in the year 1991. The firm is engaged in the trading of Ferro Silicon & other related metals.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2004	2005	2006
Sales	7.56	-	0.80
Profit /Loss after Tax	5.17	(2.64)	(0.55)
Proprietors Capital Account	0.07	(9.62)	(9.97)

Source: Un Audited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the firm.

17. IMPEX MINERAL & CHEMICAL

It is a proprietorship firm of Mr. Suresh Kumar Patni. The Firm is incorporated in the year 1996. The firm is engaged in the trading of Silica Ramming Mass.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2004	2005	2006
Total Sales	9.34	4.68	1.20
Profit /Loss before tax	2.40	0.81	0.54
Share Capital	(0.16)	(4.98)	(4.56)

Source: Unaudited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the firm.

18. IMPEX STEELS PVT. LTD.

Impex Steels Pvt. Ltd. was incorporated on 04.05.2005 under the Companies Act 1956 as a Pvt. limited Company. The Company has been incorporated with the object of carrying out business mainly of metal products.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	5,815,000	91.36%
others	5,50,000	8.64%
Total	6,365,000	100.00%

Board of Directors:

The Board of Directors of the Company consists Mr Ajit Kumar Patni & Mr Virendra Kumar Jain

Financial Performance

The financials for the last two years are given below:

	Rs. in Lacs	
Year Ended March 31	2006	2007
Total Income	-	-
Profit after tax (PAT)	-	-
Share Capital	100.00	636.50
Reserves (excluding revaluation reserve)	-	-
Miscellaneous Expenditure	5.97	4.65
P/L Debit Balance	2.15	79.29
Net Worth	91.88	552.57
NAV	9.19	8.68
Earning Per Share (EPS) (Rs.)	-	-
No of Equity Shares	1,000,000	6,365,000

Source: Audited Financial Statements

Notes:

- 1.Face Value of each equity share is Rs.10/-
- 2.For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
- 3.There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

19. HIRA CONCAST PVT. LTD.

Hira Concast Pvt. Ltd. was incorporated on 04.03.2005 under the Companies Act 1956 as a Pvt. limited Company. The Company is engaged in trading and import of Ferro Alloys, Metals and Minerals. The company is proposes to engage in manufacturing of Ferro, M.S. Ingots & Billets & TMT Rods & engage in trading of steels items.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter group	6000	0.13
others	4586000	99.87
Total	4592000	100.00

Board of Directors:

The Directors of the Company are Vijay Jain, Vinay Patni & Binit Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	-	-	-
Profit after tax (PAT)	-	-	-
Share Capital	1.00	127.70	459.20
Reserves (excluding revaluation reserve)	-	-	-
Miscellaneous Expenditure	0.65	1.90	4.45
Pre Operative expenses	0.06	5.48	36.98
Net Worth	0.30	120.32	417.77
NAV	2.98	9.42	9.10
Earning Per Share (EPS) (Rs.)	-	-	-
No of Equity Shares	10,000	1,277,000	4,592,000

Source: Audited Financial Statements

Notes:

- 1.Face Value of each equity share is Rs.10/-
- 2.For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
- 3.There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

20. SAHYOGI DISTRIBUTORS PVT. LTD.

Sahyogi Distributors Pvt. Ltd. was incorporated on 29.03.1996 under the Companies Act 1956 as a Pvt. limited Company. The Company is engaged in the trading of Metal Products.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	741,100	39.71
Others	1,125,100	60.29
Total	1,866,200	100.00

Board of Directors:

The Directors of the Company are Rajesh Kumar Patni & Sunita Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	1.04	1,782.27	4,841.44
Profit after tax (PAT)	0.36	19.68	26.79
Share Capital	49.62	186.62	186.62
Reserves (excluding revaluation reserve)	1.35	706.03	732.82
Miscellaneous Expenditure	0.80	0.60	0.40
P/L Debit Balance	-	-	-
Net Worth	50.16	892.05	919.04
NAV	10.11	47.80	49.25
Earning Per Share (EPS) (Rs.)	0.07	1.05	1.44
No of Equity Shares	496,200	1,866,200	1,866,200

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

21. BRAHMAND UDYOG PVT. LTD.

Brahmand Udyog Pvt. Ltd. was incorporated on 08.07.1998 under the Companies Act 1956 as a Pvt. limited Company. The Company was formed with an object of manufacturing/trading of Pipes & fittings, alluminium castings, all kinds of Sanitary wares, electrical equipments.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	17,100	0.87
Others	1,938,100	99.13
Total	1,955,200	100.00

Board of Directors:

The Directors of the Company are Akash Kumar Patni & Premlata Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.67	1,779.99	4,557.00
Profit after tax (PAT)	0.14	15.94	25.14
Share Capital	97.22	195.52	195.52
Reserves (excluding revaluation reserve)	389.35	798.49	823.62
Miscellaneous Expenditure	0.56	0.38	0.20
Net Worth	486.01	993.62	1,018.94
NAV	49.99	50.82	52.11
Earning Per Share (EPS) (Rs.)	0.01	0.82	1.29
No of Equity Shares	972,200	1,955,200	1,955,200

Source: Audited Financial Statements

Notes:

- 1.Face Value of each equity share is Rs.10/-
- 2.For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
- 3.There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

22. GOLD MOHAR STEEL LTD.

The company was incorporated as Gold Mohar Pvt Ltd on April 6, 1994 under the provisions of Companies Act 1956 as a Private Limited Company and subsequently was converted into a Public Limited Company on 31st August 2007 and the name of the company was changed to Gold Mohar Steel Ltd. The Company was incorporated with the main object of doin the business of iron, steel (including alloy steel) and metal founders, processors etc.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	1,600	0.42
Others	380,100	99.58
Total	381,700	100.00

Board of Directors:

The Directors of the Company are Vikash Patni, Babita Jain & Ajit Kumar Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.18	0.27	0.74
Profit after tax (PAT)	0.03	0.05	0.30
Share Capital	38.17	38.17	38.17
Reserves (excluding revaluation reserve)	-	-	-
Miscellaneous Expenditure	0.11	0.06	-
P/L Debit Balance	10.23	10.17	9.88
Net Worth	27.83	27.94	28.29
NAV	7.29	7.32	7.41
Earning Per Share (EPS) (Rs.)	0.01	0.01	0.08
No of Equity Shares	381,700	381,700	381,700

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

23. IMPEX INDUSTRIES LTD.

Impex Industries Ltd was incorporated on July 9th, 1999 under the Companies Act 1956 as a limited company. The Company was incorporated with the main object of manufacturing and traders in all kinds of minerals, alloys and ferro alloys.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	130,300	12.95
Others	876,000	87.05
Total	1,006,300	100.00

Board of Directors:

The Directors of the Company are Vimal Kumar Patni, Suresh Kumar Patni & Naresh Kumar Jain.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.21	0.76	0.83
Profit after tax (PAT)	0.02	0.08	0.11
Share Capital	100.63	100.63	10.06
Reserves (excluding revaluation reserve)	35.00	35.00	35.00
Miscellaneous Expenditure	0.07	0.04	-
P/L Debit Balance	40.98	40.90	40.79
Net Worth	94.58	94.70	4.28
NAV	9.40	9.41	0.43
Earning Per Share (EPS) (Rs.)	0.00	0.01	0.01
No of Equity Shares	1,006,300	1,006,300	1,006,300

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

24. DIVINE TRADING PVT LTD.

The company was incorporated on 7th August 1995, under the companies Act, 1956 as a Private Limited Company for investing and dealing in real estate & others.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	77,700	100.00
Others	-	-
Total	77,700	100.00

Board of Directors:

The Directors of the Company are Rohit Patni & Ankit Patni.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	2.78	1.02	1.02
Profit after tax (PAT)	(0.08)	0.44	0.53
Share Capital	7.77	7.77	7.77
Reserves (excluding revaluation reserve)	0.62	1.05	1.58
Miscellaneous Expenditure	0.01	0.01	0.01
Net Worth	8.38	8.81	9.34
NAV	10.78	11.34	12.02
Earning Per Share (EPS) (Rs.)	0.00	0.56	0.68
No of Equity Shares	77,700	77,700	77,700

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

25. SBM STEELS PVT. LTD.

The Company was incorporated on 19th August, 1996, under the Companies Act, 1956 as a private limited company with the main object of manufacturing and dealing in Iron & Steels Products.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	190,000	100.00
Others	-	-
Total	190,000	100.00

Board of Directors:

The Directors of the Company are Rohit Patni, Ankit Patni, Ratan Lal Goyal & Bharirath Mittal.

Financial Performance

The financials for the last three years are given below:

Rs. in Lacs

Year Ended March 31	2005	2006	2007
Total Income	-	-	0.15
Profit after tax (PAT)	(0.11)	(0.07)	0.04
Share Capital	19.00	19.00	19.00
Reserves (excluding revaluation reserve)	-	-	-
Miscellaneous Expenditure	0.02	-	-
P/L Debit Balance	0.91	0.98	0.94
Net Worth	18.07	18.02	18.06
NAV	9.51	9.48	9.51
Earning Per Share (EPS) (Rs.)	(0.06)	(0.04)	0.02
No of Equity Shares	190,000	190,000	190,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

26. SIDDHANTH MLTIMAX PVT LTD.

The Company was incorporated on 12th October, 2004, under the Companies Act, 1956 as a private limited company with the main object of acquire, buy, purchase, hire or otherwise develop in land, building, estate, Construction of Buildings, roads etc.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	5,000	3.58
Others	134,500	96.42
Total	139,500	100.00

Board of Directors:

The Directors of the Company are Vinita Jain & Virendra Kumar Jain.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.11	0.24	0.62
Profit after tax (PAT)	0.00	0.02	0.10
Share Capital	9.75	9.75	13.95
Reserves (excluding revaluation reserve)	166.25	166.27	246.18
Miscellaneous Expenditure	0.27	0.36	0.25
Net Worth	175.74	175.66	259.87
NAV	180.24	180.17	186.29
Earning Per Share (EPS) (Rs.)	0.01	0.02	0.07
No of Equity Shares	97,500	97,500	139,500

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

27. KIRAN SMELTERS PVT LTD

The Company was incorporated on 11th April, 2005, under the Companies Act, 1956 as a private limited company with the main object of carrying on the business of manufacture & trade in all kind of alloys products.

Shareholding Pattern

The shareholding pattern of the Company is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	5,000	1.80
Others	273,000	98.20
Total	278,000	100.00

Board of Directors:

The Directors of the Company are Kiran Patni & Ajit Kumar Patni.

Financial Performance

The financials for the last three years are given below:

Year Ended March 31	Rs. in Lacs	
	2006	2007
Total Income	0.38	0.80
Profit after tax (PAT)	0.02	0.08
Share Capital	6.30	27.80
Reserves (excluding revaluation reserve)	47.72	241.30
Miscellaneous Expenditure	0.52	0.39
Net Worth	53.50	268.71
NAV	84.93	96.66
Earning Per Share (EPS) (Rs.)	0.03	0.03
No of Equity Shares	63,000	278,000

Source: Audited Financial Statements

Notes:

- 1.Face Value of each equity share is Rs.10/-
- 2.For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
- 3.There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

28. SANJAY MULTIMAX PVT LTD

The Company was incorporated on 12th October, 2004, under the Companies Act, 1956 as a private limited company with the main object of carrying on the business of acquire, buy, purchase, hire or otherwise develop land, building, estate, Construction of bridges, dams etc.

Shareholding Pattern as on 31st March, 2007

The shareholding pattern of the Company as on 31st March 2007 is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	5,000	3.11
Others	156,000	96.89
Total	161,000	100.00

Board of Directors:

The Directors of the Company are Kiran Patni & Ajit Kumar Patni.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs		
Year Ended March 31	2005	2006	2007
Total Income	0.11	1.65	2.22
Profit after tax (PAT)	0.00	(0.09)	0.22
Share Capital	7.85	8.10	16.10
Reserves (excluding revaluation reserve)	130.15	134.82	287.04
Miscellaneous Expenditure	0.27	0.36	0.25
Net Worth	137.74	142.56	302.89
NAV	175.46	176.00	188.13
Earning Per Share (EPS) (Rs.)	0.01	(0.11)	0.14
No of Equity Shares	78,500	81,000	161,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

29. VINITA SMELTERS PVT LTD

The Company was incorporated on 13th April, 2005, under the Companies Act, 1956 as a private limited company with the main object of carrying on the business of manufacture & trade in all kind of alloys products.

Shareholding Pattern as on 31st March, 2007

The shareholding pattern of the Company as on 31st March 2007 is as provided below:

Particulars	No. of Shares	% Shareholding
Promoter & Promoter Group	5,000	1.96
Others	250,000	98.04
Total	255,000	100.00

Board of Directors:

The Directors of the Company are Vinita Jain & Virendra Kumar Jain.

Financial Performance

The financials for the last three years are given below:

	Rs. in Lacs	
Year Ended March 31	2006	2007
Total Income	0.44	0.74
Profit after tax (PAT)	0.03	0.06
Share Capital	4.50	25.50
Reserves (excluding revaluation reserve)	31.53	220.59
Miscellaneous Expenditure	0.52	0.39
Net Worth	35.51	245.70
NAV	78.92	96.35
Earning Per Share (EPS) (Rs.)	0.07	0.02
No of Equity Shares	45,000	255,000

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.
3. There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the company and it is not a sick company within the meaning of sick Industrial Companies (Special Provision) Act, 1985 or is under winding up.

AUDITOR'S REPORT

The Board of Directors
Impex Ferro Tech Limited
35, C.R.Avenue
Kolkata – 700 012
West Bengal

Dear Sirs:

1. We have examined the financial information of Impex Ferro Tech Limited annexed to this report and initialed by us for identification. The said financial information has been prepared by the Company in accordance with the requirements of:
 - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act") and
 - b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the Guidelines"), and related clarifications issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time; and
 - c. in terms of our engagement agreed with you in accordance with our engagement letter dated Dec 04, 2007 in connection with the proposed issue of Equity Shares on a Rights basis to the existing Shareholders of the Company.

The financial information has been prepared by the Company and approved by the Board of Directors.

2. Financial Information as per Audited Financial Statements

We have examined the attached 'Summary Statement of Assets and Liabilities, as Restated' (Annexure I) of Impex Ferro Tech Limited as at 31st March, 2003, 2004, 2005, 2006, 2007 and 30th September, 2007 and the attached 'Summary Statement of Profits and Losses, as Restated' (Annexure II) and 'Summary Statement of Cash Flows, as Restated' (Annexure III) for each of the years / period ended 31st March, 2003, 2004, 2005, 2006, 2007 and 30th September, 2007 together referred to as 'Restated Summary Statements'. These Restated Summary Statements have been extracted from the financial statements of Impex Ferro Tech Limited for the years ended 31st March, 2003, 2004, 2005, 2006, 2007 and have been approved / adopted by the Board of Directors / Members for those respective years. The financial statements of the Company for the period ended 30th September, 2007, have been approved by the Board of Directors and which are awaiting shareholders approval have been audited by us. Based on our examination of these summary statements, we state that:

- i. The Restated Summary Statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at September 30, 2007, stated in Annexure V to this report;
 - ii. The restated profits have been arrived at after charging all expenses, including depreciation, and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they are related as described in the Notes forming part of the Restated Summary Statements, stated in Annexure IV to this report;
 - iii. There were no qualifications in the audit reports issued by us for the period ended September 30, 2007 and for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 which would require adjustment in these Restated Summary Statements; and
 - iv. Extra-ordinary items are appropriately disclosed separately in the Restated Summary Statements.
3. We have examined the following financial information in respect of the years / period ended 31st March, 2003, 2004, 2005, 2006, 2007 and 30th September, 2007 of the Company, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

4.
 - a) Statement of Cash Flows, as Restated (Annexure III)
 - b) Statement of Accounting Ratios, as Restated (Annexure VI);
 - c) Statement of Tax Shelters (Annexure VII)
 - d) Capitalisation Statement (Annexure VIII)
 - e) Statement of Secured & Unsecured loans (Annexure IX)
 - f) Statement of Related Party Transaction – as per AS-18 (Annexure X)
 - g) Statement of Loans and Advances, As Restated (Annexure XI); and
 - h) Age-wise analysis of Sundry Debtors, As Restated (Annexure XII)
5. In our opinion, the Financial Information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making such adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
6. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Rights Issue of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.Jaykishan
Chartered Accountants

Vivek Newatia
Partner
Membership No.062636

Date: 20th Day of December 2007

ANNEXURE I**STATEMENT OF ASSETS & LIABILITIES AS RESTATED**

The assets and liabilities of the Company as at the end of each five financial years ended on 31st March, 2003, 2004, 2005, 2006 & 2007 and as on 30th September, 2007 are as set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

Rs. in Lacs							
	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
A	Fixed Assets:						
	Gross Block	2,909.49	2,942.65	4,444.88	4,563.96	4,632.89	4,697.96
	Less:Depreciation	463.04	593.22	760.46	967.86	1,170.90	1,278.43
	Net Block	2,446.45	2,349.43	3,684.42	3,596.10	3,461.99	3,419.53
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	2,446.45	2,349.43	3,684.42	3,596.10	3,461.99	3,419.53
	Capital work-in progress	4.30	669.96	-	-	355.64	692.69
	Total Fixed Assets (A)	2,450.75	3,019.39	3,684.42	3,596.10	3,817.63	4,112.22
B	Investments	-	-	-	-	-	-
	Total (B)	-	-	-	-	-	-
C	Current Assets, loans and Advances:						
	Inventories	1,530.45	1,901.18	3,452.20	4,675.25	6,663.97	6,043.87
	Sundry Debtors	398.62	325.19	590.04	1,479.53	1,293.36	2,647.61
	Cash & Bank Balances	148.01	195.78	356.68	755.57	661.35	599.31
	Loans and Advances	759.42	896.16	521.97	838.5	1,723.60	3,473.65
	Total (C)	2,836.50	3,318.31	4,920.90	7,748.85	10,342.27	12,764.45
D	Liabilities and Provisions:						
	Secured Loans	1,597.15	1,876.60	2,278.75	3,577.69	4,748.97	4,422.20
	Unsecured Loans	158.01	517.76	-	-	195.37	1,529.70
	Current Liabilities and Provisions	1,090.93	1,092.10	2,081.98	2,994.57	4,121.23	5,577.78
	Deferred Tax Liability	354.19	430.87	576.04	599.5	618.1	620.64
	Total (D)	3,200.28	3,917.33	4,936.77	7,171.75	9,683.67	12,150.32
E	Net worth (A+B+C-D)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35
	Represented by						
	1. Share Capital (A)	1,350.00	1,634.20	2,500.00	2,500.00	2,500.00	2,500.00
	2. Reserves	563.01	795.53	1,243.71	1,729.84	2,014.38	2,268.52

	Less:Revaluation Reserve	-	-	-	-	-	-
	Reserves						
	(Net of Revaluation Reserves) (B)	563.01	795.53	1,243.71	1,729.84	2,014.38	2,268.52
	Share Application (C)	179.7	-	-	-	-	-
	Miscellaneous Expenditure (D)	5.76	9.37	75.16	56.66	38.16	42.18
	Net worth (A+B+C-D)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35

ANNEXURE II

SUMMARY STATEMENT OF PROFITS AND LOSSES AS RESTATED

The profits of the Company for the five financial years ended on 31st March, 2003, 2004, 2005, 2006 & 2007 and for the half year ended 30th September, 2007 are as set out below. The Profit & Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

