

IMPEX FERRO TECH LIMITED

(Incorporated as Impex Ferro Tech Limited on June 07, 1995 at Calcutta as a Public Limited Company and obtained the Certificate of Commencement of business on June 15, 1995)

Registered Office: 35, Chittaranjan Avenue, 4th Floor, Kolkata-700 012
Tel.: +91-033-2211-9805/9806/8807/9729, • Fax: +91-033-2215-5134/2211-9834 • E-Mail: imfa@vsnl.com

PUBLIC ISSUE OF 80,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT PAR AGGREGATING RS.800 LACS

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Impex Ferro Tech Limited, there has been no formal market for the shares of the Company. The issue price (as has been determined and justified by the Lead Manager and Impex Ferro Tech Limited as stated herein under the paragraph on Basis for Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

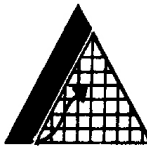
Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors on Page No. ii of the Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Impex Ferro Tech Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which 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 Equity Shares are proposed to be listed on The Stock Exchange, Mumbai (Designated Stock Exchange) and The National Stock Exchange of India Limited. The in-principle approvals for listing would be obtained from the aforesaid stock exchanges.

 <p>Your trust is our strength</p>	LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
	ASHIKA CAPITAL LIMITED	MAHESHWARI DATAMATICS PVT. LTD.
	SEBI REGN NO: INM 000010536	SEBI REGN NO: INR000000353
	7, Bipin Bihari Ganguly Street 4 th Floor, Kolkata 700 012	6, Mangoe Lane, 2 nd Floor, Kolkata-700 001
	Phone No: (033) 2221-5031/ 5032/ 5112/ 5113	Phone No: (033) 2243-5029/5809, 2248-2248
	Fax No. : (033) 2215 9418	Fax: (033) 2248-4787
	E-mail: ashika@cal2.vsnl.net.in	E-mail: mdpl@cal.vsnl.net.in

ISSUE PROGRAMME

ISSUE OPENS ON : _____, 2004

ISSUE EARLIEST CLOSURES ON : _____, 2004

ISSUE CLOSURES ON : _____, 2004

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DEFINITIONS AND ABBREVIATIONS

Act	The Companies Act, 1956
Articles	The Articles of Association of Impex Ferro Tech Limited
IFTL/ Company/ Issuer	Impex Ferro Tech Limited
Board	Board of Directors of Impex Ferro Tech Limited
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services (India) Limited
DEPB	Duty Entitlement Pass Book
DP	Depository Participant
EPS	Earning per Share
FII	Foreign Institutional Investors
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IPO	Initial Public Issue
Issue	Public Issue of Equity Shares by Impex Ferro Tech Limited
LM	Ashika Capital Limited
MoA	Memorandum and Articles of Association of Impex Ferro Tech Limited
NAV	Net Asset Value
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
NSE	The National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies in which NRIs hold atleast 60% beneficial Interest
Promoters	Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni, Mr. Naresh Kumar Jain & Mr. Virendra Kumar Jain
RBI	Reserve Bank of India
ROC	Registrar of Companies, West Bengal
SEBI	The Securities and Exchange Board of India
WBIDC	West Bengal Industrial Development Corporation

Currency of Presentation

In this Prospectus, all references to "Rs" are to Indian Rupee. All financial data contained in this Prospectus has been rounded off to the nearest lacs, except stated otherwise. In this Prospectus, any discrepancy in any table between the totals and sums of the amount listed are due to rounding off.

RISK FACTORS AND MANAGEMENT PROPOSALS TO ADDRESS THE RISKS

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's 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 Company's Equity Shares could decline and you may lose all or part of your investment.

RISK FACTORS SPECIFIC TO THE PROJECT

1. Risk Envisaged by Management

The total requirement of funds including expansion project has been estimated at Rs.1587.62 lacs. State Bank of India, Industrial Finance Branch, Kolkata has appraised the expansion project of the company of Rs.1312.70 lacs and has also sanctioned an amount of Rs.787.62 lacs as Term Loan towards the project.

Proposal to address the risk

The company has drawn out business plans for the expansion activities to be pursued in the manufacturing of high carbon Ferro alloys. The promoters of the company have an experience of more than a decade in the ferro alloy industry. The company will ensure judicious deployment of the collected funds depending upon requirements at predetermined intervals.

2. Risk Envisaged by Management

The expansion plan of the company is partially funded from the public issue. Any delay / failure of the same, may adversely impact the implementation of the project.

Proposal to address the risk

The Company is running its existing operations successfully and with the deployment of the money raised through the public issue, its volume shall expand and therefore any delay in raising funds shall affect performance to the extent of increasing the volumes and accordingly future profitability of the company.

3. Risk Envisaged by Management

The production process of the company demands working on a shift basis and as such an uninterrupted power supply is required.

Proposal to address the risk

The Company has received sanction from Damodar Valley Corporation (DVC) for enhancement of Contract Demand from 16 MVA to 23.5 MVA and switchover of supply voltage from 33 KV to 132 KV to meet the additional power requirements for expansion. The management also envisages to keep adequate provisions by way of installation of generators and DG sets to cater to the same.

4. Risk Envisaged by Management

The prices and the availability of the raw materials for the manufacture of ferro manganese and silico manganese are susceptible to volatility and wide fluctuations in the same may adversely affect the operations of the entire project.

Proposal to address the risk

The volatility in the prices and availability of the major raw materials can be negated by entering into contractual agreements with the vendors for the supply of major raw materials. The Company is sourcing raw material from multiple vendors thereby receiving competitive prices on a long term basis.

5. Risk Envisaged by Management

The Company is yet to obtain renewal of the NOC from West Bengal Pollution Control Board (WBPCB) for the existing unit. Further, Company has also not received the NOC from WBPCB for its expansion project.

Proposal to address the risk

The Company has already paid the renewal fees to WBPCB for its existing unit and does not foresee any problem in getting the renewal. The Company has also made an application to WBPCB to obtain NOC for its expansion project. The management does not foresee any problem in obtaining NOC for the expansion project.

6. Risk Envisaged by Management

The additional working capital requirements of Rs.325 lacs for the expansion project is yet to tied up fully.

Proposals to address the risk

The company has already received sanction of Rs.156 lacs towards working capital requirement for the expansion project from State Bank of India under consortium arrangement. The Company does not foresee any problem in obtaining sanction from other consortium bankers viz. Punjab National Bank and Bank of Baroda for its expansion project.

INTERNAL FACTORS:**1. Risk Envisaged by Management**

All the promoters are first generation promoters and do not have adequate technological background.

Proposal to address the risk

The promoters and their family has been in the business of manufacturing and trading in Ferro alloys since 1982 and possess adequate practical experience in the business.

2. Risk Envisaged by Management

The use of Ferro alloys in the making of various types of carbon and steels are essentially to impart certain physical and chemical properties in a particular grade of steel e.g. change in tensile strength, ductility, hardness, corrosion resistance, wear resistance or abrasion resistance properties. As such the entire process 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.

Proposal to address the risk

The entire process is streamlined and professionally managed by a competent and experienced team of supervisors and engineers and as a result the management does not foresee any failure in the system.

3. Risk Envisaged by Management

The Company has not declared any dividend since inception.

Proposal to address the risk

The Company has not declared dividend to utilise the resources for regular ongoing capital expenditure programs of the company since incorporation.

4. Risk Envisaged by Management

The following group companies / firms of the Promoter Group have made losses during any of the last three financial years: -

(Rs. in Lacs)

Particulars	2000-01	2001-02	2002-03
Impex Infotech Limited	-	-	(82.99)
Vikash Metal & Power Limited	0.62	1.04	(0.18)
Impex Industries	(0.30)	(2.30)	(2.58)
Impex Mineral & Chemical Co.	(1.52)	1.57	2.00

Proposal to address the risk

The performance of these companies / firms will not affect the operations of IFTL.

5. Risk Envisaged by Management

Contingent liabilities for the year ended 31/03/2004 as per audited accounts are as follows:

(Rs. in Lacs)

Letters of credit issued by Banks	333.13
Disputed central excise demand	84.40
Bank Guarantees	13.75

Proposal to address the risk

Contingent Liabilities are in the normal course of business and the management does not foresee any material adverse impact on the working results of the company on account of the above.

6. Risk Envisaged by Management

A) Cases against the Company

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	Commissioner of Central Excise - Bolpur	C.No. V (15)49/Adjn/CE/BO L/03 dated 18/12/2003	Show cause notice issued by the department demanding excise duty to the tune of Rs.79.30 Lacs for the period July 2000 to March' 2003 on sales tax amount claimed by the company under sales tax remission scheme at per the Bengal Incentive Scheme 2000.	Company is yet to make suitable representation before the appropriate authority	79.30
2.	Commissioner of Central Excise - Bolpur	C.No. I (22) 14/A.E. Bol/2002/1813 dated 02.05.03	Shortage of finished goods found by the department and has issued a show cause involving demand of duty for Rs. 510592	The Company has deposited Rs 5 Lacs towards the duty and filed their reply on 18.08.03 protesting the demand as	5.10

				unjustified as the department has not considered the whole stock of goods.	
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B) Cases filed by the Company:

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	High Court, Kolkata	Writ Petition no. 11804 (w) of 2003	The Railway has raised demand of freight on excess material found at unloading station. The Company has paid the demand under protest due to shortage of material at factory and filed a WP in High Court	The case is pending for hearing	25.96

C) Cases Against Group Companies / Firms:

Vikash Metal & Power Limited

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	ACCT – Dharmatala Circle, Kolkata	118/F/02-03	Unjustified demand from the Sales tax department towards tax, interest for the 4 Q.E. 31.03.2001 vide order dated 27.06.03	An appeal before the ACCT is filed on 01.09.03 which is pending for disposal	2.01

Impex Metal & Ferro Alloys Pvt. Ltd.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	AD Comm. (Commercial Taxes), Beliaghata Road, Kolkata	Application for Settlement for the disputed tax wbst from 04.11.91 to 02.01.92	Due to non submission of Form D at the time of assessment, the department has imposed tax of Rs.0.11 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate	The settlement application is pending for disposal	0.11

			settlement of the case by paying 33% of the disputed amounts.		
2.	D.C. Comm. (Commercial Taxes), Beliaghata Road, kolkata	Application for Settlement for the disputed tax cst from 03.01.92 to 31.03.92, q.e. 31.03.1995,wbst for q.e. 31.03.1995	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.3.25 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	3.25
3.	ACCT, Dharmatalla Circle	Appeal dated 28.08.2003	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.5.08 Lacs. The Firm has filed appeal before ACCT.	The appeal is pending for disposal	5.08

Impex Industries

(A proprietorship concern of Sri Suresh Kr. Patni, one of the Promoter)

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes), Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst of 4 th q.e. 31.03.1995, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.2.74 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying	The settlement application is pending for disposal	2.74

			33% of the disputed amounts.		
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Impex Mineral & Chemical Co.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes) Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst from 01.05.95 to 31.03.96, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.1.05 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	1.05

7. Risk Envisaged by Management

The Income Tax Authority, Kolkata has conducted a search and seizure operation on 05/01/2004 on the office and factory premises on 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 the Company 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. The Income Tax Investigation Department is preparing their report to be filed with the concerned authorities for further processing in the above search and seizure matter.

8. Risk Envisaged by Management

One of the group company Impex Infotech Limited is in default towards repayment of term loan installments of Rs.28.56 lacs to WBIDC. The total outstanding amount of loan including interest as on 31.03.2004 is Rs.228.37 lacs.

Proposal to address the risk

Due to high operational cost and lack of contract / business from potential clients, the Company incurred losses in the year of commencement of commercial operation. The Company has initiated major business restructuring exercise and aggressive market strategy to procure more business / contract. The Company has also approached WBIDC for the reschedule of Term Loan installments.

EXTERNAL FACTORS:

1. Risk Envisaged by Management

The Ferro alloy business is technical in nature and any change in the technology may render the whole process obsolete.

Proposal to address the risk

The company upgrades itself with the latest technology on a continuous basis and the management does not foresee any imminent technology obsolescence in future.

2. Risk Envisaged by Management

The Company's profitability is subject to volatility in prices, exchange rate fluctuations and market conditions.

Proposals to address the risk

The Company is seized of the impact of the risk. In order to mitigate the supply side risk, the company can enter into contractual arrangements with vendors.

3. Risk Envisaged by Management

Ferro Alloys are used in the production of iron and steel and the ups and downs of the steel industry shall affect the business of the company accordingly.

Proposal to address the risk

With the general buoyancy in iron & steel sector, the management is confident that there will be a strong demand growth for iron and steel related products. The market is also continuously displaying an upward trend and the requirement of Ferro alloys will also increase accordingly.

4. Risk Envisaged by Management

The company operates in a globally competitive business environment. Growing competition may force the Company to reduce prices of its products, which may impact margins and market share.

Proposals to address the risk:

The management is seized of the threat and would use its experience in effectively mitigating the risk. Moreover adequate demand in the market and growing opportunities of ferro alloy product exports are likely to mitigate the risk.

5. Risk Envisaged by Management

Competition from new entrants as well as existing players mainly in the unorganized sector may affect the profitability of the company.

Proposal to address the risk

The management is seized of the threat and would use its experience in effectively meeting the risk. Moreover, adequate demand in the domestic market and growing opportunities of exports are likely to mitigate the risk.

6. Risk Envisaged by Management

The performance of the Company may be affected by a number of factors beyond its control including political and economic developments both in India and worldwide. In addition, these conditions may have an adverse impact on the financial markets in India and may cause the market price of company's equity shares on stock exchange to decline.

Proposal to address the risk

Although the above risk factor is generic in nature, the management is aware of the risk and would address the same through appropriate risk management strategies.

7. Risk Envisaged by Management

Terrorist attacks and other acts of violence or war involving India and other countries and other natural calamities may adversely affect the business.

Proposal to address the risk

Such force majeure clause is applicable to all business at all places of the world and the management does have little control over such unprecedented and unpredictable risks.