						Rs. in Lacs
	For the year ended					For the Half year ended
Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Income						
Sales						
Of products manufactured by the Company	5,650.49	6,443.80	12,988.43	9,807.04	9,690.85	6,814.71
Of products traded in by the Company	-	-	-	5,772.95	6,610.97	4,076.56
Export Incentives	117.04	123.63	78.91	463.53	178.94	218.07
Sub Total	5,767.53	6,567.43	13,067.34	16,043.52	16,480.76	11,109.33
Other Income	244.45	56.00	133.00	26.68	166.84	36.60
Increase/(Decrease) in Inventories	17.62	36.03	(131.35)	315.24	409.63	(304.12)
TOTAL INCOME	6,029.61	6,659.47	13,068.99	16,385.44	17,057.23	10,841.81
Expenditure						
Raw Materials Consumed	1,576.71	1,891.79	5,901.29	9,607.44	10,379.71	7,145.13
Manufacturing Expenses	521.99	604.24	968.42	237.76	220.79	77.35
Administration Expenses	339.29	381.08	675.94	750.73	1,179.42	770.66
Power	2,723.93	2,878.15	4,131.08	4,274.97	3,834.68	1,996.39
Payment to and Provision for Employees	24.82	32.24	50.08	61.20	83.08	41.12
Selling & Distribution Expenses	44.69	34.73	62.43	81.42	55.99	29.45
TOTAL EXPENDITURE	5,231.43	5,822.23	11,789.25	15,013.52	15,753.67	10,060.10
Net profit before interest, depreciation, Tax and extraordinary items	798.18	837.23	1,279.73	1,371.92	1,303.56	781.72
Interest	362.17	363.03	456.47	432.32	576.63	300.30
Depreciation	132.45	130.18	167.25	207.40	211.01	107.53
Net Profit before tax and Extraordinary Items	303.56	344.02	656.02	732.20	515.92	373.89
Provision for Taxation (including short / (excess) provision for tax for earlier years)	25.30	25.00	58.83	218.87	165.89	135.37
Provision for	102.91	77.20	145.86	24.44	16.03	2.54

Deferred Tax						
Fringe Benefit Tax	-	-	-	3.07	3.69	1.91
Extraordinary items (net of tax)	-	-	-	-	41.38	-
Net Profit after Extraordinary Items (A)	175.35	241.83	451.33	485.82	288.92	234.07
Adjustments (B)	1.02	(9.30)	(3.16)	0.31	(4.39)	20.07
(refer note no. 1 of annexure IV)						
Adjusted Profit (A+B)	176.37	232.53	448.18	486.13	284.54	254.14
Add: Surplus brought forward from previous years	618.30	543.01	775.53	1,223.71	1,709.84	1,994.38
Less: Deferred Tax Liability as on 1.04.2002	251.66	-	-	-	-	-
Balance Carried to Balance Sheet	543.01	775.53	1,223.71	1,709.84	1,994.38	2,248.52

Details of Other Income

	Rs. in Lacs					
	For the year ended			For the Half year ended		
Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Commission	233.47	43.12	32.59	-	-	-
Interest on Fixed Deposits	9.72	12.52	90.30	19.83	39.82	19.88
Interest on Credit Sales	-	-	-	6.66	9.02	-
Foreign Exchange Fluctuation	1.22	-	10.10	-	114.46	16.58
Miscellaneous Income	0.04	0.36	-	0.18	3.53	0.14
Total	244.45	56.00	133.00	26.68	166.84	36.60

ANNEXURE III

STATEMENT OF CASH FLOWS - AS RESTATED

Cash Flow Statement from the restated Financial statement for the year ended 31st March 2003, 2004, 2005, 2006 & 2007 and for the half year ended 30th september, 2007

		(Rs. In lacs)					
	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
A	Cash Flows from Operating Activities						
	Net Profit before Tax & Extraordinary Items	303.14	340.14	651.75	732.59	509.42	388.86
	Adjustments for:						
	Depreciation	132.45	130.18	167.25	207.40	211.01	107.53
	Interest received	(9.72)	(12.52)	(90.30)	(19.83)	(39.82)	(19.88)
	Interest & Finance Charges	362.17	363.03	456.47	432.32	576.63	300.30
	Loss on sale of Asset	-	-	-	-	10.49	-
	Public /Share Issue Expenses written off	-	-	16.86	16.86	16.86	8.43
	Preliminary Expenses written Off	1.64	1.64	1.64	1.64	1.64	0.82
	Operating Profit before Working Capital Changes	789.68	822.47	1,203.67	1,370.98	1,286.24	786.06
	Adjustments for:						
	Trade & Other Receivables	(358.29)	(48.21)	150.33	(1,167.59)	(361.80)	(1,545.58)
	Inventories	(190.00)	(370.73)	(1,551.02)	(1,223.06)	(1,988.71)	620.10
	Trade Payables & Other Liabilities	241.73	(28.84)	936.84	722.11	966.44	1,334.56
	Cash Generated from Operations	483.12	374.69	739.82	(297.55)	(97.83)	1,195.14
	Income Taxes Paid	(25.10)	(12.07)	(48.19)	(70.95)	(119.08)	(114.04)
	Extra ordinary item	-	-	-	-	(41.38)	-
	Net Cash from Operating Activities	458.02	362.62	691.64	(368.50)	(258.29)	1,081.11
B	Cash Flows from Investing Activities						
	Purchase of Fixed	(35.47)	-	-	(119.08)	(92.28)	(65.07)

	Assets & Capital W.I.P.						
	Sale of Fixed Assets	-	-	-	-	4.88	-
	Capital work in progress	-	-	-	-	(573.69)	(1,791.94)
	Purchase of Investments	-	(698.82)	(832.27)	-	-	-
	Interest Received	9.72	12.52	90.30	19.83	39.82	19.88
	Fixed Deposit	1.20	(44.08)	(110.31)	(445.39)	88.85	132.55
	Net Cash from Investing Activities	(24.55)	(730.38)	(852.27)	(544.65)	(532.42)	(1,704.58)
C	Cash Flows from Financing Activities						
	Issue of Share Capital/Application Money	179.70	104.50	865.80	-	-	-
	Proceeds from borrowings	(295.97)	279.45	402.15	1,298.94	1,166.60	(326.77)
	Deposit & Other loans	48.75	359.75	(517.76)	-	195.37	1,334.33
	Share Issue Expenses	(1.00)	(5.25)	(84.31)	-	-	(13.28)
	Interest Paid	(362.17)	(363.03)	(456.47)	(432.32)	(576.63)	(300.30)
	Net Cash used in Financing Activities	(430.69)	375.41	209.41	866.64	785.34	693.99
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2.79	7.65	48.78	(46.51)	(5.37)	70.51
	Cash and Cash Equivalents at the beginning of period	11.42	14.21	21.87	70.64	24.13	18.76
	Cash and Cash Equivalents at the end of period	14.21	21.87	70.64	24.13	18.76	89.27
	Net Change in Cash {Inc+/Dec-}	2.79	7.65	48.78	(46.51)	(5.37)	70.51

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 Institute of Chartered Accountants of India.
- ii) This is the cash flow referred to, in the report of even date.

ANNEXURE – IV**Notes on adjustments for Restated Financial Statements**

1. Below mentioned is the summary of results of restatements made in the audited accounts for the respective years and its impact on the profits/ losses of the Company

						Rs. in Lacs
	For the Half year ended					For the half year ended
Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
ADJUSTMENTS						
Impact of changes in accounting policies and estimates						
Provision for Gratuity	(1.06)	(1.41)	(2.20)	(2.75)	7.42	-
(See note no. 2(a) below)						
Prior period items	0.65	(2.48)	(2.07)	3.15	(13.92)	14.97
(See note no. 2(b) below)						
Sub Total	(0.42)	(3.89)	(4.26)	0.39	(6.50)	14.97
Tax Impact of Adjustments						
Current Tax	(0.24)	0.89	0.76	(1.06)	4.69	(5.09)
Deferred Tax	0.38	0.52	0.69	0.98	(2.57)	-
(Short)/Excess provision for current tax	1.30	(6.83)	(0.34)	-	-	10.19
(See note no. 2(c) below)						
Total	1.02	(9.30)	(3.16)	0.31	(4.39)	20.07

2. Other adjustments**a. Provision for Gratuity & Leave encashment**

During the year ended 31st March, 2007, provision for gratuity was determined on the basis of actuarial valuation worked out by the SBI – Life Insurance Company Limited in compliance with Accounting Standard – 15, "Accounting for Retirement Benefits" issued by ICAI, which was earlier accounted for on cash basis.

Accordingly, provision for gratuity has been recomputed for each preceding year and the adjustment has been made in the financial year ended 31st March 2003, 2004, 2005 & 2006.

b. Prior Period Items

In the restated summary statements prior period items represent adjustments in respect of items being material changes or credits which arise in a particular period as a result of errors or omissions in the preparation of financial statements of one or more prior periods and/or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (current) period. Prior period items necessitating adjustments in profits earned in the financial periods ending on or before 31st March, 2002 have been given effect to in opening reserves as on 1st April, 2002.

c. (Short)/Excess provision for current tax

The profit and loss account of some years includes amounts paid/provided for or written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax) has been computed on adjustments made as detailed above and has been adjusted in the summary statement of profits and losses, as restated for the years/periods ended on 31st March 2003, 2004, 2005, 2006, 2007 and 30th September, 2007. The effect of adjustments relating to financial years ending prior to 31st March, 2003 has been adjusted against the Accumulated Profit and Loss balance as at 1st April, 2002.

d. Regroupings

Figures in the restated summary statements have been appropriately regrouped/ rearranged to confirm with the reclassification made in the subsequent years.

3. Non-adjustments

Impairment of assets

The Company adopted Accounting Standard 28, ('AS - 28') - Impairment of Assets, that became effective from April 1, 2004, as issued and required by the ICAI for the first time in preparing the financial statements for the year ended 31st March 2005.

For the purpose of this statement, AS - 28 has not been applied for the year ended 31st March 2003 & 2004 as the same was not applicable in that year.

ANNEXURE - V

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. (A) SIGNIFICANT ACCOUNTING POLICIES

1) Basis Of Preparation of financial statements

- (a) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis, as adopted consistently by the Company.
- (b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

2) Fixed Assets

- (a) Expenditure which are of capital nature are capitalized at cost which comprises of purchase price and other expenditure directly attributable to the cost of bringing the assets to its working condition for the intended use.
- (b) Depreciation on Fixed Assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (c) Cost of Software is amortized over a period of five years.
- (d) The carrying amount of cash generating assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized whenever carrying amount exceeds the recoverable amount.
- (e) Fixed Assets and Capital Work-in-progress are net of CENVAT / VAT credit availed or available thereon.

3) Revenue Recognition

- a) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.
- b) Sales are recognized at the point of dispatch of goods to customers which coincides with transfer of significant risk and rewards of ownership. Sales are inclusive of excise duty but net of trade discounts and VAT.

- c) Purchases are inclusive of freight and net of CENVAT & VAT Credit, discounts and claims.
- d) The Export Incentives arising out of Export Sales under Duty Entitlement Pass Book Scheme, are accounted for on accrual basis. Profit or loss on sale of DEPB Licenses is accounted for in the year of such sale.

4) Inventories

Inventories are valued at lower of cost and Net Realizable Value. Finished goods include cost of conversion and other overheads incurred in bringing the inventories to their present location and condition. Excise duty on stock of finished goods has been provided for in the accounts and included in the valuation of stocks.

5) Subsidy

The Company is registered under the West Bengal Incentive Scheme 2000 of the Director of Industries, Government of West Bengal. Under the said scheme the Company is entitled to receive Capital Investment Subsidy & Interest Subsidy, which is accounted for on the date of receipt.

6) Foreign Currency Transactions

Foreign currency transactions are recorded in the books at the prevailing bank rates as on the date of transaction.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the period are translated at period-end rates.

The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognized in the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognized in the profit and loss account over the period of the contract.

7) Retirement Benefits

- (a) Company's Contribution to the Provident Fund is charged to revenue.
- (b) Liability towards future payment of gratuity in respect of eligible employees is covered by a Group Gratuity Scheme with the SBI Life Insurance Company Ltd. Contribution paid / payable by the Company as per demand on the basis of actuarial valuation worked out by the said Company is charged to revenue.
- (c) Liability for leave encashment benefit is determined in accordance with the rules of the Company and charged to revenue.

8) Preliminary Expenses & Public Issue Expenses

Preliminary Expenses & Public Issue Expenses are amortized over a period of 10 years/5 years as applicable U/s 35D of the Income Tax Act, 1961.

9) Contingent Liabilities

Contingent liabilities are not provided for in the accounts and are shown separately in Notes on Accounts.

10) Taxes on Income

Provision for Current Income Tax is made on taxable income under the provisions of the Income Tax Act 1961.

Deferred tax arising on account of "timing difference" and which are capable of reversal in one or more subsequent periods is recognized using the tax rates and tax laws that are

enacted or substantively enacted. Deferred tax asset is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

11) Earnings per Share (EPS)

The basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of Equity Shares are adjusted for the effects of all dilutive Equity Shares.

2. (B) NOTES ON ACCOUNTS

- 1) Contingent Liabilities not provided for in the books of accounts: –
 - a) In respect of Bank Guarantees given Rs.32.70 lacs (Previous Year Rs. 1.23 lacs).
 - b) In respect of Letters of Credit issued by Banks outstanding as at 30th September 2007, Rs. 627.34 lacs(net of margin) [Previous Year Rs. 374.56 lacs(net of margin)].
 - c) Income Tax demand, if any, arising on assessments pursuant to search & seizure operation conducted by the Income Tax Authorities on 5th January 2004 U/s 132 of the Income Tax Act, 1961. The Company's application before the Honorable Settlement Commission has been admitted and an amount of Rs. 10.19 lacs payable as per the said application has been paid and provided for.
 - d) In respect of Bills discounted with Banks outstanding as at 30th September, 2007, Rs.2,724.60 lacs (Previous Year Rs.1,227.44 lacs).
 - e) Estimated amount of Commitments on Capital account (Net of Advances) - Rs.6,114.92 lacs (Previous Year Rs.475.52 lacs).
- 2) In the opinion of the management, Current Assets, Loans & advances have a value on realization at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all known losses and liabilities.
- 3) The balances of Sundry Creditors, Sundry Debtors, Loans and Advances are subject to confirmation.
- 4) Loans and Advances include Rs. 21.42 lacs seized pursuant to search and seizure operation conducted by the Income Tax Authorities on 5th January 2004 and Rs. 8.24 lacs paid to Bureau of Investigation in course of enquiries relating to Sales Tax matters.
- 5) The Company has not received any information from any of its suppliers of their being a Small Scale Industrial Unit. Hence, the amounts due to small Scale Industrial Units as at 30th September, 2007 are not ascertainable.
- 6) The Company uses Forward Exchange Contract to hedge against various financial risks mainly relating to changes in the exchange rates:
 - a) The particulars of outstanding balance of Foreign Exchange Currency Exposures that have been hedged by the company are as under:

	30.09.2007	(Rs. In Lacs) 31.03.2007
Forward contracts:		
Receivables	Nil	Nil
Payables	989.92	1151.21

- b) The particulars of Foreign Exchange Currency Exposures recognized by the company that have not been hedged by Derivate Instruments or otherwise outstanding as at the year end are as under:

	30.09.2007	(Rs. In Lacs) 31.03.2007
Receivable	459.94	291.62
Payables	Nil	941.91

- 7) Capital Work in Progress includes Rs. 204.35 lacs as Pre Operative Expenses relating to project under implementation, pending allocation to Fixed Assets.

8) Segment Reporting

	Rs. in Lacs					
	Ferro Alloys		Iron & Steel		Total	
	30.09.07	31.03.07	30.09.07	31.03.07	30.09.07	31.03.07
Segment Revenue	70,327.82	10,446.34	407.656	6,610.97	11,109.34	17,057.31
Segment Results (Profit before Interest & Tax)	606.30	981.53	67.89	111.02	674.19	1,092.55
Interest					300.30	576.63
Profit before tax					373.89	515.92
Less: Income Tax & FBT					129.63	185.62
Profit after tax					244.26	330.30
Other information						
Assets	15,437.24	13,403.77	1,439.43	756.13	16,876.67	14,159.90
Liabilities	10,817.34	9,044.53	1,333.04	619.13	12,150.38	9,663.66
Capital Expenditure	444.10	424.57				
Depreciation	107.53	211.01				
Non-cash Expenses(other than Depreciation)	9.25	18.50				

- 9) The components of deferred tax liability as on 30.09.2007 are as under:

	(Rs. In Lacs)	
	As at 30.09.2007	As at 31.03.2007
Deferred Tax Liability:		
Difference in WDV as per Companies Act, & as per Income Tax Act	620.64	618.10
Deferred Tax Asset:	Nil	Nil
Net Deferred Tax Liability	620.64	618.10

10) Earnings per share:

	Rs. InLacs	
	Half ended 30.09.2007	Year ended 31.03.2007
Number of Shares Considered as weighted average shares for calculation of Basic & Diluted Earnings Per Share.	250	250
i) Profit after Tax, before extraordinary item	244.26	330.30
ii) Profit after Tax, after extraordinary item	244.26	288.92
Nominal Value of Ordinary Shares (Rs.)	10	10
Earnings Per Share (Basic & Diluted) (Rs.)		
Before extraordinary item	0.98	1.32
After extraordinary item	0.98	1.16

11) Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

a. Quantitative information in respect of Production, Purchases, Sales and Stocks:

(Rs. In Lacs)

Class of Goods	Installed Capacity# In Qty. (M.T)	Actual Production In Qty. (M.T)	Opening Stock		Purchases		Sales		Closing Stock	
			Qty. (M.T)	Value (Rs. in Lacs)	Qty. (M.T)	Value (Rs. in Lacs)	Qty. (M.T)	Value (Rs. in Lacs)	Qty. (M.T)	Value (Rs. in Lacs)
Ferro Alloys	43200 (43200)	16032.710 (34438.940)	1069.850 (732.949)	262.35 (195.60)	Nil (Nil)	Nil (Nil)	16399.650* (34102.039)	6976.25 (10267.39)	334.610 (1069.850)	114.51 (262.35)
Iron & steel Products	N.A (N.A.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	16102.950 (27893.831)	400.87 (650.00)	16102.950 (27893.831)	4076.56 (6610.97)	Nil (Nil)	Nil (Nil)
Total				262.35 (195.60)		400.87 (650.00)		11052.81 (16878.38)		114.51 (262.35)

NOTE:

Licensed Capacity - Not applicable.

as certified by the Management and not verified by the auditors being a technical matter.

* excludes 368.300 M.T. re-used in production process.

b. Raw Materials Consumed

Rs. In Lacs

Item	Current Year		Previous Year	
	Quantity (M.T.)	Amount	Quantity (M.T.)	Amount
Manganese Ore	31,943.026*	2,183.83	59,892.901*	2,123.86
I. Coal & Coke	15,462.615	738.14	27,994.075	1,349.80
Dolomite	5,659.695	60.92	11,497.125	133.84
Others **		153.57		272.26
TOTAL		3,136.46		3,879.76

*excluding material recovered from slag & reused in process – Nil (Previous year.12,659.300 M.T)

** None of the items individually exceeds 10% of the total raw material consumed.

c. Value of imported & indigenous Raw Materials, Stores & Spares Consumed.

Rs. In Lacs				
Item	30.09.07		31.03.07	
(i) Raw Materials	(Rs.)		(Rs.)	
Indigenous	2,025.23	64.57%	3,140.88	80.96%
Imported	1,111.23	35.43%	738.87	19.04%
	3,136.46	100.00%	3,879.75	100.00%
(ii) Consumable Stores & Spares (all indigenous)	12.63		21.87	

d. C.I.F. Value of Imports:

Rs. In Lacs		
Item	30.09.07	31.03.07
Raw Materials	984.66	1,899.65
Capital Goods	Nil	Nil

e. Earnings in Foreign Currency:

F.O.B. value of exports - Rs.5,188.28 Lacs (Previous year – Rs. 5,601.68 Lacs)

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

ANNEXURE VI

STATEMENT OF ACCOUNTING RATIOS

Particulars	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	30.09.2007
EARNINGS PER SHARE (EPS)						
Profit After Taxation (Rs. in Lacs)	176.37	232.53	448.18	486.13	284.54	254.14
No. of Equity Shares of Rs 10 each (In lacs)	135.00	163.42	250.00	250.00	250.00	250.00
Weighted Average No. of equity shares of Rs. 10 each outstanding during the year (In Lacs)	125.14	144.07	183.89	250.00	250.00	250.00
Earnings per share (Rs)	1.41	1.61	2.44	1.94	1.14	1.02
RETURN ON NET WORTH (RONW)						
Profit After Taxation (Rs. in Lacs)	176.37	232.53	448.18	486.13	284.54	254.14
Net Worth (Rs. in Lacs)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35
Return on Net worth %	8.45%	9.61%	12.22%	11.65%	6.36%	5.38%
NET ASSET VALUE						
Total Assets (A)	5,287.25	6,337.70	8,605.31	11,344.95	14,159.90	16,876.67
Total Liabilities (B)	3,200.29	3,917.33	4,936.76	7,171.75	9,683.67	12,150.32
Net Asset Value (A-B)	2,086.95	2,420.37	3,668.55	4,173.20	4,476.23	4,726.35
No. of Equity Shares of Rs 10 each (In lacs)	135.00	163.42	250.00	250.00	250.00	250.00
Net Asset Value per share (Rs)	15.46	14.81	14.67	16.69	17.90	18.91

ANNEXURE VII

STATEMENT OF TAX SHELTER

	AS AT					
PARTICULARS	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Tax rate (Including Surcharge)	36.75	35.88	36.59	33.66	33.66	33.99
Tax rate as per MAT (Including Surcharge)	7.875	7.69	7.84	8.42	11.22	11.33
Profits before Tax	303.14	340.14	651.75	732.59	509.42	388.86
Less: Extra- ordinary item gross of tax	-	-	-	-	62.38	-
Profits after extra-ordinary item before Tax	303.14	340.14	651.75	732.59	447.04	388.86
Tax at Notional rate	111.40	122.04	238.49	246.59	150.47	132.17
Adjustments on account of:						
a) Permanent differences						
Penalty	-	0.02	1.10	0.01	3.00	-
Public Issue Expenses Disallowed	-	-	3.73	3.73	3.73	1.87
Loss on sale of Fixed Assets	-	-	-	-	10.49	-
Deduction u/s.80 HHC	-	(10.58)	-	-	-	-
TOTAL	-	(10.56)	4.83	3.74	17.23	1.87
b) Timing differences						
Difference between Tax Depreciation & Book Depreciation	(180.09)	(120.54)	(499.40)	(85.72)	(40.30)	(7.47)
Brought Forward Unabsorbed Depreciation	(123.47)	(94.65)	-	-	-	-
Provision for Gratuity	1.06	1.41	2.20	2.75	(7.42)	-
TOTAL	(302.50)	(213.78)	(497.21)	(82.97)	(47.72)	(7.47)
Net Adjustments	(302.50)	(224.35)	(492.37)	(79.23)	(30.50)	(5.60)
Tax saving thereon	(111.17)	(80.50)	(180.17)	(26.67)	(10.27)	(1.90)
Taxation	0.24	41.55	58.32	219.92	140.21	130.27

Tax Adjustments*	23.91	(18.70)	(4.30)	-	-	-
Total taxation	24.14	22.85	54.03	219.92	140.21	130.27
Tax on extra-ordinary items	-	-	-	-	(21.00)	-
Tax on profits before Extra-ordinary items	24.14	22.85	54.03	219.92	161.21	130.27

* Tax has been paid u/s 115JB of the Income Tax Act on Book Profits in respect of financial years 2002-03 and credit taken u/s 115JAA for the financial year ending on 31st March, 2004 & 31st March, 2005

ANNEXURE VIII

CAPITALISATION STATEMENT

Particulars	PRE-ISSUE AS AT 30.09.2007	Rs. In Lacs
		Post Issue *
Loans- Secured and Unsecured		[•]
Short Term Debt (Including current liabilities)	5,512.41	
Long Term Debt	5,440.90	
Total Debt	10,953.31	
Shareholders' Fund		
Share Capital	2,500.00	
Reserves & Surplus (Excluding Revaluation Reserve)	2,268.52	
Sub-Total	4,768.52	
Less: Misc. Expenses not written off	42.18	
Total Shareholders Fund	4,726.34	
Long Term Debt/Equity	1.15	

* Can be derived after finalization of the entitled ratio & Issue Price

ANNEXURE IX**STATEMENT OF SECURED LOANS:**

		Rs. in Lacs					
	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
1	Term Loans						
	State Bank of India	40.00	386.33	618.43	534.28	389.39	298.25
	Punjab National Bank	265.00	183.00	116.00	49.00	176.24	694.87
	Bank of Baroda	320.00	240.00	160.00	120.00	130.65	668.32
	Industrial Development Bank of India	120.00	-	-	1,000.00	1,000.00	1,000.00
	Interest Accrued and due on Term Loans	21.86	4.44	1.78	6.07	4.77	-
2	Working Capital Loans(Cash Credit)						
	State Bank of India	370.86	443.00	790.24	830.68	941.12	1,083.03
	Punjab National Bank	287.92	283.54	221.25	527.12	631.74	238.61
	Bank of Baroda	171.51	330.45	353.82	501.77	501.50	427.71
3	ABN AMRO Car Loan against hypothecation of car	-	5.84	3.59	1.23	-	-
4	ICICI Loan hypothecation of JCB	-	-	13.64	7.54	15.83	11.41
5	Buyers' Credit - State Bank of India	-	-	-	-	957.74	-
	Total Secured Loans	1,597.15	1,876.60	2,278.75	3,577.69	4,748.97	4,422.20

Notes :

1. Term loans from Banks are secured by first charge on all the immovable & movable plant and machinery and other fixed assets alongwith equitable mortgage of factory land with shed & building and office premises ranking pari-passu jointly in favour of State Bank of India, Punjab National Bank & Bank of Baroda subject to the prior charge in favour of the banks on inventories and book-debts for working capital facilities.

Term Loan from a Financial Institution (IDBI Ltd.) Is secured by first charge on the fixed assets of the Company, ranking on pari passu basis with other banks.

2. Working capital loans are secured by hypothecation of entire current assets including Stocks of Raw Materials, Stock-in-Process, Finished Goods, Stores and Spares, Receivables, both present & future ranking pari-passu jointly in favour of State Bank of India, Punjab National Bank & Bank of Baroda and also secured by second charge on all the Block Assets.

STATEMENT OF UNSECURED LOANS:

Particulars	Rs. in Lacs						Rate of Interest (p.a)
	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07	
UNSECURED LOANS:							
From Body Corporates							
Apsara Fintrade Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Apundarik Merchants Pvt. Ltd.	-	5.00	-	-	-	-	16%
Arihant Enterprises Limited	-	20.00	-	-	-	-	Interest Free
Bakra Parishthan Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
BDB Export Pvt. Ltd.	6.12	-	-	-	-	-	15%
Bhagwati Syndicate Pvt. Ltd.	25.00	-	-	-	-	-	12%
Brahmand Udyog Pvt. Ltd	-	-	-	-	62.39	65.26	12%
Carol Barter Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Chiki Finance Private Limited	10.00	34.00	-	-	-	25.29	12%
Cross Road Systems Private Limited	-	5.00	-	-	-	-	Interest Free
Dabriwal Investment & Financers Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Deepak Jyoti Developers Pvt. Ltd.	-	5.00	-	-	-	-	Interest Free
Denon Merchandise (P) Ltd.	2.00	2.00	-	-	-	-	10%
Dhodwala Enterprises Pvt Ltd	-	-	-	-	-	124.97	12%
Ekanta Emporium Pvt. Ltd.	-	5.00	-	-	-	-	12%
Emery Tie Up Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Free Wings Exports Pvt. Ltd.	-	15.00	-	-	-	-	Interest Free
Furmat Marketing Pvt. Ltd.	-	4.08	-	-	-	-	10%
Garima Dealcomm Pvt. Ltd.	5.00	-	-	-	-	-	12%
Gold Mohar Steel Pvt Ltd	-	-	-	-	-	512.35	12%

Greenline Tracon Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Guardian Traders (P) Ltd.	4.00	4.00	-	-	-	-	10%
Highway Road Carriers Pvt. Ltd.	-	5.00	-	-	-	-	16%
Impex Cement (P) Ltd	-	-	-	-	76.17	199.54	12%
Impex Industries Limited	-	-	-	-	-	360.85	Interest Free
Kamna Commercial Pvt. Ltd.	-	15.00	-	-	-	-	Interest Free
Lytton Consultancy Private Limited	-	20.00	-	-	-	-	Interest Free
Macro Leafin Pvt. Ltd.	-	15.00	-	-	-	-	Interest Free
Montex Commercial Pvt. Ltd.	10.00	-	-	-	-	-	Interest Free
Nandeshwar Fintrade Pvt. Ltd.	-	4.00	-	-	-	-	Interest Free
Nicholson Emporium Private Limited	-	15.00	-	-	-	-	Interest Free
Nivedita Leasing & Financial Ser. Pvt. Ltd.	-	11.00	-	-	-	-	Interest Free
NKP Holdings Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Nucore Exports Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free
Octal Securities & Services Private Limited	-	5.00	-	-	-	-	12%
Patni Metal & Ferro Alloys Pvt Ltd	-	-	-	-	15.39	125.56	12%
Piyush Suppliers Pvt. Ltd.	-	5.00	-	-	-	-	12%
PNR Holdings Private Limited	-	20.00	-	-	-	-	Interest Free
Potential Management Services Ltd.	35.00	-	-	-	-	-	10%
Pradip Cement Pvt Ltd	-	-	-	-	-	10.09	12%
Pushkar Baniya Limited	-	25.00	-	-	-	-	Interest Free
Pushpak Fincap Pvt. Ltd.	-	7.14	-	-	-	-	10%
Reshama Hosiery Mills & Credit Private Limited	-	10.00	-	-	-	-	Interest Free
Rupa & Co. Limited	-	20.00	-	-	-	-	12%
S.S.A. Credits Pvt. Ltd.	-	4.08	-	-	-	-	10%
State Field Tradelink Pvt. Ltd.	-	10.00	-	-	-	-	Interest Free

Stronach Trade Private Limited	-	10.00	-	-	-	-	Interest Free
Subtle Advisory Private Limited	-	5.00	-	-	-	-	Interest Free
Sunny Fincom Pvt. Ltd.	-	25.00	-	-	-	-	Interest Free
Swaroop Commercial Co. Private Limited	-	5.00	-	-	-	-	Interest Free
Triguna Traders & Fincom Private Limited	-	10.00	-	-	-	-	Interest Free
Trishla Yyapaar Pvt. Ltd.	0.27	-	-	-	-	-	12%
Uptron Emporium Private Limited	-	15.00	-	-	-	-	Interest Free
Vee Point Commerce Private Limited	-	5.00	-	-	-	-	Interest Free
Ventex Trade Pvt. Ltd.	-	5.00	-	-	-	-	Interest Free
Viba Business Services Pvt. Ltd.	-	2.00	-	-	-	-	12%
Vasupujya Enterprise (P) Ltd	-	-	-	-	41.42	43.33	12%
Yash Marbles Pvt. Ltd.	-	4.50	-	-	-	-	12%
VSN Agro Products Pvt Ltd	-	-	-	-	-	62.46	12%
Sub Total (A)	97.38	456.80	-	-	195.37	1,529.70	
From Others							
Anil Kumar Gangwal	3.00	3.00	-	-	-	-	12%
Bina Chamaria	2.00	2.00	-	-	-	-	15%
Bina Devi Jain	-	5.00	-	-	-	-	Interest Free
Dwarka Prasad Kasat	3.00	-	-	-	-	-	18%
Ganga Dutt Pramod Kumar	-	4.00	-	-	-	-	10.50%
Hirawanti N Shah	3.00	-	-	-	-	-	17%
Kamla Devi Saraogi	5.00	-	-	-	-	-	15%
Krishna Kumar rathi	1.53	-	-	-	-	-	12%
M. L. Agarwal & Sons (HUF)	1.00	1.00	-	-	-	-	15%
Manju Bathiya	1.00	1.00	-	-	-	-	18%
Master Debendra Banthiya	1.00	1.00	-	-	-	-	18%
MohanLal Padamchand H.U.F.	3.23	3.16	-	-	-	-	15%
Nemi Chand Jain	4.65	4.65	-	-	-	-	12%
Nisha Godha	1.50	1.50	-	-	-	-	12%
Om Praksh Lahoti (HUF)	2.10	2.00	-	-	-	-	12%
P.K.Banthiya & Others H.U.F.	2.00	2.00	-	-	-	-	18%
Parmeshwar Lahoti (HUF)	2.10	2.00	-	-	-	-	12%

Prawin Kumar Jain	2.00	2.00	-	-	-	-	12%
Pursottam Sarda & Sons (HUF)	2.00	-	-	-	-	-	17%
Radheshyam Kedia	-	5.00	-	-	-	-	12%
Rashmi Singhania	-	5.50	-	-	-	-	12%
Ruchika Enterprises	-	2.50	-	-	-	-	12%
Sandeep Jain	3.00	3.00	-	-	-	-	12%
Santosh Kumar Barjatiya	-	2.00	-	-	-	-	16%
Sunil Trading Corporation	1.00	-	-	-	-	-	12%
Sunita Jain	3.65	3.65	-	-	-	-	12%
Sweta Jain	2.00	2.00	-	-	-	-	17%
Tara Jain	1.00	1.00	-	-	-	-	12%
Usha International	2.00	2.00	-	-	-	-	15%
Venu Gopal Rathi	2.55	-	-	-	-	-	12%
Welfit Gaqrmwnnts MFG. Co.	5.33	-	-	-	-	-	15%
Sub Total (B)	60.63	60.96	-	-	-	-	
T O T A L (A)+(B)	158.01	517.76	-	-	195.37	1,529.70	

**The rate of interest as shown above reflects the rate prevailing as on date*

ANNEXURE X

STATEMENT OF RELATED PARTY TRANSACTION - AS PER AS - 18

A. List of Related parties over which control of the Company exists - None

B. Name of the Related parties with whom the transaction were carried out with the Company

Name of the related Parties	Relationship
Mr. Virendra Kumar Jain	KMP
Mr. Suresh Kumar Patni	KMP
Mr. Vijay Kumar Jain (Patni)	KMP
Impex Metal & Ferro Alloys Pvt. Ltd.	Control of KMP
Vijay Kumar Jain(Patni)	Control of KMP
Nikita Metals Private Limited	Control of KMP
Vikash Metal & Power Limited	Control of KMP
Manju Cement Co. Private Limited	Control of KMP
Ankit Metal & Power Limited	Control of KMP
Jyoti Vyapaar Private Limited	Control of KMP
Nikita Ispat Private Limited	Control of KMP
Patni Metal & Ferro Alloys Pvt. Ltd.	Control of KMP
Impex Cements Pvt. Ltd.	Control of KMP
Vasupujya Enterprises Pvt. Ltd.	Control of KMP
Brahmand Udyog Pvt. Ltd.	Control of KMP
Impex Industries Pvt. Ltd	Control of KMP
Dhodwala Enterprises Pvt. Ltd	Control of KMP
Gold Mohar Steel Pvt. Ltd	Control of KMP
Hira Concast Pvt. Ltd	Control of KMP
Impex Steel Pvt. Ltd	Control of KMP
Vinita Smelters Pvt. Ltd	Control of KMP

Note: KMP means Key Management Personnel

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Sales during the year						
Impex Metal & Ferro Alloys Pvt. Ltd.	230.50	374.94	1,482.83	810.66	437.82	225.00
Nikita Metals Private Limited	-	-	6.31	46.68	21.29	
Ankit Metal & Power Limited	-	-	-	-	95.21	72.14
Vikash Metal & Power Limited	-	-	-	-	241.36	123.07
Hira Concast Pvt. Ltd	-	-	-	-	-	41.03
Impex Steel Pvt. Ltd	-	-	-	-	-	23.99
Sales of D.E.P.B. License						
Impex Metal & Ferro Alloys Pvt. Ltd.	10.09	15.51	-	-	-	-
Purchase during the year						
Impex Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	1.50
Vikash Metal & Power Limited	-	-	0.25	131.15	104.05	-
Manju Cement Co. Private Limited	-	-	2.08	1.89	0.71	-
Nikita Metals Private Limited	-	-	-	-	230.56	-
Remuneration during the year						
Suresh Kumar Patni	-	0.68	0.90	0.90	0.90	0.45
Virendra Kumar Jain	1.20	1.20	1.20	1.20	1.20	0.60
Vijay Kumar Jain(Patni)	-	0.60	1.20	1.20	1.20	0.60
Commission Paid						
Impex Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	0.22	-
Interest Received						
Impex Metal & Ferro Alloys Pvt. Ltd.	-	-	4.83	2.97	-	-
Advance Taken						
Vikash Metal & Power Limited	-	-	-	188.00	-	210.00
Ankit Metal & Power Limited	-	-	-	50.00	-	-
Jyoti Vyapaar Private Limited	-	-	-	15.00	-	-
Rohit Ferro Tech Limited	-	-	-	-	615.00	215.00
Sahyogi Distributors Pvt. Ltd.	-	-	-	-	38.00	225.00
Vinita Smelters Pvt. Ltd	-	-	-	-	15.00	41.00
Impex Cements Pvt. Ltd.	-	-	-	-	-	110.00
Nikita Metals Private Limited	-	-	-	-	-	5.00
Gold Mohar Steel Pvt. Ltd	-	-	-	-	-	15.00
Brahmand Udyog Pvt. Ltd.	-	-	-	-	-	30.00
Advance Repaid						
Vikash Metal & Power Limited	-	-	-	188.00	-	150.00
Ankit Metal & Power Limited	-	-	-	50.00	-	-
Jyoti Vyapaar Private Limited	-	-	-	15.00	-	-
Rohit Ferro Tech Limited	-	-	-	-	615.00	65.00
Sahyogi Distributors Pvt. Ltd.	-	-	-	-	38.00	225.00
Vinita Smelters Pvt. Ltd	-	-	-	-	15.00	41.00
Impex Cements Pvt. Ltd.	-	-	-	-	-	110.00
Nikita Metals Private Limited	-	-	-	-	-	5.00
Gold Mohar Steel Pvt. Ltd	-	-	-	-	-	15.00
Brahmand Udyog Pvt. Ltd.	-	-	-	-	-	30.00
Advance Given						