NOTES TO RISK FACTORS:

- i. Net worth of the Company as on March 31, 2004 is Rs.2433.15 lacs.
- ii. Public Issue of 80,00,000 equity shares of Rs.10/- each for cash at par aggregating to Rs.800 Lacs.
- iii. Book value of the equity shares of the Company as on March 31, 2004 is Rs.14.89 per equity share.
- iv. The investors are advised to refer to the Para on "Basis for Issue Price" on Page 68-69..of the Prospectus before making an investment in this issue.
- v. Investors may note that in case of over subscription, the allotment shall be on proportionate basis. For details refer para on "Basis of Allotment" given on page 32-34 of this Prospectus.
- vi. The investors are advised to refer to the Para on promoters' background and past financial performance of the company before making investment in the proposed issue.
- vii. There are no relationships with statutory auditors of the company other than auditing and certification of financial statements.
- viii. Investors may note that the trading in the shares of the Company shall be done only in de-materialised form.
- ix. Contingent liability as on March 31, 2004 is estimated at Rs.431.28 lacs.
- x. There are no interests of promoters / directors other than reimbursement of expenses incurred or their normal remuneration or benefit and as such no disclosure has been made in respect of the same.
- xi. The Company has not made loans and advances to any person / firm / company in which the directors are interested.
- xii. Details of Related Party Transactions:

- a) List of related party and their relationship:

Name of Related Party	Nature of relationship
Impex Metal & Ferro Alloys Pvt. Ltd.	Control of Key Managerial Personnel
Virendra Kumar Jain	Key Managerial Personnel
Suresh Kumar Patni	Key Managerial Personnel
Vijay Kumar Jain (Patni)	Key Managerial Personnel

- b) Related Party Transactions:

Impex Metal & Ferro Alloys Pvt. Ltd.

(Rs. in lacs)

Transaction	2002	2003	2004
Sales	-	230.50	374.94
Sale of D.E.P.B. License	4.95	10.09	15.51

Key Managerial Personnel:

(Rs. in lacs)

Transaction	2002	2003	2004
Director Remuneration	0.25	1.20	1.88
Salary	0.95	-	0.60

HIGHLIGHTS:

1. An existing consistent profit making company since last 5 years.
2. The expansion project of the Company has been appraised by State Bank of India, who are also part financing the expansion project to the extent of Rs.787.62 lacs by way of Term Loan.

3. The company has been awarded ISO 9002 certification for manufacture and supply of different types of ferro alloy metals like ferro-manganese, silico-manganese and ferro chrome.
4. The Promoters of the Company have an experience of more than a decade in the ferro alloy industry.
5. The Company is a flagship company of the Impex Group and is one of the fastest growing company in the ferro alloy sector in eastern India with a turnover of more than Rs.72 crores for the year ended 31.03.2004. The expansion plan of the company is aimed to boost the current operations and enhance export possibilities.
6. The Impex Group is presently adding various capacities in the field of sponge iron, ferro chrome, captive power, MS ingots, etc. with a total capital outlay of more than Rs.100 crores in the State of West Bengal & Orissa.
7. The book value of the equity shares of the company as on 31/03/2004 is Rs.14.89 per share.

PART I

I. GENERAL INFORMATION

IMPEX FERRO TECH LIMITED

(Incorporated as Impex Ferro Tech Limited on June 07, 1995 at Kolkata as a Public Limited Company and obtained the Certificate of Commencement of business on June 15, 1995)

Registered Office: 35, Chittaranjan Avenue, 4th Floor, Kolkata-700 012
Tel.: +91-033-2211-9805/9806/8807/9729, • Fax: +91-033-2215-5134/2211-9834
E-Mail: imfa@vsnl.com

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present issue of equity shares has been authorized by a resolution passed by Board of Directors of the company at their meeting held on 24/10/2003 and a Special Resolution passed at the General Meeting of the shareholders of the Company held on 15/03/2004.

GOVERNMENT/STATUTORY APPROVALS

The Company has received the following approvals / registrations:

1. Approval from the Secretariat for Industrial Assistance (SIA), Public Relation & Complaints Section, Ministry of Commerce & Industry, Government of India vide their letter no.2022/SIA/IMO/2003 dated 28/07/2003 for the manufacture of Silico Manganese and Ferro Manganese with an existing capacity of 19500 MT and 25000 MT and proposed capacity of 16000 MT and 24000 MT respectively.
2. Approval from the Secretariat for Industrial Assistance (SIA), Public Relation & Complaints Section, Ministry of Commerce & Industry, Government of India vide their letter 1021/SIA/IMO/2004 dated 24/03/2004 for the manufacture of medium carbon Ferro Manganese with a proposed capacity of 6000 MT.
3. Factory License No.13978 / BD / X / 98 dated 06.02.1998 –applied for renewal vide letter dated 18.12.2003 for the year 2004.
4. Registration under West Bengal Incentive Scheme 2000 issued by Directorate of Industries, Government of West Bengal bearing registration no. DI/2000/326(B) [278(2) /1993] dated 26.02.2003 for the existing capacity of manufacturing of Silico Manganese and Ferro Manganese. The Company has applied to Directorate of Industries, Government of West Bengal vide letter no. IFTL/LT/130/03-04 dated 29/12/2003 to avail subsidies under the expansion program.
5. Trade License from the Kolkata Municipal Corporation bearing Demand No.304710001221 for the year 2003-2004.
6. Certificate of Registration under West Bengal Sales Tax Act, 1994 – Registration No. BW/2751 dated 14.02.1998.
7. Certificate of Registration under Central Sales Tax Act, 1947 Registration No. 1993 (BW) C dated 22.10.1997.
8. Central Excise Registration certificate bearing no. AAACI5448R-XM-001
9. IFTL has received sanction from Damodar Valley Corporation (DVC) vide its letter no. Coml/PS/MAL/IFTL/Kalyaneshwari/3722 dated 11/03/2004 for enhancement of Contract Demand from 16MVA to 23.5 MVA and switchover of supply voltage from 33 KV to 132 KV to meet the additional power requirements for expansion. The Company has accepted vide its letter no. IFTL/LT/166/03-04 dated 26/03/2004, the conditions stipulated by DVC in respect of the said sanction.
10. West Bengal Pollution Control Board has vide its letter no. 0473, memo no.966-WPBA/Red(Bwn)/Cont(93)/01 dated 27.09.2002 has given the issuer company consent to operate the industrial unit and to emit gases, effluents from the premises / land of the industrial unit.. The Company has already paid the renewal fees to WBPCB for its existing units .However the company is yet to receive the renewal certificate.

11. The Company has applied to West Bengal Pollution Control Board vide its letter dated 20/10/2003 for NOC for its expansion project. The Company is yet to receive NOC from the Pollution Control Board.

The company has received all the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for its present business and the company can undertake the activities proposed by it in view of the present approvals and no further approvals from any Government authorities are required except as referred in page 13 in this Draft Prospectus. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the Government does 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.

PROHIBITION BY SEBI

The company, its directors/promoters and persons in control, its associates, its directors, its promoters, other companies/entities promoted by the promoter of IFTL, and companies/entities with which the Company's directors are associated as directors have not been prohibited from accessing/operating in the capital markets or restrained from buying / selling / dealing in securities under any order or discretion passed by SEBI.

ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following: -

- i. The company has net tangible assets worth of above Rs 3 crore in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;
- ii. It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- iii. It has a pre- issue net worth of not less than Rs. 1 crore in each of the preceding three (3) full years (of 12 months each);
- iv. It has not changed its name within the last one year;
- v. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through Prospectus+ firm allotment+ promoter's contribution through the Prospectus) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Clause 2.2.2A, the Issuer shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1, the prospective allottees are not less than one thousand (1000) in number.

The pre-issue net worth, distributable profits and net tangible assets in terms of section 205 of the Companies Act, of the Company for the last three complete years are as under:

(Rs. in Lacs)

For the Financial year ending	March 31,2002	March 31,2003	March 31,2004
Net Tangible Assets	4808.68	5262.51	6301.83
Monetary Assets	920.49	1281.31	1381.26
% of Monetary Assets to Net Tangible Assets	19.14	24.35	21.92
Distributable Profits	271.83	176.65	241.81
Net worth	1885.90	1910.73	2433.15

Source: Audited Annual Accounts of the Company for the respective financial years.

The proposed issue size of Rs.800 lacs would not exceed five times the pre-issue net worth as on 31st March 2004 which is Rs.2433.15 Lacs. Based on the above data the Lead Manager has certified vide its certificate dated 05/05/2004 that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof.

Monetary Assets have been considered as defined by AS-11 issued by Institute of Chartered Accountants of India, which is as follows:

“Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money, e.g., cash, receivables, payables.”

Monetary Assets taken as per the above definition are: Cash and Bank, Sundry Debtors, Loans and Advances and Other Current Assets.

‘Net tangible assets’ shall mean the sum of all net assets of the company, excluding ‘intangible assets’, as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company has made firm arrangements for the stated Means of Finance as follows:

		Rs. In lacs
A	Total Means of Finance required	1587.62
B	Amount to be raised through Public Issue	800.00
C	Amount excluding Public Issue (A-B)	787.62
	Total '@75% of (C)	590.72

Loan Appraised from State Bank of India	787.62
Finance arranged through verifiable means	787.62

Therefore, the Board of Directors of the Company has resolved to go for the proposed Public Issue pursuant to the above-mentioned guidelines.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT PROSPECTUS 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 THE PROSPECTUS. LEAD MANAGER, ASHIKA CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS 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 THE PROSPECTUS, 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 ASHIKA CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 26.05.2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS 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 IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS 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 PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- d) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.
- e) WE HAVE SATISFIED OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 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 (S) ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS."

DISCLAIMER STATEMENT OF THE STOCK EXCHANGE, MUMBAI (BSE)

As required, a copy of this Draft Prospectus has been submitted to the BSE (designated Stock Exchange). BSE has given its no objection to the Company vide letter no. _____ to use the name of the Exchange in this Draft Prospectus as one of the Stock Exchanges on which the company's securities are proposed to be listed. The Exchange has scrutinized this Draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. BSE does not in any manner- (a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus, or (b) Warrant that this Company's securities will be listed or continue to be listed on BSE, or (c) Take any responsibility for the financial or other soundness of this Company, Promoters, Management of any Scheme or Project of this Company. And it should not be, for any reason be deemed or construed that this Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do pursuant to independent enquiry, 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 in the Prospectus or any other reason whatsoever. Every person who desires to apply for or otherwise acquires any securities of this company may do pursuant to independent enquiry, investigation and analysis and shall not have any claim against the Exchange, 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 any other reason whatsoever.

DISCLAIMER STATEMENT OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of this Draft Prospectus has been submitted to the NSE. NSE has given its no objection to the Company vide letter no. _____ to use the name of the Exchange in this Draft Prospectus as one of the Stock Exchanges on which the company's securities are proposed to be listed. The Exchange has scrutinized this Draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. NSE does not in any manner- (a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus, or (b) Warrant that this Company's securities will be listed or continue to be listed on NSE, or (c) Take any responsibility for the financial or other soundness of this Company, Promoters, Management of any Scheme or Project of this Company. And it should not be, for any reason be deemed or construed that this Prospectus has been cleared or approved by NSE. Every person who desires to apply for or otherwise acquires any securities of this company may do pursuant to independent enquiry, 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 in the Prospectus or any other reason whatsoever. Every person who desires to apply for or otherwise acquires any securities of this company may do pursuant to independent enquiry, investigation and analysis and shall not have any claim against the Exchange, 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 any other reason whatsoever.

GENERAL DISCLAIMER

The Company accepts no responsibility for statements made otherwise than in the prospectus or in the advertisement or any other material issued by or at the instance of the company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

JURISDICTION

This issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian Financial Institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorised under their constriction to hold and invest in shares) and to NRIs, OCBs, and FIIs as defined under the Indian Laws. This draft prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person in whose possession this prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of such Issue will be subject to the jurisdiction of courts in Kolkata.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been submitted for approval and has been filed with SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

FILING

A copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to ROC. A copy of the draft prospectus has been filed with SEBI (Eastern Region) situated at 16, Camac Street, 3rd Floor, Kolkata – 700 017. A copy of the documents referred to on Page 113 of the Prospectus has been kept open for public inspection at the Registered Office of the Company.

LISTING

Initial listing applications have been made by the Company to The Stock Exchange, Mumbai (BSE) – Designated Stock Exchange and The National Stock Exchange of India Limited (NSE),

for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares is not granted by above mentioned Stock Exchanges, the company shall forthwith repay without interest, all monies received from applicants in pursuance of this Prospectus and if such money is not paid within eight days from which the Company is liable to repay it, the Company shall repay as prescribed under section 73(2) of the Companies Act 1956.

The company with the assistance of the Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Company accepts full responsibility for the accuracy for the information given in the prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the prospectus misleading and they further confirm that they have made all reasonable enquiries to ascertain such facts. The issuer further declares that the stock exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this prospectus has been suppressed, withheld and/or incorporated in the manner that would amount misstatement/misrepresentation, and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/with held and/or amounts to a misstatement/misrepresentation, the promoter/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon listing of its shares on the various Stock Exchanges. The Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing of Board, Constituting the Committees such as Audit Committee, and Shareholders' / Investor Grievance Committee. The Company undertakes that it shall take the necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of its shares.

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 of any Equity Shares therein, or
- b) Otherwise induces a company to allot, or register any transfer of Equity 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.”

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

SHARE CERTIFICATES/ALLOTMENT LETTERS/REFUND ORDERS

Letter(s) of Allotment/Share Certificate(s) together with refund orders of value over Rs.1,500/-, if any, to allottees and Letter(s) of regret together with refund orders of value over Rs.1,500/- to non-allottees will be despatched by registered post and refunds of value Rs.1,500/- and less will be despatched under certificate of posting at the applicant's sole risk within 2 working days from the date of finalisation of basis of allotment.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure despatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

The company agrees that -

- a) As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b) It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not despatched to the investors within 30 days from the date of closure of the issue.

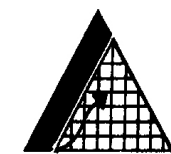
Despatch of share certificates/refund orders and demat credit would be completed and allotment and listing documents would be submitted to the Stock Exchange within two working days of the finalisation of the basis of allotment. The listing and trading of the securities offered through this Prospectus shall commence at the aforesaid stock exchanges where they are proposed to be listed within 7 working days of the date of finalisation of the basis of allotment.

ISSUE PROGRAMME

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below or earlier date at the discretion of the board of directors of the company (herein after referred to as 'the board').