Nikita Metals Private Limited	-	-	-	8.00	-	-
Kiran Smelters Pvt. Ltd.	-	-	-	-	20.00	-
Nikita Ispat Pvt. Ltd.	-	-	-	-	16.50	15.00
Sahyogi Distributors Pvt. Ltd.	-	-	-	-	52.00	25.00
Brahmand Udyog Pvt. Ltd.	-	-	-	-	-	60.00
Advance Received Back						
Nikita Metals Private Limited	-	-	-	8.00	-	-
Kiran Smelters Pvt. Ltd.	-	-	-	-	20.00	-
Nikita Ispat Pvt. Ltd.	-	-	-	-	16.50	15.00
Sahyogi Distributors Pvt. Ltd.	-	-	-	-	52.00	25.00
Brahmand Udyog Pvt. Ltd.	-	-	-	-	-	60.00
Loan Received						
Patni Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	15.00	130.00
Impex Cements Pvt. Ltd.	-	-	-	-	75.00	165.00
Vasupujya Enterprises Pvt. Ltd.	-	-	-	-	40.00	-
Brahmand Udyog Pvt. Ltd.	-	-	-	-	60.00	-
VSN Agro Products Pvt Ltd	-	-	-	-	-	60.00
Impex Industries Ltd.	-	-	-	-	-	350.00
Dhodwala Enterprises Pvt. Ltd	-	-	-	-	-	120.00
Gold Mohar Steel Pvt. Ltd	-	-	-	-	-	500.00
Interest Paid						
Patni Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	0.50	6.52
Impex Cements Pvt. Ltd.	-	-	-	-	1.50	10.54
Vasupujya Enterprises Pvt. Ltd.	-	-	-	-	1.83	2.41
Brahmand Udyog Pvt. Ltd.	-	-	-	-	3.09	3.61
VSN Agro Products Pvt Ltd	-	-	-	-	-	3.10
Impex Industries Ltd.	-	-	-	-	-	13.66
Dhodwala Enterprises Pvt. Ltd	-	-	-	-	-	6.26
Gold Mohar Steel Pvt. Ltd	-	-	-	-	-	15.55
Loan Repaid						
Patni Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	-	25.00
Impex Cements Pvt. Ltd.	-	-	-	-	-	50.00
Closing Balance						
Sundry Debtors						
Impex Metal & Ferro Alloys Pvt. Ltd.	-	(3.04)	42.69	58.77	-	-
Nikita Metals Private Limited	-	-	5.09	13.81	-	-
Vikash Metal & Power Limited	-	-	-	-	66.60	-
Ankit Metal & Power Limited	-	-	-	-	51.24	7.81
Hira Concast Pvt. Ltd	-	-	-	-	-	6.00
Impex Steel Pvt. Ltd	-	-	-	-	-	4.00
Sundry Creditors						
Vikash Metal & Power Limited	-	-	-	118.79	60.00	-
Manju Cement Co. Private Limited	-	-	-	0.33	-	-
Loan Received						
Patni Metal & Ferro Alloys Pvt. Ltd.	-	-	-	-	15.39	125.56
Impex Cements Pvt. Ltd.	-	-	-	-	76.17	199.54
Vasupujya Enterprises Pvt. Ltd.	-	-	-	-	41.42	43.33
Brahmand Udyog Pvt. Ltd.	-	-	-	-	62.39	65.26

Impex Ferro Tech Limited

VSN Agro Products Pvt Ltd	-	-	-	-	-	62.46
Impex Industries Ltd.	-	-	-	-	-	360.85
Dhodwala Enterprises Pvt. Ltd	-	-	-	-	-	124.97
Gold Mohar Steel Pvt. Ltd	-	-	-	-	-	512.35
Advance Taken						
Rohit Ferro Tech Limited	-	-	-	-	-	150.00
Vikash Metal & Power Limited	-	-	-	-	-	60.00

ANNEXURE XI

STATEMENT OF LOANS & ADVANCES

Rs. in Lacs

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Cenvat Credit suspense account	1.07	12.95	-	-	-	-
Advances Recoverable in cash or in kind or for value to be received	672.39	717.57	319.48	177.69	939.24	939.75
Capital Advances	-	-	-	-	218.05	1,672.94
Interest receivable on Term Deposit	-	-	-	-	-	-
CENVAT Receivable Amount	0.51	7.78	16.69	24.31	73.13	54.60
CENVAT Credit Deferred Account	-	12.95	32.53	8.53	11.78	20.82
VAT Credit Receivable	-	-	-	4.82	10.01	18.18
Balance with Excise/ Govt. Departments	0.48	0.06	0.64	22.36	0.38	0.29
Income Tax Payments	23.80	35.87	78.68	117.11	236.19	340.04
Sundry Deposits	1.05	1.05	9.42	9.44	11.63	9.96
D.E.P.B. in hand	60.12	70.22	64.53	-	-	-
Export Incentives Receivable	-	-	-	474.24	223.18	417.09
Advance against Capital Goods	-	50.66	-	-	-	-
Total	759.42	896.16	521.97	838.50	1,723.60	3,473.65

ANNEXURE - XII

AGE WISE ANALYSIS OFSUNDRY DEBTORS

Rs. in Lacs

Particulars	AS AT	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	30.09.2007
Secured(Due for Less than six months)	-	89.11	185.43	274.81	264.07	417.08	
Others (Unsecured, considered good)							
Debtors outstanding for a period exceeding six months	57.18	158.22	138.43	235.11	285.78	608.82	
Other debts	341.44	77.86	266.18	969.61	743.51	1,621.71	
Total	398.62	325.19	590.04	1,479.53	1,293.36	2,647.61	

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Overview of the business of the Company

Impex Ferro Tech Limited is currently operating a Ferro Alloy Plant comprising of 4 submerged Arc furnaces of 3.6 MVA, 5 MVA, 7.5 MVA and 8.25 MVA at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal

Encouraged with the market acceptance for its products (due to its quality ISO 9001:2002) and the growing demand for ferro alloys by the consuming industry, both in the domestic and export sectors, the Company has decided to enhance its manufacturing capacity by setting up another submerged arc electric furnace of 7.5 MVA capacity for manufacturing HC Ferro Manganese and to feed the regular electrical power supply to the plant the company proposes to install a 30 MW AFBC based Captive Thermal Power plant.

Presently the Company is operating four furnaces with a total capacity of 24.35 MVA . The Company has been successfully running its operations since last 10 years. The products of the company are also well accepted in the International markets. In the financial year 2006-07 the company achieved an export turnover of Rs. 6051.40 Lacs.

Significant Developments subsequent to the last financial year

There have been no significant developments subsequent to the last financial year which may have a considerable affect on the operations and results of the company except as otherwise stated in this Draft letter of Offer.

Factors that may affect Results of the Operations

- Fluctuation and increase in raw material prices.
- New Competitive businesses.
- New technological development
- Government policies to Ferro Alloy Industry.
- Any slowdown in the economic growth in general and infrastructure growth in particular.

Discussion on Results of Operations

A summary of the past financial results based on the restated accounts are given below:

Particulars	Rs. in Lacs				
	For the Half year ended				
	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Income					
Sales					
Of products manufactured by Company	6,443.80	12,988.43	9,807.04	9,690.85	6,814.71
Of products traded in by the Company	-	-	5,772.95	6,610.97	4,076.56
Export Incentives	123.63	78.91	463.53	178.94	218.07
Sub Total	6,567.43	13,067.34	16,043.52	16,480.76	11,109.33
Other Income	56.00	133.00	26.68	166.84	36.60
Increase/(Decrease) in Inventories	36.03	(131.35)	315.24	409.63	(304.12)
TOTAL INCOME	6,659.47	13,068.99	16,385.44	17,057.23	10,841.81
Expenditure					
Raw Materials Consumed	1,891.79	5,901.29	9,607.44	10,379.71	7,145.13
Manufacturing Expenses	604.24	968.42	237.76	220.79	77.35
Administration Expenses	381.08	675.94	750.73	1,179.42	770.66
Power	2,878.15	4,131.08	4,274.97	3,834.68	1,996.39
Payment to and Provision for Employees	32.24	50.08	61.20	83.08	41.12
Selling & Distribution Expenses	34.73	62.43	81.42	55.99	29.45

TOTAL EXPENDITURE	5,822.23	11,789.25	15,013.52	15,753.67	10,060.10
Net profit before interest, depreciation, Tax and extraordinary items	837.23	1,279.73	1,371.92	1,303.56	781.72
Interest	363.03	456.47	432.32	576.63	300.30
Depreciation	130.18	167.25	207.40	211.01	107.53
Net Profit before tax and Extraordinary Items	344.02	656.02	732.20	515.92	373.89
Provision for Taxation (including short / (excess) provision for tax for earlier years)	25.00	58.83	218.87	165.89	135.37
Provision for Deferred Tax	77.20	145.86	24.44	16.03	2.54
Fringe Benefit Tax	-	-	3.07	3.69	1.91
Extraordinary items (net of tax)	-	-	-	41.38	-
Net Profit after Extraordinary Items (A)	241.83	451.33	485.82	288.92	234.07
Adjustments (B)	(9.30)	(3.16)	0.31	(4.39)	20.07
Adjusted Profit (A+B)	232.53	448.18	486.13	284.54	254.14
Add: Surplus brought forward from previous years	543.01	775.53	1,223.71	1,709.84	1,994.38
Balance Carried to Balance Sheet	775.53	1,223.71	1,709.84	1,994.38	2,248.52

Results of operations of the Company

	Rs. in Lacs				
PARTICULARS	31.03.04	31.03.05	31.03.06	31.03.07	30.09.07
Sales					
of product Manufactured by Co.	6,443.80	12,988.43	9,807.04	9,690.85	6,814.71
Of product traded by Co.	-	-	5,772.95	6,610.97	4,076.56
Total Sales	6,443.80	12,988.43	15,579.99	16,301.82	10,891.26
Material Consumed	1,891.79	5,901.29	9,607.44	0,379.71	7,145.13
Material Consumed as a % of Manufacturing Sales	29.36%	45.43%	61.67%	63.67%	65.60%
Staff Costs	32.24	50.08	61.20	83.08	41.12
Staff Cost % total Sales	0.50%	0.39%	0.39%	0.51%	0.38%
Manufacturing Expenses	604.24	968.42	237.76	220.79	77.35
Manufacturing Expenses % of manufacturing Sales	9.38%	7.46%	2.42%	2.28%	1.14%
Power Costs	2,878.15	4,131.08	4,274.97	3,834.68	1,996.39
Power Cost % of total Sales	44.67%	31.81%	27.44%	23.52%	18.33%
Administrative Expenses	381.08	675.94	750.73	1,179.42	770.66
Administrative Expenses % of Total Sales	5.91%	5.20%	4.82%	7.23%	7.08%
Selling and Distribution Expenses	34.73	62.43	81.42	55.99	29.45
Selling and Distribution Expenses % of Total Sales	0.54%	0.48%	0.52%	0.34%	0.27%
PBIDT	837.23	1,279.73	1,371.92	1,303.56	781.72
PBIDT % Total sales	12.99%	9.85%	8.81%	8.00%	7.18%
Interest	363.03	456.47	432.32	576.63	300.30

Interest Expenses % of Total Sales	5.63%	3.51%	2.77%	3.54%	2.76%
Depreciation	130.18	167.25	207.40	211.01	107.53
Depreciation % Of Total Sales	2.02%	1.29%	1.33%	1.29%	0.99%
PBT	344.02	656.02	732.20	515.92	373.89
PBT as a % of Total Sales	5.34%	5.05%	4.70%	3.16%	3.43%
PAT	241.83	451.33	485.82	288.92	234.07
PAT as a % of Total Sales	3.75%	3.47%	3.12%	1.77%	2.15%

Comparison of Performance and Analysis of Development for the year ended March 31, 2007 vis-à-vis September 30, 2007

Sales

In line with the growth in the Ferro Alloy Industry the Company has posted a sale of Rs. 10891.26 lacs in the half year ended September 30, 2007 as against Rs. 16301.82 lacs for the year ended March 31st 2007. The increase is owing to the better realization of Rs. 12400 per MT (app.) on sale of ferro Alloys.

Material Consumed

As a percentage of Manufacturing Income, Material Consumed has increased marginally from 63.67% to 65.60%. Material Cost has increased due to increase in the price of Manganese Ore which was available at almost double price.

Staff Cost

Staff cost as a percentage of total sales, has reduced marginally from 0.51% in the FY 2006-07 to 0.38 % for the half year ended September 30, 2007. The decrease is due to the efficient use of resources.

Manufacturing Expenses

Owing to the initiatives taken by the management for controlling the expenses to reduce the overall cost of production, the manufacturing expenses as a percentage of Manufacturing Income has decreased from 2.28% in FY 2006-07 to 1.14% for the half year ended September 30, 2007.

Power Cost

Power Cost has reduced from 23.52% in FY 2006-07 to 18.33% for the half year ended September 30, 2007. As a percentage of total sales, power cost has reduced due to lesser production as compared to last year.

Administrative Expenses

The continued emphasis of the management on better practices have resulted in decrease in the percentage of administrative expenses as a percent of total sales from 7.23% in FY 2006-07 to 7.08% for the half year ended September 30, 2007.

Selling and Distribution Expenses

As a percentage of sales, Selling and Distribution Expenses has marginally decreased from 0.34% in the F.Y. 2006-07 to 0.27% for the half year ended September 30, 2007.

Profit before Interest, Depreciation and Tax (PBIDT)

The PBIDT margin for the Company has reduced from the 8.00 % for the year ended 31st March 2007 to 7.18% for the half year ended September 30, 2007.

Interest Expense

As a percentage of sales, Interest expenses have decreased from 3.54% in FY 2006-07 to 2.76% for the half year ended September 30, 2007. This was due to repayment of term loan and also a gradual reduction in interest rate.

Depreciation

As a percentage of sales, depreciation expenses has reduced from 1.29% in FY 2006-07 to 0.99% for the half year ended September 30, 2007. Although the Company has purchased machinery worth Rs. 65.07 Lacs during the half the half year but the transaction was effected at the end of the period.

Profit Before Tax (PBT)

The posted a before tax profit of Rs. 373.89 Lacs for the half year ended September, 2007 as compared to the PBT of Rs. 515.92 for the year ended March 31, 2007. As a percentage of sales, the profit has increased from 3.16% in FY 2006-07 to 3.43% for the half year ended September 30, 2007.

Profit After Tax (PAT)

The Company has already posted a profit of Rs. 234.07 Lacs for the half year ended September 30, 2007 as compared to a profit of Rs.288.92 Lacs for the year ended March 31, 2007. The growth in PAT is owing to increased and better realizations on sales and the cost control measures adopted by the company.

Comparison of Performance and Analysis of Development for the year ended March 31, 2007 vis-à-vis March 31, 2006**Sales**

The sale of the company in the FY 2006-07 was Rs. 16301.82 Lacs as compared to Rs. 15579.99 Lacs in the FY 2005-06. On an annualized basis there has been a growth of 4.63% in FY 2006-07. The increase in sales was reported mainly due to increased Export sale by the company. The export sales has gone up by 50% in the FY 2006-07 as compared to previous financial year and better realization from trading in Iron and Steel segment Business by approximately Rs. 14250 per M.T.

Material Consumed

The cost of material consumed by the company amounted to Rs. 10,379.71 Lacs in the FY 2006-07 as compared to Rs. 9607.44 Lacs in the FY 2005-06 showing an increase of 8.04% in cost. This increase in raw material cost was due to increased price of coal & coke used a prime raw material by the Co. by approximately Rs. 1050 per M.T.

Staff Cost

Staff Cost increased by 35.75% in FY 2006-07 as compared to FY 2005-06. As a percentage of total Sales, staff cost has increased marginally from 0.39% in FY 2005-06 to 0.51% in the FY 2006-07. This is primary due to review of salary structure and reworked salary packages of the employees to bring it at par with the latest industry trend.

Manufacturing Expenses

As a percentage of manufacturing sales, the expense has slightly reduced from 2.42% in the FY 2005-06 to 2.28% in the FY 2006-07 which is justified in case of reduced production. Therefore, the cost of manufacturing expenses during the FY 2006-07 has more or less remained same as compared to FY 2005-06.

Power Cost

Power Cost has reduced by 10.30% in FY 2006-07 as compared to FY 2005-06. However as a percentage of total Sales, power cost has reduced from 27.44% in FY 2005-06 to 23.52% in the FY 2006-07.

Administrative Expenses

The administrative expense has increased from Rs. 750.73 in F.Y 2005-06 to Rs. 1179.42 in F.Y 2006-07 representing 57.10% increase in expenses in comparison to the previous year. However, as a percentage of total sales, the administrative expense has increased from 4.82% in the FY 2005-06 to 7.23 % in the FY 2006-07.

Selling and Distribution Expenses

The Selling Expenses incurred by the company has reduced by Rs. 25.43 Lacs in the FY 2006-07, recording the reduction of 31.24% in absolute terms. As a percentage of sales, the selling expenses have reduced from 0.52% in the FY 2005-06 to 0.34% in the FY 2006-07.

Profit before Interest, Depreciation and Tax (PBIDT)

PBIDT margin of the Company has shown a negative growth of 4.89% in the FY 2006-07 as compared to the previous financial year. As a percentage of total sales, the margin has reduced from 8.81% for the FY 2005-06 to 8.00% in the FY 2006-07. The reduction was mainly due to reduction in export incentives available to the company

Interest Expenses

An interest expense has increased from Rs. 432.32 Lacs in FY 2005-06 to Rs. 576.63 Lacs in FY 2006-07. The said increase was on the account of increase in secured and unsecured loans borrowed by the company.

Depreciation

During the FY 2006-07 new machineries amounting to Rs. 92.27 Lacs were purchased by the Company and old machineries amounting to Rs. 23.35 Lacs has been sold out. As a result, the Depreciation expense has increased by 1.74% in the FY 2006-07 as compared to the previous year. Although, as a percentage of total sale, Depreciation expenses has marginally reduced from 1.33% in the FY 2005-06 to 1.29% in the FY 2006-07.

Profit Before Tax (PBT)

The PBT of the company before taxes has reduced from Rs.732.20 Lacs for the FY 2005-06 to Rs.515.92 Lacs in the FY 2006-07. The reduction represents downward movement of 29.54% in the FY 2006-07 as compared to FY 2005-06

Profit After Tax (PAT)

PAT for the year ended March 31, 2007 was Rs. 288.92 Lacs as compared to the after tax profit of Rs. 485.82 Lacs for the year ended March 31, 2006. As a percentage of sales, profit after tax profit has marked a fall from 3.12% in the FY 2005-06 to 1.77% in the FY 2006-07. This is attributed mainly to increased expenditure and reduction in export incentive available to the company in the earlier year.

Comparison of Performance and Analysis of Development for the year ended March 31, 2006 vis-à-vis March 31, 2005**Sales**

The sale of the company in the FY 2005-06 was Rs. 15579.99 Lacs as compared to Rs. 12988.43 Lacs in the FY 2004-05. On an annualized basis there has been a growth of 19.95% in FY 2005-06. The increase in sales was registered due to commencement of trading in Iron and Steel Products

by the company. Trading sale by the company in the year of its commencement amounted to Rs. 5772.95 Lacs.

Material Consumed

The cost of material consumed by the company amounted to Rs. 9607.44 Lacs in the FY 2005-06 as compared to Rs. 5901.29 in FY 2004-05. This increase is attributed to trading purchases made by company during the FY.

Staff Cost

Staff Cost increased by 22.21% in FY 2005-06 as compared to FY 2004-05 in absolute term. However as a percentage of total Sales, staff cost have remained unchanged in FY 2005-06.

Manufacturing Expenses

Manufacturing expenses has reduced owing to lower production and effective cost control measures adopted by the company. The expense has reduced by 75.45% in absolute term. As a percentage of manufacturing sales, the expense has reduced from 7.46% in the FY 2004-05 to 2.42% in the FY 2005-06.

Power Cost

Power Cost has increased by 3.48% in FY 2005-06 as compared to FY 2004-05. However, as a percentage of total Sales, power cost has reduced from 31.81% in FY 2004-05 to 27.44% in the FY 2005-06.

Administrative Expenses

The administrative expense has increased from Rs. 675.94 in F.Y 2004-05 to Rs. 750.73 in F.Y 2005-06 representing 11.06% increase in expenses in comparison to the previous year. However, as a percentage of total sales, the administrative expense has reduced from 5.20% in the FY 2004-05 to 4.82% in the FY 2005-06.

Selling and Distribution Expenses

The Selling Expenses incurred by the company has increased by Rs. 18.99 Lacs in the FY 2005-06. As a percentage of sales, the selling expenses has shown a marginal increase from 0.48% in the FY 2004-05 to 0.52% in the FY 2005-06.

Profit before Interest, Depreciation and Tax (PBIDT)

PBIDT margin of the Company has increased and recorded a growth of 7.20% in the FY 2005-06. As a percentage of total sales, the margin has shown a drop from 9.85 % in FY 2004-05 to 8.81% for the FY 2005-06.

Interest Expenses

An interest expense has reduced from Rs. 456.47 Lacs in FY 2004-05 to Rs. 432.32 Lacs in FY 2005-06. The said decrease was due to general reduction of interest rate charged by the banks and the financial institution.

Depreciation

Depreciation expenses have increased by 24.01% in the FY 2005-06 as compared to the previous year. As a percentage of total sale, Depreciation expenses has marginally increased from 1.29% in FY 2004-05 to 1.33% in the FY 2005-06. The increase was due addition of new machineries in the Gross Block during the year.

Profit Before Tax (PBT)

The profit of the company before taxes has increased from Rs. 656.02 Lacs in FY 2004-05 to Rs.732.20 Lacs for the FY 2005-06. As a percentage of sale the margin has reduced from 5.05% in FY 2004-05 to 4.70% in FY 2005-06.

Profit After Tax (PAT)

PAT for the year ended March 31, 2006 was Rs. 485.82 Lacs as compared to the after tax profit of Rs. 451.33 Lacs for the year ended March 31, 2005 showing the growth of 7.64%. As a percentage of sales, after tax profit has decreased from 3.47% in the FY 2004-05 to 3.12% in the FY 2005-06. This was mainly due to the increase in the cost of the Material Consumed and a decrease of 24.49% in the products manufactured by the company.

Comparison of Performance and Analysis of Development for the year ended March 31, 2005 vis-à-vis March 31, 2004**Sales**

In the line of growth the sales of the company in the FY 2004-05 was Rs. 12988.43 Lacs as compared to Rs. 6443.80 Lacs in the FY 2003-04 witnessing a 101.56% growth in sales as compared to earlier years. This increase is mainly due to the increased prices of ferro alloys in the FY 2004-05 by around Rs. 14000 per M.T.

Material Consumed

The cost of material consumed by the company amounted to Rs. 5901.29 in FY 2004-05 as compared to Rs. 1891.79 in FY 2003-04. This shows an increment of 211.94 % in cost. The increase was jointly due to increased production and increased prices of raw –material namely Manganese Ore, Coke & Coal and Dolomite which has nearly doubled their prices in comparison to the last year.

Staff Cost

Staff Cost increased by 55.32% in FY 2004-05 as compared to FY 2003-04 in absolute term. However as a percentage of total Sales, staff cost has marginally reduced from 0.50% in FY 2003-04 to 0.39 % in FY 2004-05.

Manufacturing Expenses

As a percentage of manufacturing sales, the expenses has reduced from 9.38% in FY 2003-04 to 7.46% in FY 2004-05. The manufacturing expenses has reduced despite of increased production due to effective cost control strategies implemented by the company.

Power Cost

Power Cost has increase from Rs. 2878.15 Lacs in FY 2003-04 to 4131.08 Lacs in FY 2004-05. However, as a percentage of sale the cost has greatly reduced from 44.67% in FY 2003-04 to 31.81 % in FY 2004-05.

Administrative Expenses

The administrative expense has increased from Rs. 381.08 in F.Y 2003-04 to Rs. 675.94 in F.Y 2004-05 representing 77.38% increase in expenses in comparison to the previous year. However, as a percentage of total sales, the administrative expense has reduced from 5.91 % in FY 2003-04 to 5.20% in the FY 2004-05.

Selling and Distribution Expenses

The Selling Expenses incurred by the company has increased by 80% in the FY 2004-05. As a percentage of sales, the selling expense has shown a marginal decline from 0.54% in FY 2003-04 to 0.48% in the FY 2004-05.

Profit before Interest, Depreciation and Tax (PBIDT)

PBIDT margin of the Company has shown an upward movement and record a growth of 52.85% in the FY 2004-05. As a percentage of total sales, the margin has shown a drop and reduced from 13% in FY 2003-04 to 9.85 % in FY 2004-05.

Interest Expenses

An interest expense has increased from Rs. 363.03 Lacs in FY 2003-04 to Rs. 456.47 Lacs in FY 2004-05. The said increase was due to increase in secured borrowing by the Company.

Depreciation

A depreciation expense has increased by 28.50% in the FY 2004-05 as compared to the previous year. As a percentage of total sales, a Depreciation expense has reduced from 2.02% in FY 2003-04 to 1.29% in FY 2004-05. The increase was due addition of new machineries during the year.

Profit Before Tax (PBT)

The profit of the company before taxes has increased from Rs. 344.02 Lacs in FY 2003-04 to Rs. 656.02 Lacs in FY 2004-05 but the margin have not proportionately increased with sale and has reduced from 5.34% in FY 2003-04 to 5.05% in FY 2004-05.

Profit After Tax (PAT)

Net profit of the company after making provisions for taxes for the year ended March 31, 2005 amounted to Rs. 451.33 Lacs as compared to the after tax profit of Rs. 241.83 Lacs for the year ended March 31, 2004 showing the growth of 86.63%. As a percentage of sales, after tax profit has reduced from 3.75% in FY 2003-04 to 3.47% in the FY 2004-05. This was mainly attributable to the fact that the products manufactured by the company `

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF SEBI DIP GUIDELINES**1. Unusual or infrequent events or transactions**

Other than as described in this Draft Letter of Offer, particularly in the section entitled "Risk Factors" beginning on Page 7 and Management's Discussion and Analysis of Financial Condition and result of Operations", beginning on Page 136, in the knowledge of the Company, there are no significant economic / regulatory changes that materially affect or are likely to affect the income from continuing operations.

2. Significant economic changes that materially affected or are likely to affect income from continuing operation

There has been no major significant change in the law governing the Ferro Alloys Industry. The risk relating to the changes in the economic or regulatory environment and its impact on the business of the company is discussed separately in the section entitled "Risk Factors" beginning on page 7 of this Draft Letter of Offer.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that may have had or expected to have any material adverse impact on sales, revenue or income from continuing operations of the company.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Except as otherwise described elsewhere in this Draft Letter of Offer, particularly in "Risk Factors" and Management's Discussion and Analysis of financial condition and result of operations" there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of the Company from continuing operations.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The turnover of the company has increased due to increase selling price of Ferro alloys and not due to introduction of any new product by the company.

6. Total turnover of each major industry segment in which the Company operates

The company operates only in two industry segment i.e. Ferro-Alloys & Iron & Steel. For more information of this refer to section entitled "Auditors Report" beginning on page 109 of this Draft Letter of Offer.

7. New Products or business segments

The company has not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of the business.

8. Seasonality of business

The business of the Company is not seasonal.

9. Dependence on single or few suppliers/customers

The company is not depended on few or single Suppliers / customers for the revenue generation. The company has been in the present business over more than a decades and have relations with all the major suppliers and procurement of raw material would be made as when they are necessitated.

10. Competitive Conditions

The Company is suitably placed to have a competitive edge over its competitors due to the following reasons:

- i. Market reputation of the promoters.
- ii. Established product quality among the customers in domestic as well as international market
- iii. Versatility of furnaces to produce any of the products
- iv. Pan-India marketing network having sales depots at Hisar, Ahmedabad, Mandi Gobindgarh, Ghaziabad and Raipur.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, its Directors and Promoters and the Promoter group companies that would have a material adverse effect on the business of the Company and there are no defaults, non payment or overdue of statutory dues, institutional / bank dues and dues payable to holders of debentures, bonds and fixed deposits that would have a material adverse effect on the Company's business other than unclaimed liabilities against the Company or its Directors or Promoters or Promoter group as of the date of this Draft Letter of Offer.

Litigations against Impex Ferro Tech Limited

A. Contingent Liabilities not provided as of September 30, 2007

The Contingent liabilities/claims not acknowledged as debt as of September 30, 2007 are as follows-

		Rs. in Lacs
Sl. No.	Particulars	Amount
1.	Guarantee given by Banks	32.70
2.	Letter of Credit Issued by Bank Outstanding	627.34
3.	Bills discounted	2,724.60
4.	Commitments on Capital Account	6,114.92
	Total	9,499.56

B. OUTSTANDING LITIGATION

Pending litigation and disputes involving the Company are set forth below.

1. Show Cause Notices

A Notice had been issued by the Registrar of Companies, West Bengal, ("ROC") dated May 21, 2007 to Impex Ferro Tech Limited for scrutiny of Balance Sheet and Profit & Loss Account as on March 31, 2006, wherein ROC has requested in terms of the provisions of Sec. 234 (Power of Registrar to call for information) of the Companies Act, 1956 ('the Act') for explanations as to why prosecutions should not be launched against the Company and the Company's officers who were in default for the alleged violation of the provisions of the Act, which were noticed upon such scrutiny and have been stated in the Notices and is summarized herein below :

Sl. No.	1
Department	DY. Registrar of Companies, West Bengal.
Case No.	ROC/SCN/3
Date Instituted	21-05-07
Background	No provision was made for Leave Encashment in the B/S 31-03-06, it was accounted as an when paid basis instead of Accrual basis resulting in violation of section 209(3)(b) of the Companies Act, on which matter information and explanations were called from the company in terms of the provisions of Sec-234 of the Act and the company reply in this regard was not found satisfactory.
Present Status	Application for Compounding has been filed on 13-06-07
Amount/Involved	Not Ascertainable

Sl. No.	2
Department	DY. Registrar of Companies, West Bengal.
Case No.	ROC/SCN/6
Date Instituted	21-05-07
Background	No provisions for Gratuity was made in the Accounts of the company for the year ended 31-03-06 contrary to the provision of AS-15 resulting in violation of sec 211(3A) of the Act, on which matter information and explanations were called from the company in terms of the provisions of Sec-234 of the Act and the company reply in this regard was not found satisfactory.
Present Status	Application for Compounding has been filed on 13-06-07
Amount/Involved	Not Ascertainable

Sl. No.	3
Department	DY. Registrar of Companies, West Bengal.
Case No.	ROC/SCN/7
Date Instituted	21-05-07
Background	No provision for leave encashment was made in the accounts of the company for 31-03-06 contrary to the provision of the AS-15 resulting in violation of sec 211(3A) of the Act, on which matter information and explanations were called for from the company in terms of the provisions of Sec-234 of the Act and the company reply in this regard was not found satisfactory.
Present Status	Application for Compounding has been filed on 13-06-07
Amount/Involved	Not Ascertainable

Sl. No.	4
Department	DY. Registrar of Companies, West Bengal.
Case No.	ROC/SCN/8
Date Instituted	21-05-07
Background	A loan of Rs. 6,90,500 was taken from ABN Amro Bank towards car loan against hypothecation of car, loan commenced from 24-09-03. In this regard no particulars of charge created were filed with the ROC resulting in violation of sec-125 of the Act, on which matter information and explanations were called from the company in terms of the provisions of Sec-234 of the Act and the company reply in this regard was not found satisfactory.
Present Status	Application for Compounding has been filed on 13-07-07
Amount/Involved	Not Ascertainable

2. Inspection

A notice of Inspection U/S 209A of the Companies Act 1956 was issued to Impex Ferro Tech Limited on 10.10.2007 by the Government of India, Ministry of Corporate Office, Office of the Regional Director for inspection of books of accounts and other records of the company & requested to furnish some pre-inspection information which was submitted by the company in due

course of time to the respective authority. No further query has been raised by the department till date in this regard and the inspection proceeding has also not yet started.

3. Sales Tax

Sl. No.	1
Department	Deputy Commissioner Commercial Taxes
Case No.	A/DCCT/DH/BW/253 & 254/06-07
Date Instituted	29-06-2006
Background	Due to non submission of Form D at the time of Assessment, the department has raised a tax demand of Rs. 0.58 lacs. The company has filed appeal before DCCT against this demand.
Present Status	Application is pending for hearing
Amount/Involved	Rs. 0.58 lacs

Sl. No.	2
Department	Deputy Commissioner Commercial Taxes
Case No.	A/DCCT/DH/BW/136 & 137/07-08
Date Instituted	28-06-2007
Background	Due to non submission of Form D at the time of Assessment, the department has raised a tax demand of Rs. 0.77 lacs. The company has filed appeal before DCCT against this demand.
Present Status	Application is pending for hearing
Amount/Involved	Rs. 0.77 lacs

4. EXCISE

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	12-01-07
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 CENVET 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 Bench
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.
Amount/Involved	Rs. 302,889.00 and Education Cess Rs.6,058.00

5. Income Tax

The Income Tax Authority, Kolkata had conducted a search and seizure operation on 05/01/2004 at the office and factory premises of the Impex Group of Companies including the residence of the Directors. The Income Tax Department has seized inter alia cash Rs. 13.70 Lacs and shares of Impex Ferro Tech Limited including those lodged with the company for endorsement worth Rs. 843.96 lacs. The company has filed an application u/s 132B of the Income Tax Act, 1961 before the concerned authority for the release of the same which is still pending for disposal. The concerned authority has sent notices to Impex Group of Companies and the Directors for filing of

revised returns for the last six years i.e. from Assessment year 1998-1999 to 2003-2004 u/s 153A/153C* of the Income Tax Act, 1961.

The following operations were conducted on various entities of the Impex group-

Name	Type
Mr. Vimal Kumar Patni	Search & Seizure
Mr. Suresh Kumar Patni	Search & Seizure
Mr. Ajit Kumar Patni	Search & Seizure
Mr. Naresh Kumar Jain	Search & Seizure
Mr. Vijay Kumar Jain (Patni)	Search & Seizure
Mr. Virendra Kumar Jain	Search & Seizure
Impex Ferro Tech Limited	Search & Seizure
Impex Metal & Ferro Alloys Private Limited	Search & Seizure
Vikash Metal & Power Limited*	Survey
Rohit Ferro Tech Limited*	Survey
Impex Infotech Limited*	Survey

Under the assessment proceeding, revise returns for the last six years as aforesaid were filed within the prescribed time and the Assessing officers has allowed the submission and revise returns filed for Impex Infotech Limited and Rohit Ferro Tech Limited except the submission and revised return of M/s Rohit Ferro Tech Limited for the Assessment year 2004-2005. The concerned Assessing officer has disallowed certain expenses and income resulting in a tax liability of Rs 8,02,702.00 against which Rohit Ferro Tech Limited has preferred an appeal before the CIT Appeal -1/Kol.

The respective assessee has filed an application before the Hon'ble Settlement Commission under section 245C(1) of the Income Tax Act, 1961 in respect of aforesaid Assessment years and in respect Assessment year 2004-2005 paying income tax on the undisclosed income voluntarily assessed for the respective assessee.

During the proceeding before the Assessing officer in respect of revised returns filed for last six year, the Assessing officer has issued assessment order against Mr. Vimal Kumar Patni, Mr. Virendra Kumar Jain, Mr. Vijay Kumar Jain(Patni) and Vikash Metal & Power Limited, against which the said assessee has filed an application before the income tax appellate authority and re submitted the settlement application (except for Vikash Metal & Power Limited of which re submission of settlement application was not required) before the Hon'ble Settlement Commission under section 245C(1) of the Income Tax Act, 1961 and the same were admitted by the Hon'ble Settlement Commission.

The Hon'ble Settlement Commission issued a notice to pay additional interest on the tax paid on the undisclosed income admitted by the respective assessee as aforesaid which was paid in the month of July, 2007.

As instructed by the Hon'ble Settlement Commission the respective assessee is preparing its explanation to be submitted to Hon'ble Settlement Commission, against the report of the Assessing Officer under Rule -9 of ITSC (Procedure Rules), 1999 submitted to Hon'ble Settlement Commission.

Litigation against the Promoters

Mr. Suresh Kumar Patni

1. Survey

A survey operation u/s 133A(5) was conducted on 23rd November 2007 on Mr. Suresh Kumar Patni to collect information in regard to nature & scale of the expenses incurred by Mr. Suresh Kumar Patni in connection with the marriage of his son Mr. Rohit Patni held on 21st November 2007. Mr. Patni has replied to the query raised by the department in the course of survey operation and during the course of survey operation expenses of Rs. 1 Crore was found unverified and Mr. Patni admitted the same and explained that the expense was made out of the income generated from the speculative activity during the current financial year and has promised that the

same will be accounted for in the current financial year and accordingly advance tax will be paid as per the Income Tax Act, 1961.
No further query has been raised and no further explanation was asked by the department in this regard till date.

Litigation against Group Companies/Associate Concerns:

i. Sahyogi Distributors Pvt. Limited

1. Income Tax

Sl. No.	1
Department	Office of the Income Tax Officer Ward-9(4), Kolkata
Date Instituted	13-11-07
Background	U/S 143(2), the company has been asked to appear before the officer for the case relating to assessment year 2006-07 for certain points in connection with the ROI submitted by the company on 29-11-06.
Present Status	The proceeding is under process
Amount/Involved	Not Ascertainable

ii. Impex Infotech Limited

1. Income Tax

Sl. No.	1
Department	Office of the Assistant Commissioner of Income Tax, Circle-I, Kolkata
Case No.	ACIT/Cir-I/Kol/AAACI8891C/Scru(05-06)/2007-08/491
Date Instituted	20-10-06
Background	U/S 143(2), the company was asked to appear before the officer to explain the ROI for the assessment year 2005-06 submitted by the company on 29-11-06.
Present Status	The proceeding is under process
Amount/Involved	Not Ascertainable

iii. Vikash Metal & Power Limited.

1. Sales Tax

Sl. No.	1
Department	Deputy commissioner commercial Taxes
Case No.	A/DCCT/DH/BW/06-07
Date Instituted	30-05-2006
Background	The ACCT disallowed the commission received and enhanced the turnover against the gross turnover admitted by the company ,resulting in a tax demand of Rs. 740,540 against which the company has made an application before DCCT.
Present Status	An appeal order has been passed in favour of the company, but modified order from the assessing officer is still pending.
Amount/Involved	Rs. 740,540

Sl. No.	2
Department	Deputy commissioner commercial Taxes
Case No.	A/DCCT/DH/BW/07-08
Date Instituted	31-03-2005
Background	Due to non submission of Declaration Form at the time of Assessment, Tax on works contract and purchase tax as assessed by the department and not admitted by the company, the department has raised a total tax and penalty demand of Rs. 1670089.10. The company has filed appeal before DCCT against this demand.
Present Status	Application is pending for hearing.
Amount/Involved	Rs. 16,70,089.10

Sl. No.	3
Department	Deputy commissioner commercial Taxes
Case No.	A/DCCT/DH/BW/07-08
Date Instituted	31-03-2005
Background	Due to non submission of Declaration Form at the time of Assessment, the department has raised a tax and penalty demand of Rs. 14,79,895.00. The company has filed appeal before DCCT against this demand.
Present Status	Application is pending for hearing.
Amount/Involved	Rs. 14,79,895.00

iv. Rohit Ferro Tech Limited

1. Central Excise

Sl. No.	1
Department	Central Excise, Office of the Ass. Commissioner of Central Excise, Durgapur.
Case No.	C.No.V-72(4)46/Rohit/SCN/Dgp-IV/07/3833
Date Instituted	25-09-2007
Background	A show cause cum demand Notice was issued on the Company by the Central Excise Department, Durgapur-IV Division as to why penal provision in terms of Rule-15(2) Cenvat Credit Rule, 2004 read with sec-11AC of the Central Excise Act, 1944 should not be invoked against the company due to detection of irregular availment of Cenvat Credit of Rs. 46,674 which was reversed by the company on detection by the Audit team of the Excise Department
Present Status	Proceeding Started
Amount/Involved	Penalty U/S 15(2) of Cenvat Credit Rules, 2004

Sl. No.	2
Department	Office of the Ass. Commissioner of Central Excise, Durgapur.
Case No.	C.No.V-72(4)48/Rohit/SCN/Dgp-IV/07/3827
Date Instituted	25-09-2007

Background	A show cause cum demand Notice was issued on the Company by the Central Excise Department, Durgapur-IV Division as to why penal provision under sec-11AC of the Central Excise Act, 1944 should not be invoked against the company due to payment of differential Central Excise Education Cess Liability of Rs.4,601 along with due interest of Rs. 575 only after detection by the Audit team of the Excise Department.
Present Status	Proceeding Started
Amount/Involved	Penalty in term of the section 11 AC of Central Excise act, 1944

Sl. No.	3
Department	Office of the Ass. Commissioner of Central Excise, Durgapur. dated
Case No.	C.No.V-72(4)48/Rohit/SCN/Dgp-IV/07/4715
Date Instituted	25-09-2007
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 of Rs. 432,111 and Education Cess of Rs.8,639 should not be reversed under Rule-14 of the Cenvat Credit Rule,2004 read with the provision of Sec-11A of the Central Excise Act, 1944 and why interest and penalty should not be imposed.
Present Status	Proceeding Started
Amount/Involved	Duty Rs. 4,40,750/- and interest & penalty in terms of the section 11 AC of the Central Excise Act, 1944.