Issue Opens on	:	
Issue Earliest Closes on	:	
Issue Closes on	:	

ISSUE MANAGEMENT TEAM LEAD MANAGER TO THE ISSUE



Your trust is our strength

ASHIKA CAPITAL LIMITED
SEBI REGN NO: INM 000010536
7, Bipin Bihari Ganguly Street
4th Floor, Kolkata 700 012
Phone No: (033) 2221-5031/ 5032/ 5112/ 5113
Fax No. : (033) 2215 9418
E-mail: ashika@cal2.vsnl.net.in

REGISTRAR TO THE ISSUE:

Maheshwari Datamatics Pvt. Ltd.
SEBI REGN NO: INR000000353
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mr. Pradip Kumar Agarwal
35, Chittaranjan Avenue, 4th Floor,
Kolkata - 700 012
Phone No.: (033) 2211-9805/9806/8807/9729
Fax No.: (033) 2215-5134/2211-9834
E-Mail: imfa@vsnl.com

Investors can contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment / share certificates / refund orders, etc.

BANKERS TO THE COMPANY:

1. State Bank of India
Industrial Finance Branch
Kolkata
2. Punjab National Bank
C. R. Avenue Branch
Kolkata
3. Bank of Baroda
C. R. Avenue Branch (South)
Kolkata

AUDITORS TO THE COMPANY:

S. Jaykishan
Chartered Accountants
12, Ho-Chi Minh Sarani
Suit No. '2D', & '2E', 2nd floor,
Kolkata-700 071
Ph: (033) 22824942/43/74

LEGAL ADVISOR TO THE ISSUE:

R. K. Jain & Co.
Advocates & Consultants
167/4, Lenin Sarani,
Kolkata-700 072
Ph: (033) 2215-2447 Fax: (033) 2215-0037

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

UNDERWRITERS TO THE ISSUE

Underwriting being optional, the Company does not propose to underwrite the issue.

II. CAPITAL STRUCTURE OF THE COMPANY

Particulars	Nominal Value (Rs. in lacs)	Aggregate Value (Rs. in lacs)
A. AUTHORISED CAPITAL 2,60,00,000 Equity Shares of Rs.10/- each	2600.00	2600.00
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 1,70,00,000 Equity Shares of Rs.10/- each	1700.00	1700.00
C. PRESENT ISSUE 80,00,000 Equity Shares of Rs.10/- each	800.00	800.00
D. PAID UP CAPITAL AFTER THE PRESENT ISSUE 2,50,00,000 Equity Shares of Rs.10/- each fully paid up	2500.00	2500.00
E. SHARE PREMIUM ACCOUNT Before the issue	Nil	Nil
After the issue	Nil	Nil

Notes to Capital Structure:

1. Details of Increase in Authorised Capital:

Sr. No.	Particulars of Increase	Date of Meeting
1.	Rs.100 Lacs	Incorporation
2.	From Rs.100 Lacs to Rs.500 Lacs	25.02.1997
3.	From Rs.500Lacs to Rs.700 Lacs	22.12.1997
4.	From Rs.700 Lacs to Rs.750 Lacs	20.03.2000
5.	From Rs.750 Lacs to Rs.850 Lacs	09.10.2000
6.	From Rs.850 Lacs to Rs.1250 Lacs	18.01.2001
7.	From Rs.1250 Lacs to Rs.1350 Lacs	23.03.2002
8.	From Rs.1350 Lacs to Rs.1550 Lacs	04.03.2003
9.	From Rs.1550 Lacs to Rs.2600 Lacs	15.03.2004

2. Capital History of the Company:

The existing share capital of the company has been subscribed and allotted as under:-

Date of allotment	Number of equity shares	Face Value (Rs)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Value (Rs.)	Date on which fully paid –up	Remarks
MoA	700	10	10	Cash	7,000	MoA	Allotment to initial Shareholders
29.03.1996	71000	10	10	Cash	7,10,000	29.03.1996	Allotted to Promoters/ others
20.02.1997	615500	10	10	Cash	61,55,000	20.02.1997	Allotted to Promoters/ others
31.03.1997	1724000	10	10	Cash	1,72,40,000	31.03.1997	Allotted to Promoters/Others
20.03.1998	3221500	10	10	Cash	3,22,15,000	20.03.1998	Allotted to Promoters/others
24.11.1998	867300	10	10	Cash	86,73,000	24.11.1998	Allotted to Promoters/others
25.03.2000	955000	10	10	Cash	95,50,000	25.03.2000	Allotted to Promoters/others
11.10.2000	860000	10	10	Cash	86,00,000	11.10.2000	Allotted to Promoters/others
26.03.2001	3620000	10	10	Cash	3,62,00,000	26.03.2001	Allotted to Promoters/others
18.06.2001	560000	10	10	Cash	56,00,000	18.06.2001	Allotted to Promoters/others
24.03.2003	1005000	10	10	Cash	1,00,50,000	24.03.2003	Allotted to Promoters/others
10.04.2003	820000	10	10	Cash	82,00,000	10.04.2003	Allotted to Promoters/others
28.11.2003	180000	10	10	Cash	18,00,000	28.11.2003	Allotted to Promoters/others
23.03.2004	1842000	10	10	Cash	1,84,20,000	23.03.2004	Allotted to Promoters/others
03.05.2004	658000	10	10	Cash	65,80,000	03.05.2004	Allotted to Promoters/others
TOTAL	1,70,00,000				17,00,00,000		

3. Promoter Contribution and Lock In

Sr. No.	Date of Allotment	Date when made fully paid up	Consideration	No. of Shares	Face Value	Issue Price	% of Post Issue paid up Capital	Lock In Period
1.	MoA	MoA	Cash	400	10	10	0.00	1 year
2.	29.03.1996	29.03.1996	Cash	56000	10	10	0.22	1 year
3.	20.02.1997	20.02.1997	Cash	377500	10	10	1.51	1 year
4.	31.03.1997	31.03.1997	Cash	1088000	10	10	4.35	1 year
5.	20.03.1998	20.03.1998	Cash	2136500	10	10	8.55	1 year
6.	24.11.1998	24.11.1998	Cash	380000	10	10	1.52	1 year
7.	25.03.2000	25.03.2000	Cash	862500	10	10	3.45	1 year
8.	11.10.2000	11.10.2000	Cash	860000	10	10	3.44	1 year
9.	26.03.2001	26.03.2001	Cash	3600000	10	10	14.40	1 year
10.	18.06.2001	18.06.2001	Cash	65000	10	10	0.26	1 year
			Cash	495000	10	10	1.98	3 years
11.	24.03.2003	24.03.2003	Cash	1005000	10	10	4.02	3 years
12.	10.04.2003	10.04.2003	Cash	820000	10	10	3.28	3 years
13.	28.11.2003	28.11.2003	Cash	180000	10	10	0.72	3 years
14.	23.03.2004	23.03.2004	Cash	1842000	10	10	7.37	3 years
15.	03.05.2004	03.05.2004	Cash	658000	10	10	2.63	3 years
	Total			14425900			57.70%	

- The lock in period shall commence from the date of allotment of shares in the public issue or commencement of commercial operations, which ever is later.

4. Promoters' Contribution and lock-in period in respect of promoters whose name figure in the prospectus as promoters in the paragraph on "Promoters and their background":

Sr. No.	Name of the Promoters	Date of Allotment	Date when made fully paid up	Consideration	No. of Shares	Face Value	Issue Price	% of Post Issue paid up Capital	Lock In Period
i.	Vimal Kumar Patni	07.06.1995	07.06.1995	Cash	100	10	10	0.00	1 year
		29.03.1996	29.03.1996	Cash	5000	10	10	0.02	1 year
		24.11.1998	24.11.1998	Cash	10000	10	10	0.04	1 year
		25.03.2000	25.03.2000	Cash	70000	10	10	0.28	1 year
		03.05.2004	03.05.2004	Cash	150000	10	10	0.60	3 year
	Sub Total				235100			0.94	
ii.	Suresh Kumar Patni	07.06.1995	07.06.1995	Cash	100	10	10	0.00	1 year
		31.03.1997	31.03.1997	Cash	18000	10	10	0.07	1 year
		03.05.2004	03.05.2004	Cash	208000	10	10	0.83	3 year
	Sub Total				226100			0.90	
iii.	Naresh Kumar Jain	07.06.1995	07.06.1995	Cash	100	10	10	0.00	1 year
		29.03.1996	29.03.1996	Cash	13000	10	10	0.05	1 year
		20.02.1997	20.02.1997	Cash	35000	10	10	0.14	1 year
		03.05.2004	03.05.2004	Cash	150000	10	10	0.60	3 year
	Sub Total				198100			0.79	

iv.	Virendra Kumar Jain	07.06.1995	07.06.1995	Cash	100	10	10	0.00	1 year
		29.03.1996	29.03.1996	Cash	8000	10	10	0.03	1 year
		20.03.1998	20.03.1998	Cash	2500	10	10	0.01	1 year
		24.11.1998	24.11.1998	Cash	15000	10	10	0.06	1 year
		03.05.2004	03.05.2004	Cash	150000	10	10	0.60	3 year
		Sub Total			175600			0.70	
		Total-A (i to iv)			834900			3.33%	
		Promoter Group							
v.	VSN Agro Products (P) Ltd.	29.03.1996	29.03.1996	Cash	10000	10	10	0.04	1 year
		31.03.1997	31.03.1997	Cash	110000	10	10	0.44	1 year
		20.03.1998	20.03.1998	Cash	625000	10	10	2.50	1 year
		24.11.1998	24.11.1998	Cash	135000	10	10	0.54	1 year
		11.10.2000	11.10.2000	Cash	300000	10	10	1.20	1 year
		26.03.2001	26.03.2001	Cash	870000	10	10	3.48	1 year
		25.03.2000	25.03.2000	Cash	10000	10	10	0.04	1 year
		24.03.2003	24.03.2003	Cash	650000	10	10	2.60	3 years
		10.04.2003	10.04.2003	Cash	570000	10	10	2.28	3 years
		23.03.2004	23.03.2004	Cash	650000	10	10	2.60	3 years
		Sub Total			3930000			15.72	
vi.	Dhodwala Enterprises (P) Ltd.	20.02.1997	20.02.1997	Cash	92500	10	10	0.37	1 year
		31.03.1997	31.03.1997	Cash	505000	10	10	2.02	1 year
		20.03.1998	20.03.1998	Cash	482500	10	10	1.93	1 year
		25.03.2000	25.03.2000	Cash	607500	10	10	2.43	1 year
		11.10.2000	11.10.2000	Cash	330000	10	10	1.32	1 year
		26.03.2001	26.03.2001	Cash	995000	10	10	3.98	1 year
		18.06.2001	18.06.2001	Cash	260000	10	10	1.04	3 years
		24.03.2003	24.03.2003	Cash	205000	10	10	0.82	3 years
		10.04.2003	10.04.2003	Cash	100000	10	10	0.40	3 years
23.03.2004	23.03.2004	Cash	950000	10	10	3.80	3 years		
		Sub Total			4527500			18.11	

vii.	Impex Cements (P) Ltd.	20.02.1997	20.02.1997	Cash	45000	10	10	0.18	1 year
		31.03.1997	31.03.1997	Cash	290000	10	10	1.16	1 year
		20.03.1998	20.03.1998	Cash	332500	10	10	1.33	1 year
		24.11.1998	24.11.1998	Cash	50000	10	10	0.20	1 year
		11.10.2000	11.10.2000	Cash	80000	10	10	0.32	1 year
		26.03.2001	26.03.2001	Cash	1055000	10	10	4.22	1 year
		18.06.2001	18.06.2001	Cash	65000	10	10	0.26	1 year
				Cash	235000	10	10	0.94	3 years
		24.03.2003	24.03.2003	Cash	150000	10	10	0.60	3 years
		10.04.2003	10.04.2003	Cash	50000	10	10	0.20	3 years
		23.03.2004	23.03.2004	Cash	207000	10	10	0.83	3 years
Sub Total					2559500			10.24	
viii.	Patni Metal & Ferro Alloys (P) Ltd.	20.02.1997	20.02.1997	Cash	185000	10	10	0.74	1 year
		31.03.1997	31.03.1997	Cash	160000	10	10	0.64	1 year
		20.03.1998	20.03.1998	Cash	694000	10	10	2.78	1 year
		24.11.1998	24.11.1998	Cash	170000	10	10	0.68	1 year
		11.10.2000	11.10.2000	Cash	150000	10	10	0.60	1 year
		26.03.2001	26.03.2001	Cash	680000	10	10	2.72	1 year
		10.04.2003	10.04.2003	Cash	100000	10	10	0.40	3 years
		28.11.2003	28.11.2003	Cash	180000	10	10	0.72	3 years
		23.03.2004	23.03.2004	Cash	35000	10	10	0.14	3 years
Sub Total					2354000			9.42	
ix.	Vikas Patni	29.03.1996	29.03.1996	Cash	5000	10	10	0.02	1 year
x.	Dharam Chand Patni	29.03.1996	29.03.1996	Cash	15000	10	10	0.06	1 year
xi.	Vijay Kumar Patni	20.02.1997	20.02.1997	Cash	15000	10	10	0.06	1 year
		31.03.1997	31.03.1997	Cash	5000	10	10	0.02	1 year
xii.	Ajit Kumar Patni	25.03.2000	25.03.2000	Cash	175000	10	10	0.70	1 year
xiii.	Babita Jain	20.02.1997	20.02.1997	Cash	5000	10	10	0.02	1 year
		Total – B (v to xii)			13591000			54.37%	
		Grand Total (A+B)			14425900			57.70%	

Note: There are no transactions in the securities of the Company during the preceding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies & associates or by the above entities directly or indirectly to other persons.