2. Income Tax

Sl. No.	1
Department	C.I.T. Appeal – 1/kol
Case No.	240/CIT (A)-1/1 (3)/06-.7
Date Instituted	24/04/07
Background	Order passed for the Assessment Year. 2004-05 under section 143 (3)/153C of the Income Tax Act, 1961 by the I.T.O. Wd 1 (3) for lesser amount allowed for 80 IB deduction, so, tax liability of Rs. 8,02,702/- had arised, which was paid by the company is under protest.
Present Status	Hearing is going on & order is awaited.
Amount/Involved	Rs. 8,02,702

Sl. No.	2
Department	I.T.O Ward-1(3), Kolkata
Case No.	Cir-I/Kol/AACCR1593A/2007-08/755
Date Instituted	31.10.2006
Background	For the Assessment Year 2005-06, scrutiny notice u/s 143(2) and 142(1) of the Income Tax Act, 1961 was issued on 31/10/2006. The company has filed its reply as per the requirement and the hearing is under process.
Present Status	Case is under process.
Amount/Involved	Not Ascertainable

v. IMPEX METAL & FERRO ALLOYS PVT. LTD.

1. Sales Tax

Sl. No.	1
Department	DCCT, Dharmtala, Circle, Kolkata
Date Instituted	29-06-07
Background	Due to non-submission of declaration form at the time of assessment the Sales Tax Department has raised a tax and penalty demand of Rs.28,79,289.74 against which the company has made an appeal.
Present Status	Hearing Pending
Amount/Involved	RS. 28,79,289.74

Sl. No.	2
Department	DCCT -Dharmtala Circle, Kolkata,
Date Instituted	29-06-07
Background	Due to non-submission of declaration form at the time of assessment, purchase tax and tax on works contracts as assessed by the department and not admitted by the company, the Sales Tax Department has raised a total tax and penalty demand of Rs.4,93,006.38 against which the company has made an appeal.
Present Status	Hearing Pending
Amount/Involved	Rs. 4,93,006.38

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 Private Limited on 24th June 2004 to produce the book of account for the year 2002-2003 and 2003-2004. The Company is regularly appearing and producing the necessary document and information before the department on the hearing dates. Meanwhile the Company voluntarily has paid Rs. 30 Lacs to the department towards sales Tax.

Material Developments

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances (other than as disclosed in the Draft Letter of Offer) that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or ability to pay its material liabilities within the next twelve months.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

Except as stated in page no. 155 the Draft Letter of Offer, the Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities. 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.

Sl. No	Description	Reference	Date of Issue	Authority	Validity
1.	Engineering Export Promotion	EEPC:K:REG:94:2007-2008	12.04.2007	Ministry of Commerce, Govt. of India	31.03.2009
2.	Certificate of Importer Exporter Code	299010511	06.09.1999	Ministry of Commerce, Govt. of India	*
3.	West Bengal Sales Tax	19531367198	12.03.2003	Office of the Commissioner, Commercial Taxes, W.B	*
4.	West Bengal Value Added Tax	19531367004	12.03.2003	Office of the Commissioner, Commercial Taxes, W.B	*
5.	Central Sales Tax	19531367295	12.03.2003	Office of the Commissioner, Commercial Taxes, W.B	*
6.	Central Excise	AAACI5448R XM 001	19/05/2003	Office of the Assistant Commissioner, Central Excise	*
7.	Service Tax Code	AAACI5448RST002	29/03/2005	Office of the Assistant Commissioner of Central Excise	*
8.	NOC from Kulti Municipality for the 7.5 MVA Submerged Arch Furnace	1320/K.M.	01/12/2000	Chairman, Kulti Municipality	*
9.	Power Supply Agreement (Enhancement of contract demand from 19 MVA to 23 MVA)	Coml/Agreement/14 83	15/07/2007	Commercial Department, Damodar Valley Corporation	*
10.	Drawing of Water	MD/DVRR/W-6-116/2007/696-703	30-07-2007	Member Secretary, Central Water Commission, DVRR Unit	*

11.	TAN	CALI01052C			*
12.	Contract Labour (Regulation and Abolition), Act 1970	CR-1/98/C.L/ALC-ASN	19-01-1998	Certificate of Registration, Govt. of West Bengal	*
13.	Employees Provident Fund	ENF/WB/DGP/37193	11-04-1998	Assistant Provident Fund Commissioner, Employees Provident Fund Organization, Sub-Regional Office, Durgapur	*
14.	West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979	RCN-0483109	29-03-1996	Tax Officer, Calcutta North Range, Sales tax	*
15.	West Bengal Shops and Establishments Act, 1963	C/Bow/P-II/33683	06-09-2007		*
16.	PAN	AAACI5448R	31-08-2003	Chief Commissioner of Income-Tax	*
17.	ISO 9001:2000	SG07/1368		SGS United Kingdom Ltd., Systems & Services Certification	*
18.	Ferro Manganese(15,825 MT)	6181/SIA/IMO/2005	30/12/2005	Ministry of Commerce & Industry, Government of India	*
19.	Power Plant (30 MW)	6180/SIA/IMO/2005	30/12/2005	Ministry of Commerce & Industry, Government of India	*
20.	Silico Manganese	2022/SIA/IMO/2003	28/07/2003	Ministry of Commerce & Industry, Government of India	*
21.	Medium Carbon Ferro Manganese (6,000 MT)	1021/SIA/IMO/2004	24/03/2004	Ministry of Commerce & Industry, Government of India	*

**valid till cancelled or suspended*

Approvals pending and for which applications have been made

Sl. No.	Description	Reference	Application Date	Authority
1.	Environment Clearance	IFTL/LT/034/07-08	02-07-2007	Director, Environmental Impact Assessment Division, Ministry of Environment & Forest, Govt. of India
2.	Pollution Control Board	AAACI 5448R	06-07-2007	Senior Environmental Engineer, West Bengal Pollution Control Board

OTHER REGULATORY AND STATUTORY DISCLOSURES

Important Information

- Under no circumstances should any request be sent to the Lead Manager to the Offer.
- The Company undertakes to provide adequate Funds to the Registrars to the Offer for posting of the Refund Orders/ Letters of Allotment/ Share Certificates by registered post wherever applicable.

Authority for the Issue

This Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meetings held on May 28, 2007 and approvals of the members of the company sought by means of Postal Ballot (Vide notice dated May 28, 2007) and results declared on July 11, 2007.

Consent of Lenders

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

Prohibition by SEBI

Neither the Company, nor its Promoters, directors, any of the Company's Associates or Group Companies, and Companies with which the directors of Issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. Further, none of the directors or the person(s) in control of the Promoter Companies have been prohibited from accessing the capital market under any order or direction passed by SEBI. Further the Promoter, their relatives (as per Act), the Company, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities.

Eligibility for the Issue

Impex Ferro Tech Limited is an existing company registered under the Act whose Equity Shares are listed on BSE and NSE. It is eligible to offer this Issue in terms of Clause 2.4.1(iv) of the SEBI (DIP) Guidelines, 2000.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR 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 THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, MICROSEC CAPITAL LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, 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 THIS 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 MICROSEC CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2008 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:

WE THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALIZATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a) THE DRAFT LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE.
 - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE 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 SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (C)} ARE NOT APPLICABLE TO THE ISSUER.
5. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT RIGHTS ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
6. WE CONFIRM THAT NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

7. 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.
8. 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.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES 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 ANY IRREGULARITIES OR LAPSES IN THIS OFFER DOCUMENT."

Caution/Disclaimer Clause of the Issuer and the Lead Manager

Impex Ferro Tech Limited, its Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, www.impexferrotech.com would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead manager and Impex Ferro Tech Limited.

All information shall be made available by Impex Ferro Tech Limited and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

DISCLAIMER IN RESPECT OF JURISDICTION

This Draft Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations there under. The distribution of the 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 the legal requirements prevailing in those jurisdictions. Persons in whose possession this Draft Letter of Offer may come are required to inform them selves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

The Equity Shares Issued on a Rights basis in terms of this Draft Letter of Offer have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act. The delivery of this Draft Letter of Offer to any address in the United States by anyone other than the Company or the Lead Manager is not authorized by the Company and the Lead Manager and the Rights Entitlement or the Equity Shares may not be offered, sold, exercised or delivered in the United States, unless specifically authorized by the Company.

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 and SEBI has given its observations. Accordingly, the Equity Shares represented thereby 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 the legal requirements applicable in such jurisdiction. 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 affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purpose of the Issue will be "The Bombay Stock Exchange Limited".

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. BSE has given vide its letter dated [●] 2008 permission to the Company to use the Exchange's name in this Draft Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

As required, a copy of this

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. NSE has given vide its letter dated [●] 2008 permission to the Company to use the Exchange's name in this Draft Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. NSE has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

NSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- warrant that this Company's securities will be listed or will continue to be listed on NSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Letter of Offer has been cleared or approved by NSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and

analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

The Draft Letter of Offer has been filed with SEBI, Corporate Finance Department (DIL), SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051,. The Draft Letter of Offer has been filed with the Designated Stock Exchange as per the requirements of the law. All the legal requirements applicable till the date of filing the Draft Letter of Offer with the Stock Exchanges have been complied with.

Listing

The existing Equity Shares are listed on the BSE and NSE. The Company has made applications to the BSE and NSE 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.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within 42 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 the Section 73 of the Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

Impersonation

Attention of 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:

- 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 for a term which may extend to five years.”**

Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisors, Registrar to the Issue, Bankers to the Company and Banker to the Issue to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchanges.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Draft Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchanges.

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

Expert Opinion

Except as stated elsewhere in this DLOF, we have not obtained any expert opinions.

Issue Expenses

The expenses of the Issue to be borne by the Company are estimated to be around Rs. 50 Lacs (1.25% of the issue size) as under:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Fees of Lead Manager, Registrar, Legal Advisor, Auditors	23.81
2	Printing & Stationery, Distribution, Postage, etc.	6.25
3	Advertisement & Marketing Expenses	10.00
4	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	6.00
5	Contingencies	3.94
	Total	50.00

Details of Fees Payable

Sr. No.	Particulars	Amount (Rs.Lacs)
1	Fees of Lead Manager, Registrar, Legal Advisor, Auditors	23.81
2	Printing & Stationery, Distribution, Postage, etc.	6.25
3	Advertisement & Marketing Expenses	10.00
4	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	6.00
5	Contingencies	3.94
	Total	50.00

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company.

The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.

Previous Public or Rights Issues (During the Last Five Years)

The Company had made an Initial Public Offer in December, 2004 of 80,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 800 Lacs.

Year of Issue	2004
Type of Issue	Public issue of equity shares
Amount of Issue	Rs. 800 lacs
Date of closure of the issue	31.12.2004
Date of Allotment	25.01.2005
Date of Refund	27.01.2005

Date of listings on the Stock Exchange	03.02.2005
--	------------

Previous Issues of Shares otherwise than for cash

The Company has not issued Equity Shares for consideration other than cash in the past.

Commission or brokerage on previous issues

The Company paid a commission of 1.5% on the last Issue of the company.

Particulars in regard to Impex Ferro Tech Limited and other listed companies under the same management within the meaning section 370 (1) (B) of the Companies Act, 1956 that made any capital Issue during the last three years

Rohit Ferro Tech Limited

In March 2006, Rohit Ferro-Tech Ltd one of the Group Companies made a public issue of 1,69,47,745 Equity Shares of Rs.10/- each for cash at a premium of Rs.20/- per Equity Share aggregating Rs.5084.32 Lacs.

Name of the Company	Rohit Ferro Tech Ltd
Year of Issue	2006
Type of Issue	Public issue of equity shares
Amount of Issue	Rs. 5084.32
Date of closure of the issue	11 th March, 2006
Date of completion of delivery of shares	11 th April, 2006
Date of completion of project	Under Implementation
Rate of dividend paid	10%

Ankit Metal & Power Limited

In June 2007, Ankit Metal & Power Ltd one of the Group Companies made a public issue of 1,19,00,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.26/- per Equity Share aggregating Rs.4284.00 Lacs.

Name of the Company	Ankit Metal & Power Ltd
Year of Issue	2007
Type of Issue	Public issue of equity shares
Amount of Issue	Rs. 4284.00
Date of closure of the issue	22 nd June, 2007
Date of completion of delivery of shares	6 th July 2007
Date of completion of project	Under Implementation
Rate of dividend paid	NIL

Vikash Metal & Power Limited

In October 2005, Vikash Metal & Power Ltd one of the Group Companies made a public issue of 1,89,02,900 Equity Shares of Rs.10/- each for cash at a premium of Rs.10/- per Equity Share aggregating Rs.3780.58 Lacs.

Name of the Company	Vikash Metal & Power Limited
Year of Issue	2005
Type of Issue	Public issue of equity shares
Amount of Issue	3780.50
Date of closure of the issue	28 th October, 2005
Date of completion of delivery of shares	21 st November 2005
Date of completion of project	Under implementation
Rate of dividend paid	5% for the year 2006-07

Promise vis-à-vis performance

Impex Ferro Tech Limited had made its Initial Public Offering of 80,00,000 equity Shares of Rs. 10/- each for cash at par aggregating Rs. 800 Lacs in the year 2004-05. The issue was made with the object of:

- financing the Company's expansion plan to set up a 8.25 MVA Furnace for manufacturing 13200 ton of High Carbon Silico Manganese & installation of SSM Converter for producing 6000 TPA of Medium Carbon Ferro Manganese and
- Repayment of unsecured loans.

The Company was able to install the plant & Machineries and other equipments in August 2003 as against the original implementation schedule of July, 2006. Similarly trail run and commercial production also got delayed and it started in September 2004 as against the original schedule of August 2004 achieve all the objects for which the issue was made and implement the project on time. Barring for delay of one month the company was able to implement the project as projected in the prospectus.

There has been a cost overrun of Rs. 96.6 Lacs as against the project cost of Rs. 1587.62 Lacs in the prospectus.

The actual and estimated/projected level of production, capacity utilization mentioned in the Prospectus is as follows:

	Year Ended					
	2004-05		2005-06		2006-07	
	Projections	Actual	Projections	Actual	Projections	Actual
Installed Capacity (MT)	43200					
Production	36900	33564.78	37560	38149.63	38220	34438.94

Listed Ventures of the Promoter

Three of the Promoter companies are listed as under:

- i. **Rohit Ferro Tech Limited** is listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company had made a Public Issue of 1,69,47,745 equity shares of Rs 10/- each for cash at a premium of Rs. 20/- per equity share in the year 2006 aggregating Rs. 5048.32 lacs.

The objects of the issue was to fund the expansion for setting up state of the art 4 no.s submerged electric arc furnace of 16.5MVA each at Kalinganagar Industrial Complex, Jajpur in the state of Orissa to manufacture 25426 TPA of silico manganese, 52124 TPA of ferro chrome and 35947 TPA of ferro manganese. The trail run and the commercial production started in December 2006 as against the original schedule of April 2006. There was no cost overrun as against the project cost in the prospectus.

The projected and actual capacity utilization is as follows.

(In Metric Ton)

Particulars Product	Si Mn	HeFeCr	FeMn	Total
Installed Capacity (TPA)- Jajpur Unit	25426	52124	35947	113497
Installed Capacity (TPA)- Bishnupur Unit	-	40000	-	40000

Year	2005-06		2006-07	
	Projected	Actual	Projected	Actual
Proposed Jaipur Plant				
Production				
-Silico	-	-	19070	-

-Manganese	-	-	39093	-
-Ferro Chrome	-	-	26960	5665
-Ferro Manganese	-	-	-	-
Existing Bishnupur Plant				
Production:-				
Ferro Chrome	40000	38438.77	40000	45492.40

The Company could not meet its projections due to delay in execution of the project.

- ii. **Ankit Metal & Power Limited** is listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company made an initial public offer of 1,19,00,000 equity shares of Rs 10/- each at a premium of Rs. 16/- for cash aggregating Rs.4284 lacs in the year 2007.

The objects of the issue was to part finance the integrated steel plant at Chhatna, Jorehira, Bankura, West Bengal. The commercial production and trail run for 8.5 MW WHRB Captive Power Plant & Re- Rolling Mill was delayed by 3 month and started in October, 2007 as against the original projection of July 2007. Similarly the commercial production of 4 MW AFBC based Captive Power Plant was delayed and is expected to commence by March 2008. There was no cost overrun as against the project cost in the prospectus.

The projected capacity utilization is as follows:

Particulars	Year end		
	2007-08	2008-09	2009-10
	Installed Capacity		
Sponge Iron (TPA)	105000		
Billets (MT)	65140		
Rolling Mill (TPA)	100000		
8. 5 MW WHRB CPP (MW)	8.50		
4 .0 MW AFBC CPP (MW)	4.00		
	Projected	Projected	Projected
Sponge Iron (TPA)	84,000	89,250	89,250
Billets (MT)	65,140	65,140	65,140
Rolling Mill (TPA)	60,000	85,000	90,000
8. 5 MW WHRB CPP (MW)	39,092	59,568	59,568
4 .0 MW AFBC CPP (MW)	18,396	28,032	28,032

- iii. **Vikash Metal & Power Limited** is listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company had made a Public Issue of 12,500,500 equity shares of Rs 10/- each for cash at a premium of Rs. 10/- per equity share in the year 2005 aggregating Rs. 2500.10 lacs.

The projected and actual implementation schedule of the project financed by the aforesaid public issue is as follows:

Particulars	Projected date of commercial production	Actual date of commercial production
Sponge Iron plant (3 rd Kiln)	December 2005	June 2006
Sponge Iron plant (4 th Kiln)	January 2006	October 2006
M.S.Billet Casting	January 2006	September 2006
Hot Rolling Mill	September 2006	September 2007
Ferro Manganese Plant	December 2006	Trail run expected to start by January 2008
Captive Power Plant	December 2006	Trail run expected to start by January 2008

Due to delay in implementation schedule there has been a cost overrun of Rs. 1580.67 Lacs as against the project cost of Rs. 11,095 Lacs in the prospectus.

Particulars	Year end
-------------	----------

	2004-05		2005-06		2006-07	
	Installed Capacity (TPA)					
	Projected	Actual	Projected	Actual	Projected	Actual
Sponge Iron	65000	65000	130000	65000	130000	130000
M.S.Billet Casting	57000	--	57000	57000	57000	85500
TMT Bars & HR Strips Plant	48000	--	48000	--	48000	--
Ferro Manganese	15400	--	15400	--	15400	--
	Production (MT)					
Sponge Iron	40351	40351	71500	47670	117000	61562.63
M.S.Billet Casting	--	--	51300	735.25	51300	38012.05
TMT Bars & HR Strips Plant	24000	--	28800	--	33600	--
Ferro Manganese	9240	--	10780	--	12320	--

The Company could not meet its projections due to delay in execution of the project.

Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments issued by Impex Ferro Tech Limited Outstanding as on the Draft Letter of Offer Date and Terms of Issue

There are no Outstanding Debentures or Bonds and Redeemable Preference Shares issued by Impex Ferro Tech Ltd as on the date of this Draft Letter of Offer.

Stock Market Data for Equity Shares of Impex Ferro Tech Limited

As the Company's shares are actively traded on the BSE and NSE, the Company's stock market data have been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE:

Year	High				Low				Average price for the year (Rs.)
	Date	Rate In Rs.	No. Of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate In Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	
2005	09/02/05	48.40	5257421	2383.40	26/12/05	15.00	9740	1.49	31.70
2006	04/01/06	19.75	92877	17.88	24/07/06	9.22	5612	0.53	14.49
2007	27/12/07	28.40	48020	12.78	03/04/07	10.00	18603	1.93	19.20

NSE

Year	High				Low				Average price for the year (Rs.)
	Date	Rate In Rs.	No. Of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate In Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	
2005	09/02/05	48.70	19530037	8878.56	27/12/05	14.70	18500	2.81	31.70
2006	04/01/06	19.70	133559	25.74	25/07/06	9.05	11768	1.11	14.38
2007	05/12/07	28.00	141057	38.56	06/08/07	9.85	4725	0.50	18.93

The share prices for the preceding six months were as under:

BSE

	High				Low				
Year	Date	Rate In Rs.	No. Of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate In Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	Average price for the month (Rs.)
Jul-07	12/07/07	13.00	47227	5.84	31/07/07	10.55	8820	0.96	11.78
Aug-07	14/08/07	14.50	198003	27.74	06/08/07	10.20	7534	0.80	12.35
Sept-07	28/09/07	17.03	467602	78.22	03/09/07	12.25	24385	3.13	14.64
Oct-07	31/10/07	19.95	175294	34.29	22/10/07	14.15	38930	5.62	17.05
Nov-07	30/11/07	24.00	60544	14.34	08/11/07	16.60	15668	2.70	20.30
Dec-07	07/12/07	28.40	48020	12.78	19/12/07	23.50	22040	5.42	25.95

NSE

	High				Low				
Year	Date	Rate In Rs.	No. Of Shares Traded	Net Turnover (Rs. in Lacs)	Date	Rate In Rs.	No. of Shares Traded	Net Turnover (Rs. in Lacs)	Average price for the month (Rs.)
Jul-07	09/07/07	12.75	22420	2.74	30/07/07	10.65	5977	0.65	11.70
Aug-07	14/08/07	14.60	222053	31.37	06/08/07	9.85	4725	0.50	12.23
Sept-07	28/09/07	16.90	426339	70.60	03/09/07	12.10	18056	2.30	14.50
Oct-07	31/10/07	20.50	272637	54.15	22/10/07	14.30	58588	8.58	17.40
Nov-07	30/11/07	24.10	92752	22.01	08/11/07	16.75	36767	6.47	20.43
Dec-07	05/12/07	28.00	141057	38.56	20/12/07	23.30	18348	4.41	25.65

The closing market price was Rs. 12.55 On BSE on May 29, 2007, the trading day immediately following the day on which Board meeting was held to approve the Issue.

The market price was Rs. 12.40 on NSE on May 29, 2007, the trading day immediately following the day on which Board meeting was held to approve the Issue.

The closing market price was Rs. 12.44 on BSE on July 12, 2007, the trading day immediately following the day on which the results of the Postal Ballot was declared.

The closing market price was Rs. 12.10 on NSE on July 12, 2007, the trading day immediately following the day on which the results of the Postal Ballot was declared

Information as per Clause 6.48.1 of SEBI DIP Guidelines 2000

To be incorporated at the time of filing of Letter of Offer.

Information as per Clause 6.48.3 of SEBI DIP Guidelines 2000

Week Ended	Weekend Price	High Price	Date of High Price	Low Price	Date of Low Price
December 28, 2007	24.95	26.25	December 27, 2007	24.05	December 28, 2007
January 04, 2008	29.65	29.65	03/04 January, 2008	24.15	December 31, 2007
January 11, 2008	24.10	34.30	January 08, 2008	23.05	January 11, 2008
January 18, 2008	24.25	28.00	January 15, 2008	22.70	January 14, 2008

Mechanism evolved for Redressal of Investor Grievances

The Company has a **Shareholders'/Investors' Grievance Committee** to specifically look into all the matters relating to shareholders grievance i.e. non-receipt of share transfer, non-receipt of balance sheet, non receipt of declared dividends etc. The composition of the committee is as under:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Chattar Singh Dugar	Chairman	Independent & Non-Executive Director
2	Mr. Suresh Kumar Patni	Member	Managing Director
3	Mr. Ajit Kumar Patni	Member	Non-Executive Director

The Company received 4 complaints/ queries during the financial year 2006-2007, which were resolved/ replied to the satisfaction of the shareholder within the due time. No complaint was pending as on 31st March 2007. 2 complaints were received for the period ended 31st December 2007 and no complaint was pending as on 31st December 2007.

Disposal of Investor Grievances

The company estimates that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrars will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Pradip Kumar Agarwal, Company Secretary, as Compliance Officer who deals with various regulatory authorities with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI / Stock Exchanges and matters related to investor complaints.

Status of Complaints

- (a) Total number of complaints received during last financial year (2006-2007): 4
- (b) No. of shareholders complaints as of April 1, 2007: Nil
- (c) Total number of complaints received during current financial year (2007-2008): 2
- (d) Total number of complaints received during the period April 1, 2007 to December 31, 2007: 2
- (d) Status of the complaints: There are no pending complaints.
- (e) Time normally taken by it for disposal of various types of Investor grievances: 7 days

Registrar to the Issue will also handle the investors' grievances related to the Issue in co-ordination with Compliance Officer of the Company. All grievances relating to the Present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name of the applicant, address, number of Equity Shares applied for, amount paid on application

and bank and branch. The Company would monitor the work of the Registrar to ensure that the investors' grievances are settled expeditiously and satisfactorily.

Type of Investors' Grievance	Time Taken for Reply (No. Of Days)
Non-receipt of Refund Order	7
Non-receipt of Share Certificates	7
Transfer of Shares	30
Change of Address	15
Correction of Address	7

Mechanism evolved for Redressal of Investor Grievances for Listed Group Companies

ROHIT FERRO-TECH LIMITED

The Company stands committed to good Corporate Governance, Transparency, Disclosure and Independent Supervision to increase the value of the various stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increasing long term stakeholder's value, keeping in view the interests of the Company's stakeholders.

The Company has an Executive Chairman and the Independent Directors comprise of half the Board's strength. None of the Directors on the Board are member of more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies of which they are the Directors.

The average time required by the Company or the Registrar for the redressal of routine Investor Grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar seek to redress these complaints as expeditiously as possible. The Company has appointed Mr. Pramod Kumar Jain, Company Secretary, as the Compliance Officer who deals with various regulatory authorities with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI/ Stock Exchanges and matters related to Investor complaints.

ANKIT METAL & POWER LIMITED

The Company has a six-member Board with a Non-Executive Chairman constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance i.e. having half of the Board's strengths as Independent. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The management provides the Board of Directors detailed reports on its performance on a quarterly basis. The Company has appointed Mr. Chandra Kumar Jain, Company Secretary, as the Compliance Officer who deals with various regulatory authorities with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI/ Stock Exchanges and matters related to Investor complaints. The average time required by the Company or the Registrar for the redressal of routine Investor Grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar seek to redress these complaints as expeditiously as possible.

VIKASH METAL & POWER LIMITED

The average time required by the Company or the Registrar for the redressal of routine Investor Grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrar seek to redress these complaints as expeditiously as possible. The Company has appointed Ms. Ruchika Jain, Company Secretary, as the Compliance Officer who deals with various regulatory authorities with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI/ Stock Exchanges and matters related to Investor complaints.

Change if any to the auditor during last 3 years and reasons thereof

There has been no change in auditors of the Company during the last 3 years.

Capitalization of Reserves or Profits (during last five years)

There has not been any capitalization of Reserves or Profits during the last five years.

Revaluation of Assets

None of the assets of the company have been revalued during the last five years.

TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of the Company, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India 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 security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on May 28, 2007 and approvals of the members of the company sought by means of Postal Ballot (Vide notice dated 28th May, 2007) and results declared on 11th July 2007.

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 shares held in the electronic form and on the Register of Members of the Company in respect of 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.

Face value

Each Equity Share shall have the face value of Re. 10

Issue Price

Each Equity Share is being offered at a price of Rs. [•]

Terms of payment

The entire Issue Price of Rs. [•] per Share is payable on application only.

Rights of the Equity Shareholder

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.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidating/splitting, see the section titled "Main Provisions of Articles of Association" on page 188 of this Draft Letter of Offer.

Rights 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 as on the Record Date.

Fractional entitlements

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.

Joint-holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company

Ranking of the Equity Shares

The Equity Shares 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.

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 mandatory 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.

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, one Hindi national daily with wide circulation and one regional language daily newspaper in Kolkata with wide circulation and/or, will be sent by ordinary post/ to the registered holders of the Equity Share from time to time.

Market lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one. In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one week's time from the request of the Equity Shareholder. The Company shall not charge any fee for splitting the Consolidated Certificate.

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.

A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be

made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

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 applicants want to change their nomination, they are requested to inform their respective DP.

Minimum Subscription

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

The Issue will become undersubscribed after considering the number of shares applied as per entitlement plus additional shares. The Promoters or promoter group will subscribe to such undersubscribed portion as per the relevant provisions of the law. The undersubscribed portion shall be applied for only after the close of the Issue. If any person presently in control of the Company desires to subscribe to such undersubscribed portion and if disclosure is made pursuant to Takeover Code, such allotment of the undersubscribed portion will be governed by the provisions of the Takeover Code. Allotment to promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement.

The above is subject to the terms mentioned under the section entitled "Basis of Allotment" on page 180 of this Draft Letter of Offer.

Offer to Non-Resident Equity Shareholders/Applicants

As per Regulation 6 of notification No. FEMA 20/200-RB dated May 3, 2000 the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional shares. 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, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / notification No. FEMA 20/200-RB dated May 3, 2000. 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 rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

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. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Letter of offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India.

Procedure for Application

The CAF would be printed in black ink for all shareholders. An additional separate advise for non-resident shareholders will be provided. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, C. B. Management Services (P) Limited, 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 can obtain a copy of the CAF from the Registrars to the Issue, Maheshwari Datamatics Pvt. Ltd. from their office located at 6, Mangoe Lane, 2nd Floor, Kolkata – 700 001, India by furnishing the registered folio number, DP ID number, Client ID number and their full name and address.

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 enclosed CAF and submit the same along with the Application Money payable to the Bankers to the Issue or any of the 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 thereof in this regard. **Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque /demand draft, net of bank and postal charges, payable at Kolkata 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. The applications received through registered post shall be dealt with by the Registrars to the Issue in the normal course.

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;
- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares.

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favor of any other person(s). If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional shares in Part A of the CAF. Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the section entitled "Basis of Allotment" on page 180 of this Draft Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account shall be opened for the purpose.

Where the number of additional 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.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons subject to the approval of the Board. Such renouncees can only be Indian Nationals (including minor through their natural/legal guardian)/limited companies incorporated under and governed by the Act, statutory

corporations/institutions, trusts (registered under the Indian Trust Act), societies (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, foreign nationals or nominees of any of them (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 of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/ or necessary permission of the RBI under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approval are liable to be rejected.

By virtue of the 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, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favor of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company).

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 thereof.

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 Banker 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 the Company of the person(s) applying for Equity Shares in Part C to receive allotment of such Equity Shares. The renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' must not be used by the renounee(s) as this will render the application invalid. Renounee(s) will also have no further right to renounce any shares in favour of any other person.

Procedure for renunciation

a) To renounce the whole offer in favour of one renounce

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 favor 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.

b) 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 in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split 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 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 Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder 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.

Please note that:

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.
- Request by the applicant for the Split Application Form should reach the Registrars on or before [•]
- Only the person to whom this Draft Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

How to Apply**Resident Equity Shareholders**

Applications should be made on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given elsewhere in the Draft Letter of Offer.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
Part B: Form for renunciation
Part C: Form for application for renouncees
Part D: Form for request for split application forms

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.

Letter of offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option	Option Available	Action Required
A	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
B	Accept your entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign).
C	Accept only a part of your entitlement of the Equity Shares offered to you (without renouncing the balance).	Fill and sign Part A of the CAF.
D	Renounce your entitlement in full to one person (Joint renouncees not exceeding three are considered as one renouncee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renouncee. The renouncees must fill in and sign Part C of the CAF (All joint renouncees must sign).
E	1. Accept a part of your entitlement and renounce the balance to one or more renouncee(s). OR 2. Renounce your entitlement to all the Equity Shares offered to you to more than one renouncee.	Fill in and sign Part D (all joint holders must sign) 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 Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below: i. For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). ii. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renouncees. iii. Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them.
F	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 renouncees must fill in and sign Part C.

Applications for Equity Share should be made only on the CAF, which are provided by the Company. The CAF should be completed in all respects as explained under the head "INSTRUCTIONS" indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Non Resident Shareholders/Renouncee should forward their applications to Banker to the Issue as mentioned in the CAF for Non-Resident Equity Shareholders. No part of the CAF should be detached under any circumstances. Applicants must provide information in the CAF as to their savings / current / NRE / NRO / FCNR bank account 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 name of the payees.

For Applicants Residing at places other than Designated Bank Collecting Branches

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, Maheshwari Datamatics Pvt Ltd., along with demand drafts, net of bank and postal charges, payable in favour of "Impex Ferro Tech Limited - Rights Issue" in case of Resident shareholders and Non Resident shareholders applying on Non-repatriable basis and in favour of "Impex Ferro

Tech Limited- Rights Issue- NR” in case of non-resident shareholders applying on a repatriable basis and crossed “A/c Payee only” so that the same are received on or before closure of the Issue (i.e. [•]). In such case the demand draft in case of Resident shareholders, should be payable at Kolkata and in case of Non-resident shareholders, should be payable at Kolkata.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below:

All 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 Registrars to the Issue except as mentioned above.

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 Registrars not having any liabilities to such applicants.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID No. and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

Application on Plain Paper

An 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, drawn in favor of “Impex Ferro Tech Limited- Rights Issue” in case of resident shareholders and nonresident shareholders applying on non-repatriable basis and in favour of “Impex Ferro Tech Limited- Rights Issue- NR” payable at Kolkata, in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach them on or before the closure of the Issue. In such case the demand draft should be payable at Kolkata. The envelope should be subscribed “Impex Ferro Tech Limited- Rights Issue” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “Impex Ferro Tech Limited- Rights Issue- NR” in case of non-resident shareholders applying on repatriable basis.

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 reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Impex Ferro Tech Limited
- Name and address of the Equity Shareholder including joint holders
- Registered Folio No./ DP ID No. and Client ID No.
- Number of shares held as on Record Date.
- Certificate numbers and distinctive Nos., if held in physical form.
- Number of Rights Equity Shares entitled.
- Number of Rights Equity Shares applied for.
- Number of additional Equity Shares applied for, if any.
- Total number of Equity Shares applied for.
- Total amount paid on application
- Particulars of cheque/draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order.

- PAN number, Income Tax Circle/Ward/District, photocopy of the Pan card/Form 60/ Form 61 declaration and for each applicant in case of joint names.
- Signature of 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 the application otherwise than on 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 applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Last Date of Application

The last date for submission of the duly filled in CAF is [•]. 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 60 (sixty) 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 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, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment".

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**Mode of payment for Resident Equity Shareholders/ Applicants**

- All cheques / drafts accompanying the CAF should be drawn in favour of "Impex Ferro Tech Limited- Rights Issue" and marked 'A/c Payee only'.
- 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 of amount net of bank and postal charges, for the full application amount favouring "Impex Ferro Tech Limited- Rights Issue" and marked 'A/c Payee only' payable at Kolkata 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 Equity Shareholders/ Applicants

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft / cheque payable at Kolkata 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 Kolkata or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Kolkata; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Kolkata; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques/drafts submitted by non-residents applying on repatriable basis should be drawn in favour of "Impex Ferro Tech Limited- Rights Issue - NR" payable at Kolkata and crossed 'A/c Payee only' for the amount payable.

A separate cheque or bank draft must accompany each application form. Applicants 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 NR who remits their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account 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 applicant'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 Kolkata or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Kolkata. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of 'Impex Ferro Tech Limited - Rights Issue' payable at Kolkata 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 account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case 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.

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 with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

Basis of Allotment

Subject to the provisions contained in this 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 Equity Shares in the following order of priority:

- a) Full allotment to those 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 Equity Shares renounced in their favour, in full or in part.
- b) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional 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 in consultation with the Designated Stock Exchange.
- c) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Committee of Directors but in consultation with the Designated Stock Exchange.
- d) 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. The Promoter and the promoter group will subscribe to unsubscribed portion if the Issue does not have subscription to the extent of 90% of the Issue size, after considering the above allotment, to ensure that the Issue is successful. This acquisition of additional Equity Shares, if allotted, to the Promoter shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of regulation 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b) of the Takeover Code. Further this acquisition will not result in change of control of management of the Company.

After such allotments as above and to the Promoters and the promoter group, including the application for rights/ renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the Board or committee of the Board authorised in this behalf by the Board of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of the Board of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Underwriting

The present Issue is not underwritten.

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificates/ 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 six weeks from the Issue Closing Date. If such money is not repaid within eight 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 Act.

Applicants residing at centers where clearing houses are managed by the Reserve Bank of India and other designated banks, will get refund through ECS only except where applicant are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

In case the Company issues 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 Company's Law Board under Section 113 of the 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. For more information, please refer to the section entitled 'Letters of Allotment / Share Certificates / Demat Credit' on page no. 182 of this Draft Letter of Offer.

Applicants having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India and other designated banks will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post. 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 the dispatch of such letters of allotment/ share certificates/ demat credit and refund orders. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through "Under Certificate of Posting" intimating them about the mode of credit of refund.

As regards allotment/ refund to non-residents, the following further conditions shall apply:

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** – Payment of refund would be done through ECS for applicants having an account at any of the 68 centres where clearing houses for ECS are managed by the Reserve Bank of India, State Bank of India, Punjab National Bank, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centers, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.
2. **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' 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 applicants 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 applicants through this method.

3. **Direct Credit** – Applicants having their bank account with the Refund Banker, i.e. Punjab National Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.
4. **RTGS** – Applicants having a bank account at any of the 68 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the CAF, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centers where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2 & 3 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value upto Rs. 1,500 and through speed post / registered post for refund orders of above Rs. 1,500.

Letters of Allotment / Share Certificates / Demat Credit

Letter(s) of allotment/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 6 (six) weeks, from the date of closure of the subscription list. In case the Company issues letters of allotment, the relative share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident allottees will be subject to the approval of RBI.

Option to receive Equity Shares in Dematerialized Form

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed the following tripartite agreements to enable the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates:

- i. Agreement dated 02/09/2004 with CDSL and Maheshwari Datamatics Pvt. Ltd.
- ii. Agreement dated 19/05/2004 with NSDL and Maheshwari Datamatics Pvt. Ltd.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is 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, will be allotted in physical shares.

The Equity Shares of the Company will be listed on the BSE and NSE.

Procedure for availing the facility for allotment of 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 Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.

- For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial 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 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 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 applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the applicant will get Equity Shares in physical form.