5. The list of top 10 shareholders of the Company and the number of Equity Shares held by them:

The details of the ten largest shareholders as on 26.05.2004 (the date of filing of the Prospectus with SEBI)

S. No	Name of Share Holders	No. of Shares of face value Rs. 10/- each
1.	Dhodwala Enterprises Pvt. Ltd.	4527500
2.	VSN Agro Products Pvt. Ltd.	3930000
3.	Impex Cement Pvt. Ltd.	2559500
4.	Patni Metal & Ferro Alloys Pvt. Ltd.	2354000
5.	Kalyaneshwary Metals Pvt. Ltd.	501000
6.	Vee Point Commerce Pvt. Ltd.	362000
7.	West Bengal Industrial Development Corporation	250000
8.	Vimal Kumar Patni	235100
9.	Suresh Kumar Patni	226100
10.	Naresh Kumar Jain	198100

The details of the ten largest shareholders as on 16.05.2004 (being 10 days prior to the date of filing the prospectus ,will be updated before filing with ROC)

S. No	Name of Share Holders	No. of Shares of face value Rs. 10/- each
1.	Dhodwala Enterprises Pvt. Ltd.	4527500
2.	VSN Agro Products Pvt. Ltd.	3930000
3.	Impex Cement Pvt. Ltd.	2559500
4.	Patni Metal & Ferro Alloys Pvt. Ltd.	2354000
5.	Kalyaneshwary Metals Pvt. Ltd.	501000
6.	Vee Point Commerce Pvt. Ltd.	362000
7.	West Bengal Industrial Development Corporation	250000
8.	Vimal Kumar Patni	235100
9.	Suresh Kumar Patni	226100
10.	Naresh Kumar Jain	198100
	TOTAL	14916600

The details of the ten largest shareholders as on 26.05.2002 (two years prior to the date of filing the prospectus ,will be updated before filing with ROC)

S. No	Name of Share Holders	No. of Shares of face value Rs. 10/- each
1.	Impex Industries Limited	980000
2.	Patni Metal & Ferro Alloys Pvt. Ltd.	899000
3.	Impex Cement Pvt. Ltd.	872500
4.	VSN Agro Products Pvt. Ltd.	625000
5.	Kalyaneshwary Metals Pvt. Ltd.	501000
6.	Dhodwala Enterprises Pvt. Ltd.	477500
7.	Gold Mohar Steel Pvt. Ltd.	380000

8.	Vee Point Commerce Pvt. Ltd.	362000
9.	West Bengal Industrial Development Corporation	250000
10.	Panchmukhi Agrochem Pvt. Ltd.	180000

6. The promoters' contribution has been brought in and is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
7. The total number of members of the Company as on the date of filing of the prospectus with SEBI is 66 only.
8. The pre-issue & post-issue Shareholding pattern of Promoter / Promoter' Group is as under:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares @ Rs. 10/- each	% holding	No. of Shares @ Rs. 10/- each	% holding
a. Promoters	834900	4.91	834900	3.33
b. Immediate Relatives of the Promoters	220000	1.30	220000	0.88
c. Companies in which 10% or more of the share capital is held by the Promoter / an immediate relative of the Promoter / a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	13371000	78.65	13371000	53.49
d. Companies in which company mentioned in c above holds 10% or more of the share capital	Nil	Nil	Nil	Nil
e. HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total	Nil	Nil	Nil	Nil
Total	14425900	84.86	14425900	57.70

9. The pre-issue & post-issue shareholding pattern of ITFL is as under:

Category	Pre-Issue		Post-Issue	
	No. of Shares @ Rs. 10/- each	% holding	No. of Shares @ Rs. 10/- each	% holding
Promoter / Promoters' Group	14425900	84.86	14425900	57.70
Other Relatives & Associates	2324100	13.67	2324100	9.30
Financial Institution (WBIDC)	250000	1.47	250000	1.00
Public	-	-	8000000	32.00
Total	1,70,00,000	100.00	2,50,00,000	100.00

10. In case the final allotment of shares exceeds 80,00,000 equity shares on account of rounding off to the nearest multiple of 100, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share.
11. The Company has not raised any bridge loan from any banks against the proceeds of this issue. However, the Company has borrowed a sum of Rs.273 lacs till 31.03.2004 as short term unsecured loans to incur expenses towards the project.
12. The written consent for lock-in of promoters' contribution has been obtained.
13. The entire pre-issue capital, other than that locked-in as promoters' contribution, shall be locked-in for a period of one year from the date of commencement of commercial production or the date of allotment in the public issue, whichever is later.

14. Neither the Company, its promoters, its Directors, nor the LM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this prospectus.
15. The securities offered through this public issue will be made fully paid up or may be forfeited within 12 months from the date of allotment.
16. As the process of allocation of rounding off to the nearer multiple of 100 result in the actual allocation being higher than the Equity Shares offered, an over subscription to the extent of 10% of the net offer to the public can be retained while finalising the allotment.
17. The equity shares to be held by the promoters under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters named as such in the prospectus would be permitted, provided that the requirement of lock-in period guidelines continue to apply, to the extent initially prescribed.
18. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the public.
19. The company shall not make any further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or public issue or otherwise during the period commencing from the submission of offer document to the Board on behalf of the Company for public or rights issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc.
20. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions and joint ventures the might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.
21. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
22. The shareholders of the Company do not hold any warrants, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
23. A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors who applies for securities of or for a value of not more than Rs.50,000/- (5000 equity shares). The remaining 50% of the offer to the public is reserved for individual investors applying for more than Rs.50,000/- (5000 equity shares) and corporate bodies / institutions etc. or less. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.

III. TERMS OF THE PRESENT ISSUE

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Prospectus, Application Form, and other terms and conditions as may be incorporated in the Share Certificates/letters of Allotment and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also

be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issue from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

TERMS OF PAYMENT

Applications should be made for minimum of 200 equity shares and in multiples of **100** equity shares thereafter. The details of amount payable on application and on allotment are as under:

Particulars	Towards Equity Share Capital (Rs.)	Total (Rs.)
On Application	5.00	5.00
On Allotment	5.00	5.00
Total	10.00	10.00

In terms of the clause 6.4.2.1 (g) of SEBI (DIP) Guidelines, 2000 & amendments thereof, the Securities offered through this public issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of the Securities.

Where an applicant is allotted lesser number of Equity Shares than he / she has applied for, the excess amount paid on application shall be adjusted towards the amount due on allotment. Further unadjusted amount if any shall be refunded to the applicant. No interest would be payable on application money pending allotment up to 30 days from the date of closure of the issue.

ALLOTMENT MONEY

Failure to pay the amount due on allotment on or before the appointed date for payment thereon will render the allottee liable to pay interest at the rate of 15% per annum or such other lower rate as the Board of Directors may determine on the amount outstanding from the date so appointed for payment thereof to the time of actual payment and will also render the Equity Shares including the amount already paid thereon liable for forfeiture in terms of the Articles of Association of the Company.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/ REFUND ORDERS

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters / refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialised form only and the marketable lot is 1 share. Therefore there is no possibility of odd lots.

RANKING OF EQUITY SHARES

The Equity Shares to be issued shall, subject to the provisions of the Memorandum and Articles of the Company rank pari passu with the existing Equity Shares of the Company including rights in respect of dividends.

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 either in person or by proxy;
- Right to receive offers for right shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other right as may be available to the shareholder of a listed Public Company under the Companies Act and Memorandum and Articles of Association of the Company.

MARKETABLE LOT

The trading in the Equity Shares of the Company shall only be in dematerialised form for all investors, where the

market lot is one (1) equity share.

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

Availability of Prospectus and Application Forms

Application forms together with Memorandum containing salient features of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager, Registrar to the Issue and Bankers to the issue named herein or from their branches as stated on the reverse of the application form. Any individual desiring to have a full copy of the Prospectus may write to the Lead Manager or to the Registered Office of the Company.

Application may be made by:

1. Indian Nationals resident of India who are Adult Individuals in single name or joint names (not more than three)
2. Hindu Undivided Families through the Karta of the Hindu Undivided Family.
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares.
4. Indian Mutual Funds registered with SEBI.
5. Indian Financial Institutions & Banks
6. Trusts who are registered under the Societies Regulation Act, 1860 or any other trust law and are authorised under its constitution to hold and invest in shares.
7. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
8. Permanent and Regular employees of the Company.
9. Non-Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
10. Minor through their natural / legal guardian.

Applications not to be made by

1. Foreign Nationals (except NRIs/FIIs)
2. Partnership firms or their nominees
3. Overseas Corporate Bodies (OCBs)

A. GENERAL INSTRUCTIONS

1. Applications must be made in the prescribed application form and completed in full in BLOCK LETTERS in English as per the instructions contained herein and in the application form and are liable to be rejected if not so made.
2. The application for equity shares should be for a minimum of 200 equity shares and in multiples of 100 shares thereafter. An applicant can make an application only for a maximum of equity shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
4. **Bank Account Details of Applicant:** The name of the applicant's Bank, type of account and account number must be filled in the Application Form. This is required for the applicants' own safety and these details will be printed on the refund orders, if any. Applications without these details would be treated as incomplete and are liable to be rejected..

5. **Applications under Power of Attorney:** In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.
6. **PAN/ GIR Number:** Where an application is for a total value of Rs. 50,000 or more, the applicant or in case of application in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.
7. **Joint Applications:** Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.
8. **Application by post:** All applications duly completed must be delivered before the closure of the subscription list to any of the Bankers to the issue or any of their branches mentioned on the reverse of the application form and NOT to the Company or to the Lead Managers or Co-Manager or Advisor or Registrars to the issue.
However, the Investors from the places other than the places where the authorised collection centers are located, can forward their application to the Registrar to the Issue directly by Regd. post with acknowledgement due and such application shall be dealt with by the Registrar to the Issue in the normal course.
9. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.
10. The Application Form number should be mentioned on the reverse of the instrument through which the payment is made.
11. **Section 269 SS Of Income Tax, 1961** In respect of all the above categories eligible to apply to this issue, having regard to the provisions of Sec 269 SS of the Income Tax Act, 1961, the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000 or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.
12. **Multiple Applications:** An applicant should submit only one application form (and not more than one) for the total number of equity shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made. Separate applications for electronic and physical equity shares by the same applicant shall be considered as multiple applications. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications.
13. **Multiple Applications By Mutual Funds** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such application will not be treated as multiple application provided that the applications made by the AMCs / Trustees / the custodians clearly indicate the intention as to each scheme for which application has been made.
14. **Applications by NRIs/OCBs/FIIs:** There is no reservation and separate application form for NRIs/OCBs/FIIs. NRIs/OCBs/FIIs willing to invest in this issue should follow the relevant RBI Guidelines in this regard.
15. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and the balance if any, will be allotted in physical form.

16. A separate single cheque/draft must accompany each application form.

Note:

- Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.
- For further instructions, please read the Application Form carefully.

NOMINATION FACILITY TO INVESTOR

As per Section 109A of the Companies Act, 1956, the sole applicant / joint applicant may appoint a nominee, in a prescribed manner, a person to whom his share in the company shall vest in the event of his death.

PAYMENT BY STOCKINVEST

RBI has withdrawn the Stockinvest Scheme vide notification No. DBOD. NO.FSC.BC.42/24.47.001/2003-04 dated 05/11/2003.

B. PAYMENT INSTRUCTIONS

1. Payment may be made by way of cash or cheque/ demand draft/ (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centres.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form must be made payable to the bankers to the issue and marked "SBI Bank A/c Impex Ferro Tech Limited – Public Issue" and crossed "A/C payee only".
4. The applications shall be made only by way of cash/ cheque/ demand draft. However, if the amount payable on application is Rs 20,000 or more, such payment must be effected only by way of an account payee cheque/ or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money shall be refunded without any interest.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts/ shall be submitted at the branches of the Bankers to the issue (listed in the Application Form) before the closure of the Issue. **Applications should NOT be sent to the Office of the Company or the Lead Manager to the Issue.**

No separate receipts will be issued for the application money. However, the Bankers to the issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

BASIS OF ALLOTMENT

Allotment will be made in consultation with the Stock Exchange, Mumbai (Designated Stock Exchange).

In the event of public issue of equity shares being over-subscribed, the Executive Director/Managing Director of the National Stock Exchange along with the post issue Lead Merchant Banker, Board of Directors of the company and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner with the following

guidelines:

- a) A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for shares for a value of Rs. 50,000 or Less. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.
- b) The balance of Net Issue to Indian Public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for allotment of shares for a value of more than Rs. 50,000.
- c) The unsubscribed portion of the net Issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d) Applicants will be categorised according to the number of equity shares applied for.
- e) The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f) Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- g) In all the applications where the proportionate allotment works out to less than 100 equity shares per applicant in the allotment shall be made as follows:
 - i) Each successful applicant shall be allotted a minimum of 100 equity shares, and
 - ii) The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- h) If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is the marketable lot) the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted equity shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

If the process of rounding off the number of shares to allottees to the nearest multiple of 100, results in actual allotment being higher than the shares offered, the Company may allot additional equity share upto a maximum of 10 % of the size of the net public offer. The requisite resolution has been passed by the Company in this regard.

The above allotment is further subject to the following guidelines in the case of over subscription:

- a) A minimum 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors, as the case may be.
- b) The balance net offer of securities to the public shall be made available for allotment to:
 - i. Individual applicants other than retail individual investors, and;
 - ii. other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The term 'Retail Individual Investor' means an investor who applies for securities of or for value of not more than Rs. 50,000/-.

The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Investors may note that in case of over-subscription allotment shall be on proportionate basis and will be finalised by the Executive Director/Managing Director of the Stock Exchange, Mumbai (Designated Stock Exchange) along with the post issue Lead Manger and the Registrars to the issue as per the guidelines issued by the SEBI. RMB (Compendium) series circularNo.2 (1999-2000) on 16-02-2000.

ACCESS TO THE FUNDS:

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it receives approval for allotment from the Stock Exchange, Mumbai (Designated Stock Exchange) and listing and trading permission is received from all the exchanges where listing is proposed in terms of this prospectus.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the application is accepted in part, the excess application money after adjusting for the amount payable on allotment will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

DESPATCH OF REFUND ORDERS

The company shall ensure dispatch of refund orders of value over Rs.1500/- and share/debenture certificates by Registered Post only and adequate funds for the purpose shall be made available to the Registrar by the issuer company.

DEPOSITORY OPTION TO INVESTORS

AS PER SEBI GUIDELINES TRADING IN SECURITIES OF COMPANIES MAKING A PUBLIC OFFER SHALL BE IN DEMATERIALIZED FORM ONLY ALTHOUGH INVESTORS HAVE AN OPTION TO HOLD THE SHARES IN PHYSICAL FORM OR DEMAT FORM.