The 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 applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Utilization of Proceeds

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90%, of the Issue and the necessary approvals of the Designated Stock Exchange, to use the amount of subscription.

General instructions for applicants

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head Application on Plain Paper 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 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 applicants, details of occupation, address, and father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Applicants 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 Kolkata of 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) PAN/ GIR Number: Applicants or, in the case of a Application is in a joint names, each of the Applicant, should mention his/her PAN allotted under the I.T. Act SEBI has recently issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number

for participants transacting in the securities market, irrespective of the amount of transaction. A copy of the PAN card or PAN allotment letter is required to be submitted with the CAF without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Applicant and Joint Applicant(s) is/are not required to obtain PAN, each of the Applicant(s) shall mention "Not Applicable" and in the event that the sole Applicant and/or the joint Applicant (s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the CAF. Further, where the Applicant(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Applicant and each of the Joint Applicant (s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.

- e) Bank Account Details: It is mandatory for applicants to provide information as to their savings/current account number and the name of the Bank with whom such account 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. Application not containing such details is liable to be rejected.
- f) Payment by cash: The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.
- g) Signatures should be either in English or Hindi or in any other language specified in the Eight 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.
- 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 of the serial number of the CAF. In case the above-referred documents are already registered with the Company, the same need not be a 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 applicants who are renouncees, the number of applicants should not exceed three. 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.
- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of 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 communication in connection with application for the Equity Shares, 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. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Secretarial Department, Impex Ferro Tech Limited, 35, Chittaranjan Avenue, 4th Floor, Kolkata – 700 012 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 Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.
- n) Applicants 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 either in cash or 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 / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated 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 acknowledgment slip at the bottom of the CAF.

Impersonation

Attention of 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:

- 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 for a term which may extend to five years.”**

Grounds for Technical Rejections

Applicants 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;
- Age of first applicant not given;
- PAN photocopy/ PAN Communication/ Form 60/ Form 61 declaration not given;
- 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 does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest 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 Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Disposal of application and application money

No acknowledgment 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 acknowledgment 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 Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Issue in accordance with section 73 of the Act.

For further instruction, please read the Composite Application Form (CAF) carefully.

Utilization of Issue Proceeds

The Board of Directors declares that:

1. The funds received against this Issue will be transferred to a separate bank account as per sub-section (3) of Section 73 of the Act.
2. Details of all moneys utilized 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 money has been utilized.
3. Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate head in the balance sheet of the Company indicating the form in which such unutilized moneys have been invested.

The funds received against this Issue will be kept in a separate bank account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

Undertakings by the Company

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 securities are to be listed will be taken within seven working days of finalization of basis of allotment.

3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue.
4. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
5. Except as disclosed, no further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
6. 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.
7. All information shall be made available by the Lead Manager and the Issuer to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
8. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this 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 Equity Shareholder as mentioned on the CAF and super scribed 'Impex Ferro Tech Limited - Rights Issue' on the envelope) to the Registrar to the Issue at the following address:

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Tel: 033- 2243 5029/5809 Fax: 033- 2248 4787

- It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled "Risk Factors" beginning on page 7 of this Draft Letter of Offer.

The Issue will not be kept open for more than 30 days unless extended, in which case it will be kept open for a maximum of 60 days.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL		
4.	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided under clause No. V of the Memorandum of Association of the Company.	Authorised Share Capital
13.	The Company shall send to any member, Debenture-holder or other person on requests extracts of the Register of Members, the index of the Members, the Register of the Debenture holders and Index of the Debenture holders or of the list and summary required under the Act, on payment of Rs. 1/- np for every hundred words or fractional part thereof or as determined by the Board. The extracts shall be sent within a period of 10 days, exclusive of non-working days and days on which the transfer books of the Company are closed, commencing on the day next after the day on which the member's request is received by the Company.	
FORFEITURE		
32.	If any member fails to pay the whole or any call, or installment or any money dues in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or installment or other money remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all the expenses that may have been incurred by the Company by reason of such non payment.	Notice for unpaid Calls
33. (a)	The notice shall name a day (not being less than 14 days from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.	Contents of notice for unpaid Calls
33. (b)	The provisions as to forfeiture shall apply in the case of non-payment of any sum which by the terms of the issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	
36.	Any share so forfeited shall be deemed to be the property of the Company and the Board of Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.	Forfeited Shares to become property of the Company
37.	The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.	
38.	A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares, but shall, notwithstanding forfeiture, remain liable to pay and shall forthwith pay to the Company all costs, installments, interests, and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon at such rate as shall from time to time be fixed by the Board from time to time of forfeiture until the payment and the Board may enforce the payment thereof or any part thereof, without any deduction or allowance for the value of the share at the time of forfeiture, but shall not be under any obligation to do so. The liability of such person shall cease, if and when the Company shall have received payment in full of all such moneys in respect of such shares.	Cease to be a Member of the Company
39.	The forfeiture of a share shall involve the extinction of all interest in and also claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those rights as by the Articles are expressly saved.	
LIEN ON SHARES		
41.	The Company shall have first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently	Company's lien on partly paid Shares

	payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provisions of this clause.	
42.	For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of sum payable as aforesaid for seven days alter such notice. The net proceeds of any such sell shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, the residue (if any) paid to such member, his executors, administrators, or other representatives or persons so recognized as aforesaid.	Enforcing lien by sale
TRANSFER		
46.	<p>(a) Subject to the provisions of Section 108 of the Act, no transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transfer and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the shares the transferor shall be deemed to retain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof.</p> <p>(b) The instrument of transfer shall be in writing and all provisions of section 108 of the Companies Act, 1956 & statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registrations thereof.</p> <p>(c) No fee shall be charged for registrations of transfer, transmission, Probate, Succession Certificate and letters of administration, certificate of death or marriage, Power of Attorney or similar other document.</p>	Registration of Transfer
47.	Application for the registration of the transfer of the share may be made either by the transferor or the transferee, where such application is made by the transferor and relates to a partly paid share, no registration shall be effected unless the Company gives notice of the application to the transferee, in the manner prescribed by Section 110 of the Act. Subject to the provisions of Articles hereof, if the transferee makes no objection within two weeks from the date of receipt of the notice, the Company shall enter in the register of member the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.	
48.	Neither the Company nor its Board shall incur any liability for registering or effecting a transfer of shares apparently made by competent parties, although the same may be reason of any fraud or other cause not known to the Company or its Board be legally, inoperative or insufficient to pass the property in the shares or debentures proposed or professed, to be transferred; and although the transfer may, as between the transferor and transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particular of the shares transferred or otherwise in defective manner. In every such case the person registered as transferee, his executors, administrators and the assigns alone shall be entitled to be recognized as	

	the holder of such shares or debentures and the previous holder of such shares or debentures shall so far as the Company is concerned, be deemed to have transferred his whole title thereto.	
49.	Subject to the provision of Section 111 of the Act and Section 22A of the securities Contracts (Regulations) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares, Transfer of shares/debentures in whatever lot shall not be refused.	
50.	No transfer shall be made to a minor or person of unsound mind or firm without the consent of the Board.	
51.	In case of any share registered in any Register outside India, the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 43(b) hereof as circumstances shall permit.	
52.	Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of all shares to be transferred or if no such certificate is in existence by the letter of allotment of the shares and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the shares. Every instrument of transfer which shall be registered shall be retained by the company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.	
53.	On giving fourteen days notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated, the Register of Members Transfer Book or Register of Debenture holder may be closed during such time as the Directors think fit not in exceeding the whole forty-five days in each year but not exceeding thirty days at a time.	
TRANSMISSION		
54.	The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only persons whom the Company shall recognize as having any title to the shares registered in the name of such members and, in case of the death of any one or more of the joint-holder of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any executor or administrator or legal heir the Board may require him to obtain a grant of probate or letter of administration or succession certificate or other legal representation, as the case may be, from competent court. Provided nevertheless that in any case where the Board in its absolute discretion think fit, it may dispense with production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnity the Company or otherwise as the Board may consider desirable.	
55.	Any committee or guardian or a lunatic (which term shall include one who is an idiot or non-compos mentis) or any other person becoming entitled to or transfer share in consequence of the death of bankruptcy, or insolvency of any member, upon producing such evidence that he sustains the character in respect of what he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board it shall not be bound to give) be registered as a member in respect of such shares; or may, subject to the regulations as to transfer	-

	hereinbefore contained, transfer, such shares. This Article is hereinafter referred to as 'The Transmission Article'.	
56.		
(a)	If the person becoming entitled under the transmission Articles shall elect to be registered as the holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.	
(b)	If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instrument of transfer of shares.	
(c)	All the limitations restrictions and provisions or these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer of as aforesaid as if the death, lunacy, bankruptcy, or insolvency of the member had not occurred and the notice or transfer were signed by the member.	
57.	A person becoming entitled under the Transmission Article to share by reason of the death lunacy, bankruptcy or insolvency of the holder shall, be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share except that not such person (other than a person entitled under the Transmission Article to the shares of a lunatic) shall before being registered as a member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.	
58. DEMATERIALIZATION OF SECURITIES		
(b)	Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depository Act, 1996 and rules framed thereunder, if any.	Dematerialization of Securities
(d)	All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.	Securities in depositories to be in fungible form
(e)	1. Notwithstanding anything contrary contained in the Act or these Articles, the Depositories shall be deemed to be the Registered Owners for the purpose of effecting transfers of ownership of securities on behalf of the beneficial owner. 2. Save as otherwise provided in (a) above the Depository as a registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. 3. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by a Depository.	Rights of Depositories and beneficial owners
(f)	Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in depositories, the records of beneficial ownership may be served by such Depositories on the Company by means of electronic mode or by delivery of floppies or disks.	Depository to furnish Information
(j)	Notwithstanding anything contained in the Act or these Articles, where securities are dealt with a depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.	Intimation to Depository
(l)	In case of transfer of shares, debentures and other marketable securities,	Applicability

	where the Company has not issued any certificates and where such shares, debentures or securities are being held in an electronics and fungible form in a Depository, the provisions of the Depository Act, 1996 shall apply.	of the Depositories Act
CONVERSION OF SHARES INTO STOCKS		
60.	The Directors with the sanction of a resolution of the company in General Meeting may convert any paid-up shares into stock and may convert any Stock into paid-up shares of any denominations. When any shares has been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interest in the same manner and subject to the same regulations as subject to which fully paid-up shares in the company's capital may be transferred or as near thereto as circumstance will admit. Provided that the Board may from time to time fix the minimum amount of stock transferable, so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	Shares may be converted to stock
61.	The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters as if they held the shares from which the stock arose, but no such privileges or advantages (except participation in the dividend and profits of the Company) shall be conferred by any such part of stock as would not, if existing in shares, have conferred that privilege or advantage. No such conversion shall effect or prejudice any preference or other special privilege attached to the shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances shall admit, apply to stock as well as to share.	Rights of stock holders
INCREASE AND REDUCTION OF CAPITAL		
62.	The Company may, from time to time, increase its capital by the creation of new shares of such amount as may be deemed expedient.	Increase in Capital
63.	Subject to any special rights for the time being attached to any shares in the capital of the company then issued, the new shares may be issued upon such terms and conditions, and with such rights attached thereto as a General Meeting resolving upon the creation thereof shall direct and if no direction be given, as the board shall determine, and in particular such share may be issued with a preferential or qualified rights to dividends and in the distribution of assets of the company.	Issue of new shares
67.	The Company may, from time to time, by Special Resolution, reduce its capital and Capital Redemption Reserve Account or Share Premium Account I any manner and with and subject to any incident authorized and consent required by the Act. The Article is not to derogate from any power the company would have, if it were omitted.	Reduction in Capital
GENERAL MEETINGS		
73.	(1) The Company shall hold statutory meeting and annual general meetings as provided under section 165 and 166 of the Act. (2) All general meetings other than annual general meeting shall be called extra-ordinary general meetings.	Annual General Meeting
74.	(1) The Board may, whenever it thinks fit, call an extra-ordinary general meeting. (2) If at any time there are not within India, directors capable of acting who are sufficient in number to form a quorum any director of the Company may call an extra-ordinary general meeting in the same manner, or as nearly as possible as that in which such a meeting may be called by the Board.	Extra-ordinary General Meetings
PROCEEDINGS AT GENERAL MEETINGS		
75.	(1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (2) Save as herein otherwise provided, five members present in person shall be a quorum.	Quorum

76.	The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.	Chairman of the General Meeting
77.	If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.	
78.	If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.	
79.	(1) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time, and from place to place. (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.	Adjournment of General Meeting
80.	In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded shall be entitled to a second or casting vote.	Voting
81.	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	
82.	The Company may pass resolution by postal ballot in the manner prescribed by Section 192A of the Companies Act, 1956 and such other applicable provisions of the Act and any future amendments or reenactments. Notwithstanding anything contained in the provisions of the Act, the Company, being a listed company, shall in the case of resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of a postal ballot instead of transacting the business in a general meeting of the Company.	
DIRECTORS		
92.	Unless otherwise determined by the Company in a General Meeting the number of Directors shall not be less than three and more than twelve.	Number of Directors
98.	(1) The Board shall have power at anytime, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles 87 above. (2) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.	Additional Directors
99.	(1) The Board of Directors shall also have power to fill a casual vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred. (2) The Board may appoint any person to act as an alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meeting and to attend and vote thereat accordingly; but he shall "ipso facto" vacate office, if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.	Casual Vacancy Alternate Director
100.	If it is provided by any agreement, deed or other documents securing or	Nominated

	otherwise in connection with any loan taken by the Company or in connection with taking of any shares by any person, that any such person or persons shall have power to nominate a Director on the Board of Directors of the Company then and in case of taking of any such loan or shares or entering into such agreement the person or persons having such power may exercise his power from time to time and appoint a Director accordingly. Such Director may be removed from Office at any time by the persons or persons in whom the power under which he was appointed is vested and another Director may be appointed in his place but while holding such office he shall not be liable to retire by rotation nor hold any qualification shares.	Director
BORROWING POWERS		
113.	(1) The Board may from time to time at its discretion, subject to the provisions of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company. (2) The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.	Power of Board of Director's
114.	If any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board may by instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to collect money in respect of calls made by the Board on members in respect of such uncalled capital and the provisions hereinbefore contained in regard to call shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally either presently or contingently and either to the exclusion of the Directors power or otherwise and shall be assignable if expressed so to be.	Uncalled Capital
115.	Debentures, bonds and other securities may be made assignable free from any equities, between the company and the persons to whom the same may be issued.	
THE SEAL		
121.	(1) The Board shall provide for the safe custody of the seal. (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least one director or Secretary or such other person as the Board may appoint for the purpose and the director or Secretary or other person aforesaid shall sign on every instrument to which the seal of the company is so affixed in his presence, subject to the provisions of Article 10 hereof, in respect of share certificates. (3) The company may exercise the powers conferred by section 50 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Board.	Common Seal
DIVIDENDS AND RESERVES		
122.	The Company in annual general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	Declaration of Dividend
123.	The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.	Interim Dividend
124.	(1) Subject to the provision of the act, The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provisions for meeting contingencies or for equalizing dividends; and pending such application, may at the like discretion, either be employed in the business of the company or be	Dividend only to be paid out of profits

	<p>invested in such investment (other than shares in the company) as the Board may, from time to time, think fit.</p> <p>(2) The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as a reserve.</p>	
125.	<p>(1) Subject to the rights of persons, if any, entitled shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the nominal amounts of the shares.</p> <p>(2) No amount paid or credited as paid on shares in advance of calls shall be treated for the purposes of this Article as paid on the share.</p> <p>(3) Unless otherwise decided by the Board all dividends shall be appointed and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	Dividend to be paid as per nominal amounts of shares
126.	The board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the company on account of calls or otherwise in relation to the shares in the company subject to section 205 of the Act.	
130.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	
131.	No dividend shall bear interest against the company except as provided under law.	

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by Impex Ferro Tech Limited which are or may be deemed material contracts have been attached to the copy of this Draft Letter of Offer and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Impex Ferro Tech Limited at 35, Chittaranjan Avenue, 4th Floor, Kolkata – 700 012 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Draft Letter of Offer until the closing of the subscription list.

Material Contracts

- i. Memorandum of Understanding dated January 28, 2008 with Microsec Capital Limited, appointing them as Lead Manager to the Issue.
- ii. Memorandum of Understanding dated September 10, 2007 with Maheshwari Datamatics Pvt. Ltd., appointing them as Registrars to the Issue.
- iii. Engagement letter dated April 12, 2007 for appointment of Microsec Capital Limited as Lead Manager
- iv. Tripartite Agreement dated November 2, 2004 among the Company, CDSL and Maheshwari Datamatics Pvt. Ltd., Registrar to the Issue.
- v. Tripartite Agreement dated November 22, 2004 among the Company, NSDL and Maheshwari Datamatics Pvt. Ltd., Registrar to the Issue.

Documents for Inspection

- a. Memorandum and Articles of Association of Impex Ferro Tech Limited, as amended from time to time.
- b. Certificate of Incorporation of Impex Ferro Tech Ltd. dated June 07, 1995.
- c. Certificate of Commencement of Business of Impex Ferro Tech Ltd. dated June 15, 1995.
- d. Resolution Passed by the Board of Directors at their meeting held on May 28, 2007, for the proposed Rights Issue.
- e. Consents of the Shareholders of the Company obtained Via Postal Ballot (based on Scrutinizer's Report dated July 10, 2007) results declared on July 11, 2007.
- f. Sanction letters received from the banks

Name of Bank/ Financial Institution	Date of Sanction
State Bank of India	April 28, 2006
Punjab National Bank	September 12, 2006
Bank of Baroda	September 14, 2006

- g. Consent from the Directors, Compliance Officer, Auditor, Lead Manager, and Registrar to the Issue, Bankers to the Issue, Bankers to the Company, and Legal Advisor to the Issue to act in their respective capacities.
- h. Copies of annual reports of the Company for the years/period ended March 31st 2003, 2004, 2005, 2006 and 2007 and September 30, 2007.
- i. Auditor's report on the financial statement of the company dated December 20, 2007 and included in the Draft Letter of Offer.
- j. Tax Benefit Certificate dated December 20, 2007 from M/s. S. Jaykishan, Auditors of the Company.

- k. Copy of the Certificate dated December 22, 2007 from M/s. S. Jaykishan, Chartered accountants, the branch auditors regarding the Sources and Deployment of Funds as on November 30, 2007.
- l. Copies of in-principal approvals from BSE and NSE.
- m. Copies of listing applications made to BSE and NSE for permission to list the Equity Shares offered through this Draft Letter of Offer and for an official quotation of the Equity Shares of the Company.
- n. Due Diligence Certificate dated January 28, 2008 from Microsec Capital Ltd.
- o. Copy of contract with Managing Director and Whole Time Director.
- p. Affidavit dated January 16, 2008 executed between the individual promoters and Mr. Naresh Kumar Jain
- q. Offer Document of the public issue made in the year 2004.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

Declaration

All the relevant provisions of the Companies Act, 1956, and the Guidelines issued by the Government of India or the Guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

We the Directors of Impex Ferro Tech Limited, hereby declare that no information/material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of the Draft Letter of Offer has been suppressed/withheld and /or incorporated in the manner that would amount to misstatement/misrepresentation. We further certify that all statements in this Draft Letter of Offer are true and correct.

Signed by all the Directors

Mr. Vimal Kumar Patni

Mr. Suresh Kumar Patni

Mr. Virendra Kumar Jain

Mr. Ajit Kumar Patni

Mr. Prem Narayan Khandelwal

Mr. Chattar Singh Dugar

Mr. Krishna Kumar Chanani

Signed by the Company Secretary and Compliance Officer

Mr. Pradip Kumar Agarwal

Place: Kolkata

Date: 29th January 2008