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialised form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Many Body Corporate and their investors are now opting for this mode of electronic accounts. The company will also opt for this method subject to investors exercising their option to hold the shares in Dematerialised form, for which necessary column have been provided in the respective application forms.

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only.

The company has applied to NSDL & CDSL for allotment of ISIN No. The agreement will be entered into before the date of issue and this will provide the following:

1. Tripartite agreements will be signed between Impex Ferro Tech Limited, Maheshwari Datamatics Pvt. Ltd., and National Securities Depository Limited ("NSDL") and Central Depository Services Limited (CDSL).
2. The investor has an option to seek allotment of equity shares in electronic and/or physical mode.
3. Such an option if exercised should be indicated in the relevant blocks in the share application form itself.
4. Separate applications for electronic and physical equity shares by the same applicant shall be considered as multiple applications.
5. Investors who wish to apply equity shares in electronic form need to have at least one Beneficiary Account with a Depository Participant prior to the allotment.

6. The applicants name in the Depository Instruction Section in the Application Form should be the same as appearing in his or its Beneficiary Account. In case of joint applicants, in addition to the name, the sequence of the names in the Application Form and the Beneficiary Account should be the same.
7. Allotment Advice/Refund Orders will be directly sent to the investors by the Registrar.
8. If incomplete/incorrect investor depository account details are given in the application, physical equity shares will be allocated to investors
9. Responsibility for correctness of applicant's demographic details given in the share application form vis-à-vis, those with his/her Depository Participant, would rest with the investor.
10. Shares in electronic form can be traded on Stock Exchange having electronic connectivity with the NSDL & CDSL.

SCOPE OF ACTIVITIES OF THE REGISTRAR TO THE ISSUE

The Registrar to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this issue.

UNDERTAKING BY THE COMPANY:

The company undertakes:

- ⇒ that the complaints received in respect of the Issue shall be attended to by the issuer.
- ⇒ that the company shall take 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 within 7 working days of finalisation of basis of allotment;
- ⇒ that the funds required for dispatch of refund orders/allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the issuer company;
- ⇒ that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- ⇒ that the certificates of the securities/refund orders to the non-resident Indians shall be dispatched within specified time;
- ⇒ that no further issue of Equity Shares shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- ⇒ The sum received in respect of the issue will be kept in a separate bank account and the Company will not appropriate the funds unless approval of the National Stock Exchange of India Limited is obtained for allotment and listing.
- ⇒ All monies received out of the Fresh Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73;
- ⇒ Details of all monies utilised out of the Fresh issue referred above shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilised;
- ⇒ Details of all unutilised monies out of Fresh Issue if any, shall be disclosed under an appropriate separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested;

BENEFITS AVAILABLE UNDER THE INCOME TAX ACT AND OTHER LAWS TO THE COMPANY AND ITS SHAREHOLDERS, (INDIAN RESIDENTS, NRIs, FIIs, etc.):

The Company has been advised by, M/s. S. Jaykishan, Chartered Accountants, that under the current tax laws, the following tax benefits inter-alia will be available to the Company and

shareholders of the Company. A shareholder is advised to consider on his own case the tax implications of an investment in the shares.

A) Benefits available to the Company

- 1.a) Under section 32 of the Income Tax Act, 1961, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc., if acquired after 31st March 1998.
 - b) In terms of Clause (iia) of Sub-section (1) of Section 32 of the Act, the Company is entitled to further deduction of 15% as additional depreciation, subject to conditions specified therein, on substantial expansion by way of increase in installed capacity by more than 25%.
 - c) The Company can carry forward and set-off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set-off its unabsorbed business losses for a period upto eight subsequent years for set-off against its business income.
2. Under section 35D of the Act, the company will be entitled to a deduction equal to 1/5th of the expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges, by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

B) Benefits to the Shareholders of the Company

(i) Resident shareholders

- a) Under Section 10(34) of the Income Act, 1961, any income by way of dividend referred to in Section 115-O (i.e. dividends declared, distributed and paid on or after 1st April, 2003) received on the shares of the Company is exempted from the tax.
- b) In terms of Section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorised by the Reserve bank of India, subject to the conditions specified, will be exempt from Income Tax on all their income, including income from investment in the shares of the Company.
- c) Under Section 54EC of the Income Tax Act, 1961, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on the transfer of the shares of the Company will be exempt from capital gains tax to the extent such gains are invested within six months from the date of transfer in the purchase of any specified bonds issued by the National Bank for Agriculture and Rural Development (NABARD), the National Highway Authority of India (NHAI), the National Housing Bank (NHB), the Rural Electrification Corporation Ltd. (REC) and Small Industrial Development Bank of India (SIDBI).
- d) Under Section 54ED of the Income Tax Act, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of the shares of the Company shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in equity shares forming part of an eligible issue of capital.
- e) Under Section 54F of the Income Tax Act, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax subject to the provisions of the said section, if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years after the date of transfer.

- f) Under Section 112 of the Income Tax Act, 1961 and other provisions of the Act Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of shares in the company i.e. if shares are held for a period exceeding 12 months shall be concessionaly taxed at the flat rate of 20% (plus applicable surcharge) (after indexation as provided in the second proviso to section 48) or at 10% plus applicable surcharge (without indexation), at the option of the shareholder.

(ii) Non-Resident Indians/Non- Residents (Other than FIIs and foreign venture Capital Investors)

1. A Non-Resident Indian (i.e. an individual being a citizen of India or person of Indian origin) has an option to be governed by the provisions of Chapter XII-A of the Income tax Act 1961 viz. "Special Provisions relating to certain incomes of Non-Residents".
 - a) Under section 115E of the Income Tax Act, 1961 capital gains arising to a non-resident on transfer of shares in the Company subscribed to in a convertible Foreign Exchange and held for a period exceeding 12 months [in cases not covered under section 10(36) of the Act] shall be taxed at a concessional flat rate of 10% (plus applicable surcharge), without indexation benefit but with protection against foreign exchange fluctuation.
 - b) Under section 115F of the Income Tax Act, 1961 Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising to a non-resident Indian from the transfer of shares of the Company subscribed to in a convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so invested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
 - c) Under Section 115G of the Income tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the act consists only of investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
 - d) Under Section 115I of the Income Tax Act, 1961, a Non-Resident Indian may opt not to governed by the Provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the Income Tax Act declaring therein that the provisions of this chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him and instead, other provisions of the Income Tax shall apply.
2. Under the first proviso to Section 48 of the Act, in case of a Non-Resident, capital gains arising out of transfer of capital assets being shares in the Company acquired in convertible foreign exchange shall 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 and such gains are reconverted into Indian currency. Cost indexation benefits will not be available in such a case.
3. Under Section 10(34) of the Income Act, 1961, any income by way of dividend referred to in Section 115-O (i.e. dividends declared, distributed and paid on or after 1st April, 2003) received on the shares of the Company is exempt from the tax.
4. Under Section 54EC of the Income Tax Act, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of the shares of the Company will be exempt from capital gains tax to the extent such gains are invested within six months from the date of transfer in the purchase of any specified bonds issued by the National Bank for Agriculture and

Rural Development (NABARD), the National Highway Authority of India (NHAI), the National Housing Bank (NHB), the Rural Electrification Corporation Ltd. (REC) and Small Industrial Development Bank of India (SIDBI).

5. Under Section 54ED of the of the Income Tax Act, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of the shares of the Company shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in equity shares forming part of an eligible issue of capital.
6. Under Section 54F of the Income Tax Act, Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax subject to the provisions of the said section, if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years after the date of transfer.
7. Under Section 112 of the Income Tax Act, 1961 and other provisions of the Act Long-Term Capital Gains [in cases not covered under section 10(36) of the Act] arising on transfer of shares in the company i.e. if shares are held for a period exceeding 12 months shall be concessionaly taxed at the flat rate of 20% (plus applicable surcharge) (after indexation as provided in the second proviso to section 48) or at 10% plus applicable surcharge (without indexation), at the option of the shareholder.

(iii) Foreign Institutional Investors (FIIs)

1. Under Section 115AD of the Act, income by way of Short Term Capital Gains or Long Term Capital Gains [in cases not covered under section 10(36) of the Act] realized by Foreign Institutional Investors on sale of shares in the Company would be taxed at the following rates:
 - ◆ Short Term Capital Gains-30% (plus applicable surcharge)
 - ◆ Long Term Capital Gains-10% (without cost indexation plus applicable surcharge)(Shares held in a Company would be considered as a long-term capital asset provided they are held for a period exceeding twelve months)
2. Under Section 196D of the Income Tax Act, no deduction of tax at source will be made in respect of dividends referred to in Section 115-O and Capital Gains arising from the transfer of the equity shares referred to in Section 115AD, payable to Foreign Institutional Investors.
3. Under Section 10(34) of the Income Act, 1961, any income by way of dividend referred to in Section 115-O (i.e. dividends declared, distributed and paid on or after 1st April, 2003) received on the shares of the Company is exempted from the tax.

(iv) Venture Capital Companies/Funds:

In terms of Section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from Income Tax from all their income, including dividend and income from sale of shares of the Company.

Wealth Tax

Shares are not treated as assets within the meaning of Section 2(ea) of the Wealth-tax Act, 1957, hence the value thereof is not includable in the net wealth chargeable to Wealth Tax.

Gift Tax

The Gift Tax Act, 1958, ceased to apply to gifts made on or after October 01, 1998. Gifts of shares purchased in the issue would therefore, be exempt from Gift Tax.

NOTES

- i. All the above benefits are as per the current tax law as amended by the Finance Act, 2003.
- ii. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
- iii. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- iv. In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

IV. PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The objects of the present issue of equity shares are:

- To install 8.25 MVA Furnace for manufacturing 13200 ton of high carbon silico manganese and installation of SSM Converter for producing 6000 TPA of medium carbon ferro manganese.
- Repayment of unsecured loans
- To list equity shares of the Company on the Stock Exchanges.
- To meet the expenses of the Issue.

The main object clause and objects incidental or ancillary to the main object clause of the Memorandum of Association of the Company enables the company to undertake the existing activities and the proposed activities for which the funds are being raised through the present issue. The activities the Company has been carrying out until now is in accordance with the object of Memorandum of Association of the Company.

UNDERTAKING BY THE ISSUER COMPANY

The issuer company confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed offer to the Public, have been made.

COST OF PROJECT AND MEANS OF FINANCE

The total requirement of funds has been estimated at Rs.1587.62 lacs. State Bank of India, Industrial Finance Branch, Kolkata has appraised the expansion project by way of addition of 4th Furnace having a capacity of 8.25 MVA for manufacturing 13,200 ton of High Carbon Silico Manganese and installation of SSM Converter for producing 6000 TPA of medium carbon ferro manganese for a total cost of Rs.1312.70 lacs. State Bank of India has vide its letter dated 02/12/2003 has sanctioned an amount of Rs.787.62 lacs as Term Loan towards the project. A sum of Rs.274.92 lacs out of the total funding requirement which includes repayment of unsecured loans and public issue expenses has been estimated by the management of the Company.

COST OF THE PROJECT

		(Rs. in lacs)
Land and Site Development	:	10.80
Buildings	:	137.28
Plant & Machinery	:	877.80
Technical Consultancy Fee	:	30.00
Preliminary Expenses & Pre-operative Expenses	:	54.17
Provision for Contingencies	:	35.52

Margin For Working Capital		
- For FBL 108.44		
- For NFBL <u>58.69</u>	:	167.13
Repayment of unsecured loan	:	225.00
Public Issue Expenses	:	49.92
TOTAL	:	1587.62

MEANS OF FINANCE

		(Rs. in lacs)
Term Loans from SBI	:	787.62
Proceeds from Public Issue	:	800.00
TOTAL	:	1587.62

DETAILS OF THE COST OF SETTING UP 4TH FURNACE AND INSTALLATION OF SSM CONVERTER (Rs.1312.70 lacs):

1. LAND AND SITE DEVELOPMENT

The land is located at Kalyaneswari, District Burdwan, in West Bengal, having an area of approximately 10.00 acres. The site is linked to the new four-lane Durgapur bypass. The site is at a distance of about 700 meters from the DVC'S substation, thus the cost of drawing the 132 KVA power line would be comparatively less. The site is already developed where the present 3 SAF units of the Company are located, having the necessary infrastructure. No additional land is required as the 4th furnace would be located by the side of the 7.5 MVA SAF. However, some expenditure has to be incurred for leveling of the land, internal roads, compound lighting, sewerage, water storage reservoir etc. The total cost of land and site development works out to Rs.10.80 lacs. The detailed cost breakup is given as below:

(Rs in Lacs)					
SL NO	PARTICULARS	UNITS	QUANTITY	RATE	AMOUNT
1.	LAND (LEASE HOLD) ALREADY AVAILABLE	ACRE	0.00	0.00	0.00
2.	SITE DEVELOPMENT:				
	a) LAND FILLING	[Acre]	2	0.50	1.00
	b) INTERNAL ROADS	SQ.MTS	370	0.0075	2.78
	c) BOUNDARY WALLS INCLUDING GATES ETC.	RFT	0	0.0000	0.00
	d) COMPOUND LIGHTING (NOS) (SODIUM VAPOUR LAMPS)		4	0.1000	0.40
	e) SEWERAGE SYSTEM		LUMPSUM		1.00
	f) WATER STORAGE SUMP & RESERVOIR		7500 CU.FT	75.00	5.63
				TOTAL	10.80

2. BUILDINGS:

Based on the soil bearing capacity and nature of civil construction required for the plant, mostly open type foundations are envisaged for the major plant facilities. All the steel structures will be welded construction and these are as follows:

1. Main furnace bays
2. Main working platform
3. Charging platform
4. Electrode handling area
5. Top floor winch mechanism
6. Casting and tapping bay

7. Finished goods stripping and storage shed
8. Raw material storage, charging shed & platform

Apart from above, some RCC – brick constructions are required for shop office, HT & LT rooms, Substation, Battery rooms, Control rooms, Pump room, Compressor room, Water treatment facility, ablution block, etc. All structural steel & cement will be provided by the company and the balance materials will be supplied by the civil contractors.

SSM CONVERTOR

The civil structures for the Convertor includes platforms, tanks, etc. There would be other misc. civil structures which have been considered in the project.

The total estimated cost of the Building & Structures is Rs.137.28 lacs.

ESTIMATE OF CAPITAL COST FOR BUILDING AND OTHER CIVIL WORKS:

PARTICULARS	CONSTRUCTION TYPE	DIMENSIONS			COVERED AREA SQ. FT	RATE PER SQ. FT	AMOUNT Rs. in Lacs
		L FT	B FT	H FT			
FOR SILICON MANAGANESE:							
(i) MAIN FURNACE BAY	STEEL TRUSSES ON STEEL BEAMS WITH HEAVY FOUNDATION & AC ROOFING 3 FLOORS	90	50	15	13500	450	60.75
(ii) CRANE BAY AREA	STEEL TRUSSES ON STEEL BEAMS WITH HEAVY FOUNDATION & AC ROOFING	100	60	40	6000	350	21.00
(iii) FINISHED GOODS STRIPPING & STORAGE SHED	RCC. STEEL & STRUCTURAL	90	50	20	4500	300	13.50
(iii) PUMP HOUSE WITH SOFTENING PLANT	RCC. ROOF & BRICK WALL	50	20	12	1000	250	2.50
(iv) AUXILLARY ROOM 1 ST FLOOR 2 ND FLOOR	RCC CONSTRUCTION	50	75	12	3750	200	7.50
		50	75	12	3750	150	5.63
(v) SHELL FOUNDATION WITH 1000 MT LOAD	RCC CONSTRUCTION	25	24	6	600	1250	7.50
(vi) CIVIL WORK INCLUDING PLATFORMS, TANK FOR SSM CONVERTOR							10.00
(vii) MISC. MINOR CIVIL WORKS							5.00
(viii) OVERHEAD TANK				65	CUM	6000	3.90
TOTAL COST OF BUILDINGS AND CIVIL WORK							137.28

3. PLANT & MACHINERY

The plant and machinery proposed to be installed comprises one number 8.25 MVA submerged electric ARC Furnaces including electrode clamping and slipping device, electrode contact clamps, terminal connecting castings, copper flexible cables, tapping gun assembly. The entire furnace will be fabricated at site itself and shall also include smoke hood, suspension mantle, chimney, cooling cylinders, etc., all of which would be fabricated by local fabricators under supervision of the technical consultants. All steel and fabrication materials will be provided by the company so as to maintain the quality of fabrication.

The other major machinery are copper bus tubes, first set of refractories, copper bus bars, hydraulic power pack and cylinders. The main equipments are cooling water system, raw material handling system, slag pots, EOT cranes, etc.

Converter:

The main plant includes the Converter complete with two nos. vessels, tilting and gas mixing system, along with its gearbox, motor controls. Refractory lining for the converter and ladles, water circulation system, feeding & hopper system etc. are the main machineries for the SSM Converter.

The total cost of plant & machinery has been estimated at Rs 877.80 lacs including excise and taxes, freight and insurance and the cost of erection and commissioning.

Details of Plant & Machinery and their costs are given as below:

ESTIMATES OF CAPITAL COST FOR PLANT AND MACHINERY

SL. NO.	PARTICULARS	NO OF MACHINES	TOTAL AMOUNT (Rs. in Lacs)	NAME OF SUPPLIER	Date of order	Enquiry / Quotation date	Date / Expected date of Delivery
1.	8250 KVA SUBMERGED ARC FURNACE						
	a. ELECTRODE CLAMPING AND SLIPPING DEVICE FABRICATED OUT OF M. S. STRUCTURAL MEMBERS EXCLUDING HYDRAULIC CYLINDERS WITH NECESSARY VALVES AND POWERPACK AND FIELD PIPING	1		a) INDIAN METAL & ALLOYS MFG. CO.	23.12.03		15.04.04
	b. ELECTRODE CONTACT CLAMP DULY MACHINED ALONGWITH THE PRESSURE RING. COOLING ARRANGEMENT ETC.	1		- DO -	- DO -		- DO -
	c. TERMINAL CONNECTOR CASTINGS DULY MACHINED MADE OUT OF 85/15 BRASS MATERIAL	1		- DO -	- DO -		- DO -
	d. COPPER FLEXIBLE CABLES OF SUITABLE CROSS-SECTION MADE OUT OF ELECTROLYTIC COPPER AND CAST TERMINAL ENDS DULY ASSEMBLED.	1 SET		- DO -	- DO -		- DO -
	e. TAPPING GUN ASSEMBLY WITH TROLLEY	1		SELF MADE	-		-
	f. FURNACE CONTROL PANEL	1 SET		INCOTECH ENGINEERS PRIVATE LIMITED	09.05.04	-	-
2.	FABRICATED COMPONENTS						
	a. FABRICATED SHELL, SMOKE HOOD, SUSPENSION MENTLE, ONE NOS. OF CHIMNEY, COOLING CYLINDERS AND MISC. FABRICATION	1 SET		SAHA ENTERPRISES SAHAL TRADING CORPN KARNANY STEEL TUBE STEEL SALES CORPN M.L. STEEL TRADERS M.K. TRADING CO. SHREE LAXMI TRADING CO.	29.04.03		20.06.2004
	b. FIRST SET OF REFRACTORIES COMPLETE FOR SAF	1 SET		a) GRINDWELL NORTAN LTD. b) NATIONAL REFRACTORIE c) INDIA CARBON LTD. d) MORTEX (INDIA)	01.10.03 11.02.04 23.01.04 10.03.04		DELIVERED DELIVERED DELIVERED DELIVERED

	c. COPPER BUS -TUBES	1 SET		CUBEX TUBING LTD.	12.02.04		DELIVERED
	d. COPPER BUS-BARS WITH INSULATING SUPPORTS	1 SET		a) INDIAN METAL & ALLOYS MFG. CO. b) AMICO ENGINEERING CO.	23.12.03 12.03.04		DELIVERED DELIVERED
	e. HYDRAULIC POWERPACK AND CYLINDERS	1 SET		NEW HYDRO EQUIPMENTS PVT. LTD.	26.12.03		DELIVERED
	f. STEEL AND SS STEEL (FOR BOTH PLANT & MACHINERY 7 MATERIAL HANDLING SYSTEM)	IN M.T.		a) SAHAL TRADING CORPN b) KARNANY STEEL TUBE c) STEEL SALES CORPN d) M.L. STEEL TRADERS e) M.K. TRADING CO. f) SHREE LAXMI TRADING CO. g) BALAJI STEEL CONCERN h) MAHESHWARI STEEL SUPPLY CO.	05.07.03 30.08.03 30.08.03 13.12.03 01.10.03 01.10.03 20.03.04 28.03.03		DELIVERED DELIVERED DELIVERED DELIVERED DELIVERED DELIVERED DELIVERED DELIVERED
	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 SET	274.10	SOUTHERN COOLING TOWER PVT. LTD.	16.01.04		DELIVERED
3.	SUPERVISION CHARGES FOR ERECTION AND COMMISSIONING OF FURNACE ONLY	1	15.00	M/S. GHALSASI ENGG. SYSTEMS PVT. LTD.	06.08.03		20.07.2004
4.	RAW MATERIAL HANDLING SYSTEM						
	a. SILICO MANGANESE (10 TON CAPACITY)	1	72.60	a) TUOBRO FURGUSON (INDIA) LTD. b) AVALANI ENGG. CORPN c) NEW ALLENBERRY WORKS	09.01.04 28.11.03 15.03.04		31.05.04 DELIVERED 31.05.04
	b. ERECTION AND COMMISSIONING FOR THE ABOVE	1	10.00	M/S. GHALSASI ENGG. SYSTEMS PVT. LTD. AND RESPECTIVE PARTY WILL COMMENCE THE SAME	06.08.03		20.07.2004
5.	LADLES OF 5 M.T. CAPACITY WITH REFRACTORY LINING	3 SETS	6.12	VIKAS IRON & STEEL	11.05.04	-	30.06.2004
6.	C.I. MOULDS	4 NOS	1.36	-DO-	11.05.04	-	30.06.2004
7.	LADLE PREHEATER WITH HEATING AND PUMPING UNIT, DAY TANK, BLOWER ETC.	1 SET	4.63	S. H. ENGINEERING	24.03.04	-	30.06.2004
8.	TRANSFER TRACK WITH LADLE CAR	1 SET	9.45	AMICO ENGINEERING	12.03.04	-	30.06.2004
9.	FOR SSM CONVERTOR	1	119.70	ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	26.02.04	-	25.06.2004
	CONVERTOR COMPLETE WITH TWO VESSELS, TILTING & GAS MIXING SYSTEM WITH OPERATING TROLLEY, GEAR BOX, MOTOR, CONTROLS, TOP LANCE & ITS CONTROLS OF 3.5-4.5 TONS CAP						
	REFRACTORY FOR LINING:-						
	a) LINING OF CONVERTER	2 SETS	12.60	-DO-	26.02.04	-	30.06.2004
	b) LINING OF LADLES	2 SETS	3.15				30.06.2004
10.	WATER CIRCULATION PUMPS FOR FUME EXTRACTION SYSTEM	1 LOT	6.30	-DO-	26.02.04	-	30.06.2004
11.	FEEDING SYSTEM, HOPPER, BINS ETC FOR CONVERTOR FEEDING	1 LOT	6.30	-DO-	26.02.04	-	30.06.2004
12.	LADLES & BAIL ARMS	1 LOT	6.30	-DO-	26.02.04	-	30.06.2004
	TOTAL (A)		547.61				

The items for which the orders are yet to be placed are readily available in the market.

Plant & Machinery (Miscellaneous)

Plant & Machinery(misc.) include Electrical installations and other utilities viz. Main furnace transformer, 132/433 KV substation, circuit breaker, GOD switches, CT/PT, Battery Charger, Main Lt Panels, Power distribution boards, capacitor bank, LT system, cost of drawing services connection from DVC Sub Station etc; Cooling Towers, Water Pumps, water cooling system, fire fighting equipments, pollution control equipments, air compressors, forklift etc.

SL NO	PARTICULARS	QTY.	ANOUNT (Rs. in Lacs)	NAME OF SUPPLIER	Date of order	Enquiry / Quotation date	Date / Expected date of Delivery
	FOR SAF						
1.	COOLING TOWER (PAHARPUR)	1	3.54	Southern Cooling Engineering Pvt. Ltd.	16.01.2004	-	Delivered
2.	i. WATER PUMPS ii. MOLASSES TRANSFER PUMP WITH PIPING	2	3.63	Weltek Pump	09.05.04	-	31.05.04
3.	WATER TREATMENT PLANT (TRIPLEX INDIA)	1	1.28	Aquatherm Pvt. Ltd.		10.05.04	30.06.04
4.	FIRE FIGHTING EQUIPMENT	1 LUM SUM	1.82	Steelage		10.05.04	30.06.04
5.	COMPRESSED AIR SYSTEM KIRLOSKAR	1	2.24	Atlas Copco		10.05.04	30.06.04
6.	WEIGHING SCALES 1 M.T.	1	1.45	Tulsi trading Company.		09.05.04	30.06.04
7.	POLLUTION CONTROL EQUIPMENT (ENVIRO CARE)	1	46.20	S. H. Engineering Pvt. Ltd.	16.01.2004	-	10.06.04
8.	FORKLIFT (TIL LTD.)	1	10.20	Godrej Mfg. & Boyce Co. Ltd.	03.03.2004	-	Delivered
9.	FUEL OIL STORAGE AND DISTRIBUTION SYSTEM	1 LOT	2.50	Saha Enterprises	29.04.03	-	30.06.04
	FOR SSM CONVERTOR						
1.	WET SCRUBEER POLLUTION CONTROL EQUIPMENT	1 SET	19.36	ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	26.02.04	-	25.06.04
2.	WATER CIRCULATION PUMPS FOR FUME EXTRACTION	1 SET	6.05	ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	26.02.04	-	25.06.04
3.	GAS PIPELINE, STORAGE VESSELS, VALVES FOR OXYGEN, NITROGEN, COMPRESSED AIR	1 LOT	12.10	a) Tubes & Pipe (India) Pvt. Ltd. b) M.K. Trading Co. c) ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	07.02.04 14.02.04 26.02.04	-	Delivered Delivered 25.06.04
4.	HIGH PRESSURE NON LUBRICATED AIR COMPRESSORS COMPLETE WITH DRIED & OIL REMOVER UNITS	2 SETS	16.34	ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	26.02.04	-	25.06.04
5.	TEMPERATURE MEASUREMENT SYSTEM	1 SET	2.24	ENGINEERING & METTALURIGICAL CONSULTANTS PVT. LTD.	26.02.04	-	25.06.04
	ELECTRICALS						
1.	FURNACE TRANSFORMER 8.25 MVA	1	60.50	Transformer & Rectifier (India) Ltd.	16.07.03		Delivered
2.	POWER TRANSFORMER	1	62.92	Transformer & Rectifier (India) Ltd.	16.07.03		Delivered

3.	OTHER ELECTRICAL ACCESSORIES	1 LOT	10.00	a) N.M. Electrical b) M.L. Steel Traders c) B.S. Trading Co. d) Rukhmani Electrical & Component Pvt. Ltd. e) Fra Mouro Enterorises f) Siemens g) Lightning Arrestor Mfg. Co. Pvt. Ltd. h) Deepak Engg. Co. i) Shree Laxmi Constr. j) Transelect Rical	22.09.03 28.10.03 26.02.04 01.01.04 26.02.04 15.03.04 15.03.04 15.03.04 20.03.04 24.03.04		30.06.04 Delivered Delivered 31.05.04 Delivered 31.05.04 Delivered 31.05.04 30.06.04 31.05.04
4.	LINE DRAWING CHARGES (DVC ESTIMATES)	1	66.61				
	TOTAL (B)		330.19				

Total cost of Plant & Machinery [(A) + (B)] = Rs.877.80 lacs

4. TECHNICAL CONSULTANCY FEE

The company have made arrangement with a reputed Technical Consultants, M/s. Ghalsasi Engineering Systems Pvt. Limited of Pune, who will provide all sorts of technical assistance in setting up the project; stabilisation of various production parameters, maintaining the production schedule and training of the personnel about production and finally trial runs at the plant M/s Ghalsasi Engineering Systems have supplied many such furnaces for over 30 Ferro Alloys units and the major ferro-alloys plants established by them include 24 MVA plant of Jindal Steel & Power Limited, Raigarh; 27.5 MVA plant of Corporate Ispat Ltd, Durgapur. They have also set up the earlier plants of the company with furnace capacity of 3.6 MVA, 5 MVA and 7.5 MVA and the same have been working satisfactorily for past 6 years.

The scope of services to be provided by the consultants generally include:-

- 1) Establishment of Capacity and preparing detailed description/ requirement parameters for main plant and equipment.
- 2) Information regarding requirement of services like Water, Power, Compressed Air etc.
- 3) Preparation and supply of key drawings for main plant building with layout, load details. General plant layout indicating material flow, storage overhead tank etc.
- 4) Preparation of detailed design/ drawing/ specifications for all mechanical and electrical components of the furnace.
- 5) Supervision of plant and machinery construction.
- 6) Specifying requirement of electrical equipment.
- 7) Supervision and trial production of the plant for fifteen days.
- 8) Preparation and supply of operation and maintenance instruction manuals.
- 9) Providing Preventive maintenance schedules.
- 10) Certification of plant for Commercial Production.

For this a lumpsum fees of Rs.15.00 lacs will have to be paid to the consultant.

M/s Engineering & Metallurgical Consultants Pvt. Ltd., Nagpur shall be the technology providers for the SSM Converter. They have supplied similar plants to many ferro alloy plants. The technical fees payable to them is Rs.15.00 lacs.

DETAILS OF CONSULTANCY CHARGES AND KNOW HOW FEES

SL. NO.	PARTICULARS	NAME OF CONSULTANT	AMOUNT (Rs. In Lacs)
	8250 KVA SUBMERGED ARC FURNACE FOR SILICO MANGANESE		
1	DETAILED ENGINEERING OF FURNACE ALONGWITH MANUFACTURING DRAWING FOR FABRICATION AND SPECIFICATIONS FOR BOUGHT-OUT COMPONENTS WHICH ARE AUXILLARIES TO THE FURNACE.	M/S. GHALSASI ENGG.	15.00

2.	Detailed Engineering of SSM converter alongwith manufacturing details	ENGINEERING & METAL LURGICAL CONSULTANTS PVT. LTD.	15.00
TOTAL TECHNICAL KNOW-HOW FEES			30.00

5. ESTIMATION OF PRELIMINARY AND PRE- OPERATIVE EXPENSES

This includes establishment expenses, interest & insurance during construction period, Up front fees, startup expenses, preoperative wages and salaries, cost of trial runs, etc. The total cost estimated under this head is Rs.54.17 lacs.

SL. NO.	PARTICULARS	AMOUNT
1.	EXPENSES FOR INCREASE IN AUTHORISED CAPITAL	2.50
2.	SECURITY DEPOSITS	2.00
3.	INTEREST DURING CONSTRUCTION PERIOD	33.79
5.	UP FRONT FEE PAYABLE TO IDBI	7.88
6.	START UP & MISC. EXPENSES	5.00
7.	SALARY AND WAGES DURING CONSTRUCTION PERIOD	2.50
10.	MARKET RESEARCH AND CONSULTANCY	0.50
TOTAL		54.17

6. PROVISION FOR CONTINGENCIES

In order to take care of price escalations (during implementation) and various unforeseen expenses, a contingency of 3.5% - on the cost of fixed assets, viz. Building, Plant and Machinery, Misc. Fixed Assets. An expenditure of Rs.35.52 lacs has been provided for in the cost of the project.

7. MARGIN FOR WORKING CAPITAL

The Company will provide required margin based on the first year's working capital requirement. The projections have been made based on the usual holding levels for current assets and current liabilities obtaining in the industry and the past experience of the unit. For computing the cost of materials (Landed Cost), current market prices of the raw materials and other inventories has been considered while for semi finished and finished products, production costs have been taken into account. Margin for Non-Fund based limits like B.G & L/C have also been taken into account.

WORKING CAPITAL REQUIREMENT:

ITEM	MONTHS	YEAR ENDED 31 ST MARCH		
		2005	2006	2007
RAW MATERIAL	3.0	231	246	262
CONSUMABLES	1.0	9	10	10
WORK IN PROGRESS	0.5	95	101	106
FINISHED GOODS	0.17	36	38	40
DEBTORS	0.75	177	189	201
TOTAL		434	462	489

PERMISSIBLE BANK FINANCE:

MARGIN MONEY [%] 25	108	115	122
SUNDRY CREDITORS	116	123	131
TOTAL	224	238	253
PERMISSIBLE BANK FINANCE	325	346	367

COMPUTATION OF WORKING CAPITAL REQUIREMENT

PARTICULARS	NORM DAYS	MARGIN %	Rs. in Lacs								
			YEAR ENDED 31ST MARCH, 2005			YEAR ENDED 31ST MARCH, 2006			YEAR ENDED 31ST MARCH, 2007		
			GROSS W. CAP.	MARGIN MONEY	BANK FINANC E	GROSS W. CAP.	MARGIN MONEY	BANK FINANC E	GROSS W. CAP.	MARGIN MONEY	BANK FINANCE
WORKING DAYS			330.00			330.00			330.00		
RAW MATERIAL	90	25	231.00			246.40			261.80		
SUPPLIERS CREDIT	45		115.50			123.20			130.90		
			<u>115.50</u>	28.88	86.63	<u>123.20</u>	30.80	92.40	<u>130.90</u>	32.73	98.18
CONSUMABLE STORES	30	25	9.11	2.28	6.84	9.72	2.43	7.29	10.33	2.58	7.75
WORK IN PROCESS	14	25	95.24	23.81	71.43	100.69	25.17	75.52	106.15	26.54	79.61
FINISHED GOODS	5	25	36.12	9.03	27.09	38.21	9.55	28.66	40.30	10.08	30.23
DEBTORS:											
ON DOMESTIC SALES	21	25	177.19	44.30	132.89	189.00	47.25	141.75	200.81	50.20	150.61
FUEL	7	25	0.61	0.15	0.46	0.65	0.16	0.49	0.69	0.17	0.52
MARGIN ON L/C & B.G				58.69			61.78			64.87	
EXPENSES EXCICE DUTY	15	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			433.78	167.13	325.33	461.48	177.15	346.11	489.18	187.17	366.89

DEPLOYMENT OF FUNDS IN THE PROJECT

As per the certificate dated 05.05.2004 obtained from M/s. S. Jaykishan, Chartered Accountants, Statutory Auditors of the company having office at 12, Ho-chi Minh Sarani, Suite No. 2D & 2E, 2nd Floor, Kolkata-700 071, the company has till 31.03.2004 deployed a sum of Rs.658.18 Lacs towards the object of the issue. A cash flow statement showing the sources and deployment of the funds is given below:

Particulars:	Amount (Rs. in Lacs)
SOURCES OF FUNDS:	
Short Term Unsecured Loans	273.00
Disbursement received from State Bank of India	386.33
Total	659.33
Less: Cash in hand	1.15
	658.18
DEPLOYMENT OF FUNDS:	
Land and Site Development	3.24
Buildings	133.12
Plant & Machinery	514.76
Technical Consultancy Fee	0.32
Cenvat Credit on Capital Goods	35.92
Advances against project	50.66
Preliminary & Pre-operative Expenses	24.78
Total	761.80
Less: Sundry Creditors for Capital Goods	103.62
	658.18

Note: Cenvat Credit under Excise Laws is appropriated against duty payable on clearance of finished goods.

YEAR WISE BREAK UP OF THE EXPENDITURE PROPOSED TO BE INCURRED FOR THE PROJECT

Rs. in lacs

Sl. No.	Particulars	Cost of Project	Incurred upto 31.03.2004	To be incurred in 2004-05
1.	Land and Site Development	10.80	3.24	7.56
2.	Buildings	137.28	133.12	4.16
3.	Plant & Machinery	877.80	601.34	276.46
4.	Technical Consultancy Fee	30.00	0.32	29.68
5.	Preliminary & Pre-operative Expenses	54.17	24.78	29.39
6.	Contingencies	35.52	-	35.52
7.	Margin For Working Capital	167.13	-	167.13

REPAYMENT OF UNSECURED LOAN

A sum of Rs.225 lacs will be utilized by the company out of the public issue proceeds towards repayment of the high cost debts taken by the Company in the form of unsecured loans.

PUBLIC ISSUE EXPENSES

The Company has estimated that an amount of Rs.49.92 lacs would be incurred towards issue expenses. These expenses would comprise fees payable to Lead Manager, Registrar, legal advisors, auditors, advertising and marketing expenses, stationery & distribution expenses, bank charges and other incidental and miscellaneous expenses.

PROJECT IMPLEMENTATION SCHEDULE

The project is being implemented at the existing plant site and there is sufficient place for installation of the 4th furnace. The project is scheduled to be completed by June 2004. The schedule of implementation of the project is given as follows:

Sl. No.	Description	Commencement	Completion
a)	Acquisition & Development of Land	Not Applicable	Not Applicable
b)	Documentation and other legal formalities	Not Applicable	Not Applicable
c)	Construction of Building and Civil Works	April 2003	May 2004
d)	Installation of Plant & Machinery and other equipments	August 2003	June 2004
e)	Trial run	-	July 2004
f)	Commercial Production	-	July 2004

APPRAISAL

The total requirement of funds has been estimated at Rs.1587.62 lacs. State Bank of India, Industrial Finance Branch, Kolkata has appraised the expansion project by way of addition of 4th Furnace having a capacity of 8.25 MVA for manufacturing 13,200 ton of High Carbon Silico Manganese and installation of SSM Converter for producing 6000 TPA of medium carbon ferro manganese for a total cost of Rs.1312.70 lacs. State Bank of India has vide its letter dated 02/12/2003 has sanctioned an amount of Rs.787.62 lacs as Term Loan towards the project. A sum of Rs.274.92 lacs out of the total

funding requirement which includes repayment of unsecured loans and public issue expenses has been estimated by the management of the Company.

DETAILS OF THE PROJECT:

The Company has set up a plant for manufacturing Silico Manganese and Ferro Manganese at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal. The Company initially set up two submerged Arc furnaces of 3.6 & 5 MVA rating in 1997-98 and the unit became fully operational in 1998-99. The Company 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. Encouraged by the demand for its products, the company has now proposed further expansion of its manufacturing facilities at the existing site 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 will be cost competitive compared to other similar units. The intended production of the 4th plant will be 13,200 tpa of HC Silico Manganese. The "SSM" Converter is being established to further process 6000 tpa of the existing output of HC Ferro Manganese into MC Ferro Manganese.

PRODUCT & ITS USES

The use of ferro alloys in the making of various types of carbon and alloy steels are essentially to impart certain physical and chemical properties in a particular grade of steel e.g. change in tensile strength, ductility, hardness, corrosion, resistance, wear resistance or abrasion resistance properties.

Ferro Alloys are also commonly used for deoxidation, desulphurisation 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.

MANUFACTURING PROCESS

The most common method of producing high carbon ferro alloys is in a submerged arc furnace where carbon in the form of coke or charcoal is used as a reductant to obtain a specific grade of ferro alloy. In manufacture of ferro alloys the major cost of the inputs apart from the ore content is the cost of electrical energy and hence, efforts have to be made to ensure that this cost is kept as low as possible. With a view to this, the Company proposes to convert the existing 33 KVA for the entire unit.

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%.

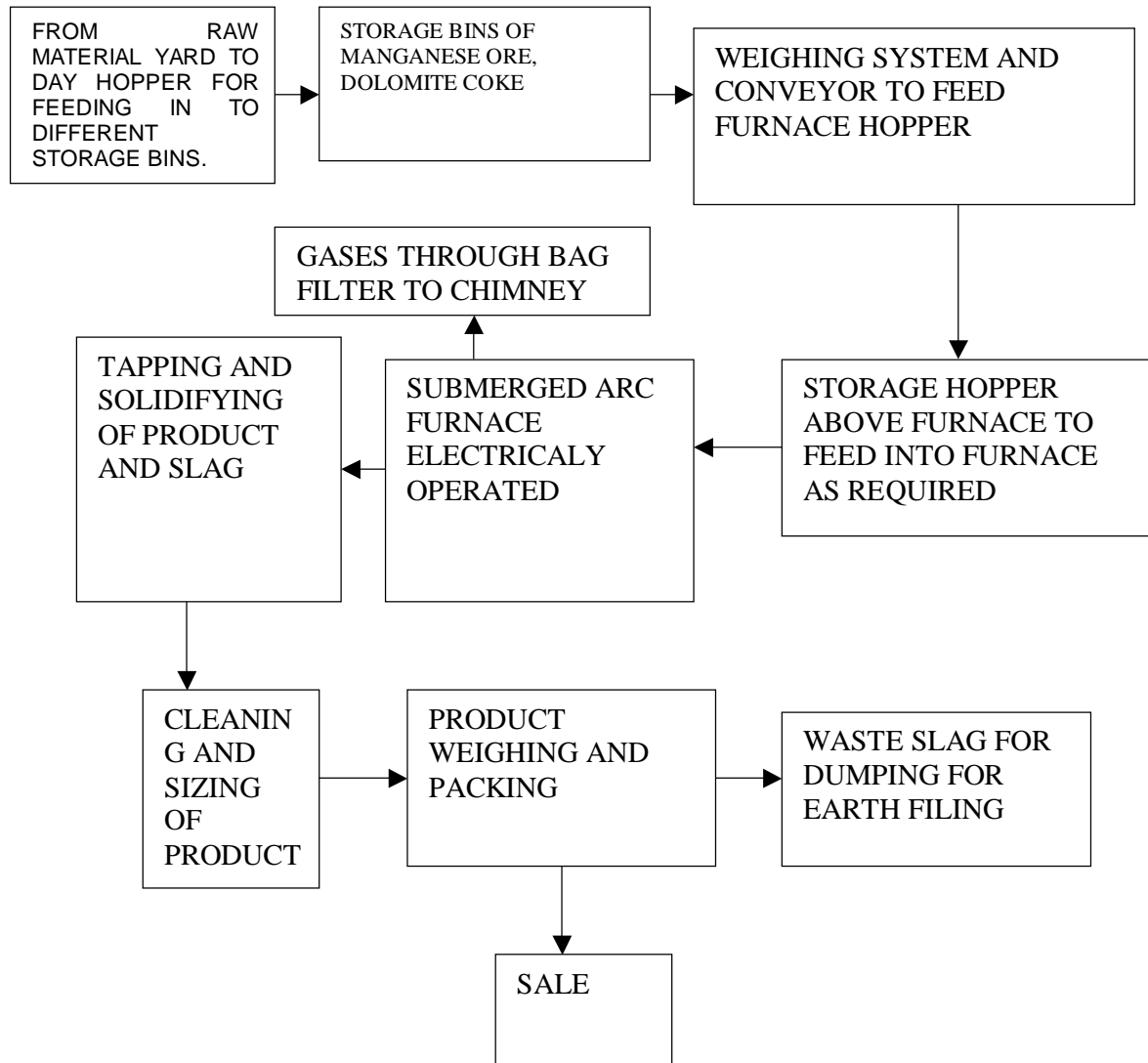
Brief Manufacturing Process of Ferro-Alloys Products (High Carbon/ Medium Carbon Ferro Manganese):

The basic raw materials for manufacturing of hereinabove captioned final products are Manganese Ore. The ingredients of stated raw material are manganese, iron, silicon, alumina, phorous and sulphur etc. The extraction of manganese takes place with the help of coke/coal. Dolomite and limestone technically known as flux are used in the process of manufacturing of fluidize the slag. 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. However, normally the materials are packed in 50 Kgs Gunny bags in rarely few cases, it is packed in other than 50 Kgs gunny bags.

**PROCESS FLOW CHART FOR MANUFACTURING OF FERRO ALLOY PRODUCTS
(i.e. High Carbon / Medium Carbon Ferro Manganese)**



INFRASTRUCTURAL FACILITIES

Location

The project is located at Kalyaneshwari, Dist.Burdwan in West Bengal near to the newly developed 4-lane Durgapur bypass expressway and having all industrial infrastructures like roads, power, water, communication and availability of the skilled manpower.

Transport Facilities

The project is an expansion of existing unit having developed land where necessary infrastructure is already available. It is near the newly developed 4-lane Durgapur bypass expressway. The site is only about 150 Kms from Kolkata being the largest city as well as largest port of the Eastern Region ensuring better operational control from head office.

Raw Material

The basic raw materials being Manganese Ores is available from mines at MOIL, Nagpur as well as private mines in Orissa; coal from the Raniganj, Jharia and Dhanbad mines which are within 200-250 Kms radius of the plant.

Manpower

Cheaper and skilled workforce is available as the area is a part of the steel belt in Eastern India.

Power

Power, a major component of cost of production, cost is easily available from the DVC. Earlier, the power was being drawn through 33 KVA line. Presently, arrangements are being made for drawing the entire power, both for the existing requirement as well as the proposed expansion through 132 KVA line. This is due to the fact that HVP tariff is 5% lower than the existing rates, thus reducing the overall power cost.

Water

Water is required both in the production process as also for drinking and sanitation requirements of the workers. The total water requirement shall be about 150cum per day and shall be sourced from tubewell.

Capacity & Capacity Utilisation

The actual and estimated/projected level of production, capacity utilization and sales volume are detailed in the statement given below:

	For the year ended						
	ACTUALS				PROJECTIONS		
	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07
	MT	MT	MT	MT	MT	MT	MT
Installed Capacity							
- Ferro Manganese	10200	18000	18000	18000	12000	12000	12000
- Silico Manganese	6800	12000	12000	12000	25200	25200	25200
- M/C Ferro Manganese	-	-	-	-	6000	6000	6000
Total MT	17000	30000	30000	30000	43200	43200	43200
Production							
Ferro Manganese	9001	13989	16619	15717	11700	11400	11100
Silico Manganese	5862	11580	10704	10304	20700	21360	22020
M/C Ferro Manganese	-	-	-	-	4500	4800	5100
Production MT	14863	25569	27323	26021	36900	37560	38220

Note: The furnaces are versatile in nature and can produce any of the above products. The installed capacity of the plant fully depends on the products intended to be manufactured which is market driven. Thus the installed capacity has been derived on assumed ratio of 40:60 between Ferro Manganese and Silico Manganese. The introduction of converter will reduce the capacity/production of the furnace with which it will be attached, so the projection is accordingly calculated.

DESCRIPTION OF INDUSTRY AND BUSINESS

MARKET

The proposed expansion project proposes to produce 13200 TPA High Carbon Silico Manganese and converting 6000 TPA of existing output of HC Ferro Manganese to Medium Carbon Grade at the

proposed unit. These are used in the iron & steel manufacturing processes for imparting specific qualities to the steel as per the requirement.

Ferro alloys are used in the production of iron and steel. It is used by the major integrated steel plants, and also the secondary steel manufacturers viz. induction & arc furnaces for manufacturing all grades of steel including structural tool grade and special steel. The ferro alloys are consumed mainly by the steel plants and foundries. The demand of the ferro alloys are, therefore, dependent on the demand of steel in the country. An attempt is made to assess the scenario of the demand for steel in India, from which the demand for Ferro alloy will be derived.

The present demand supply scenario of steel in the country is given below:

TABLE I: PRODUCTION TRENDS ('000 Tons)

YEAR	PIG IRON	SPONGE IRON	CRUDE STEEL	FINISHED STEEL
1996-97	3346	5009	24415	22743
1997-98	3416	5345	23480	23576
1998-99	3060	5180	24296	23887
1999-00	3193	5340	26924	27131
2000-01	3398	5481	26500	29529

TABLE II: PRODUCT WISE FINISHED STEEL CONSUMPTION('000 Tons)

YEAR	1996-97	1997-98	1998-99	1999-00	2000-01	% CAGR
Pig Iron	2910	2637	2782	2910	3177	2.2
Bars & Rods	7619	7588	7756	8407	9268	5.0
Plates	1622	1572	1602	1392	1833	3.1
HRC	4865	5109	5070	6446	7116	10.0
CRC	3071	3410	3319	4057	4196	8.1
GP/GC	951	1017	1045	1186	1107	3.9

TABLE III: DEMAND-SUPPLY SCENARIO OF STEEL ('000 Tons)

YEAR	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 (Nine months)
Production	22743	23576	23887	27131	29529	30611	23837
Imports	1565	1588	1132	1600	1433	1268	760
Exports	1687	1882	1787	2670	2911	3007	2570
Apparent Consumption	22621	23282	23232	26061	28051	28872	22027
% change in production		2.9	-0.2	12.2	7.6	3.66	4.9
% change in consumption		3.7	1.3	13.6	8.8	2.93	

(Source: India Infoline Jan 22, 2002 & Steel Scenario)

The main reason for growth in steel production and consumption in the country are as follows:

- Delicensing of the iron and steel sector
- Rationalizing and restructuring of customs duties and excise levies
- Deregulation of pricing and distribution of steel
- Greater autonomy to public sector
- Removal of freight equalization
- Liberalization of economy resulting in industrial growth in other sectors of economy, thus promoting the demand of steel within the country.

DEMAND:

According to Report appearing in the publication Steel Scenario Vol 12/Q1, the total production of all ferro alloys during the year 2000-2001 was 898518 tons of which 269,527 tons was exported. The production of both High Carbon and Medium Carbon ferro Manganese & Silico Manganese during the past five years was as follows:

(lac tons)

Particulars	00-01	99-00	98-99	97-98	96-97
Production:					
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 Silico Manganese	2.76	2.33	1.93	1.98	1.75
LC Silico Manganese					0.02

The ferro alloys production is dependant on production of steel. There has been an average growth of 9.69% in the production of steel between 1992-93 and 1998-99. Considering the econometric relationship between the production of steel and requirement of ferro alloys, the growth rate of ferro alloys per annum is 7.64% per annum. Based on above the ferro alloys production is expected to grow 10.6 lac tons by 2004-05.

The country is also a major exporter of ferro alloys and the following table gives details of exports in the past 5 years.

(Tons)

Product	2000-01	1999-00	1998-99	1997-98	1996-97
HC Ferro Manganese	5723	200	15766	991	1100
Silico Manganese	86798	63708	54022	56192	41961

PROJECTED DEMAND SUPPLY GAP:

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

SILICO MANGANESE

Present Demand	2,35,974
Present Availability	1,99,210
Demand Supply gap	46,764

FERRO MANGANESE

Present Demand	2,11,113
Present Availability	1,69,269
Demand Supply gap	41,844

With the demand growing at 7.64% per annum the D-S Gap will increase to 57,973 and 75,334 tons in the next two years. In view of the above, proposed expansion of 13,200 tpa is required to partially meet the demand supply gap.

V. COMPANY, MANAGEMENT AND PROJECT

Brief History of the Company:

The Company has been incorporated on June 07, 1995 with its registered office at 35, Chittaranjan Avenue, Kolkata – 700 012 with the intention to set up a plant for manufacturing Silico Manganese and Ferro Manganese. The Company has been promoted by Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni, Mr. Naresh Kumar Jain and Mr. Virendra Kumar Jain. The registered office of the Company is situated at 35, Chittaranjan Avenue, Kolkata – 700 012. In the year 1997-98, the Company set up two numbers submerged Arc furnaces of 3.6 & 5 MVA rating plant for manufacturing Silico Manganese and Ferro Manganese at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal. For the project, the Company was sanctioned a term loan of Rs.6 crores by IDBI, Rs.2 crores by SBI and Rs.1 crore by PNB. The Company was also sanctioned fund based and non-fund based limits of Rs.1.09 crores and 0.82 crores by SBI and PNB under a

consortium arrangement for meeting its working capital requirements. 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 said expansion was financed jointly by BOB and PNB. In view of the expansion and resultant increase in the Company's working capital requirement, limits were enhanced with the induction of BOB in the consortium to an aggregate fund based working capital limit of Rs.7.50 crores and non-fund based working capital limit of Rs.8.40 crores.

The company has been awarded ISO 9002 certification for manufacture and supply of different types of ferro alloy metals like ferro-manganese, silico-manganese and ferro chrome.

The Company has explored export market for their products. The Company has started supply of its products to a few reputed customers. In the last financial year the company achieved export turnover of Rs.1227.44 lacs.

The past performance of the unit has shown a growing trend of sales and profits. Encourage with the market acceptance for its products (due to its quality ISO 9002) and the growing demand for ferro alloys by the consuming industry, both in the domestic and export sectors, the company has decided further expansion of its manufacturing facilities at the existing site 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 will be cost competitive compared to other similar units.

Main Objects of the Company:

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 any other ferrous and non-ferrous metals.
- c) To manufacture fabricate , refine , market , prepare , import , export, buy , sell, and deal in steel ingots, wires ,wares, utensils, 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, agent, brokers, commission agent, assemblers, packers, stockists, distributors, hire purchaser and dealers , of and any kind 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-beam, elevator, guide channels, flats, slabs, I-beams, H-beams, rails , joint , 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 product 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 requisite including manhole frames and covers graftings and ladders, ventialators, 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 opinion ,

tube- wheels pump parts and other general and special castings. To carry on the work of mechanical and electrical engineers and to run a work shop to undertake and execute all types 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 tubes, hume pipes, oxygen lancing pipes, steel tubular poles, fittings, including valves, cokes, flangers, coupling clamps, stainless steel seamless, boiler, galvanized of all ferrous and non ferrous material , iron steel , malleable, brass, copper, aluminium, 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 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, restaurant, market, shop, workshops, mills , factories, warehouses, coldstorages, wharves, godowns, hotels, hostels, garden, 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 tenant 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 u nits and to act as architect consultant , designers, developers, builders, contractor, estate agent, merchants and dealers in building requisites and materials.
3. To carry on business buyers, sellers, suppliers, traders, merchants, importers, exporters, indentors, brokers, agent, commission agent, carries or in any other capacity assemblers, packers, stockists, distributors, hire purchaser and dealers , of and any kind of ferrous and non-ferrous metals, industrial and other wastes and by product , consumer goods , household goods, cosmetic goods, hardware stores, plant and 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 and jute products, cement, chemicals, plastics, building materials, jewellery, ornaments, bullion , gold and silver ornaments, precious stones, real estate, wires, cables, 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 product, pesticide, fungicides, insecticides, food grain , 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 product, processed minerals including granite, explosive and graphite, glass and glass wares, refractories, surgical and scientific apparatuses, 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 any part of the world.

4. To carry on business of importers and exporters of all commodities, goods, services, and to act as import and export house, advisers, consultant for import and exports, indenting agents, sellers and purchaser of licenses, resale orders, permits, quotas, entitlements and to enter into joint venture agreements.

Present Business:

The Company is presently engaged in the business of manufacturing ferro manganese and silico manganese. The Company has set up a plant at Kalyaneswary, Mouza Debipur, near Kulti, District Burdwan, West Bengal with an installed capacity of 19500 MT and 25000 MT of silico manganese and ferro manganese respectively. The Company has been successfully running its operations since last 5 years.

VI. PROMOTERS AND THEIR BACKGROUND

The main Promoter Directors of the company are Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni, Mr. Naresh Kumar Jain and Mr. Virendra Kumar Jain who are financially and technically sound to execute the proposed project. They also have the requisite experience in this industry having successfully run the company's three furnaces since their installation in 1996.

Mr. Vimal Kumar Patni,



Voter ID Number : WB/18/113/054744
Driving License Number : Not available
Permanent Account Number: AEVPP4117L
Passport Number: T-872870
Bank Account Number: SB-211729
Punjab National Bank, 31, C. R. Avenue, Kolkata-700 012

son of Shri Dharam Chand Patni is about 54 years old and a Graduate in Commerce. He has more than fourteen years experience in trading of ferro alloys. He set up the group's first ferro alloys manufacturing unit under the name and style of M/s Impex Ferro Tech Limited in 1998. He looks after the day to day operation of the company.

Mr. Suresh Kumar Patni,



Voter ID Number : Not Available
Driving License Number : WB-01-251116
Permanent Account Number: AESPP2029L
Passport Number: E2986035F
Bank Account Number: SB 106707
Bank of Baroda, C. R. Avenue (S) Branch, Kolkata

son of Shri Dharam Chand Patni is about 43 years old and a Graduate in Commerce. He has more than fifteen years experience in trading of ferro alloys as Director of Impex Metal & Ferro Alloys (P) Ltd. He is also associated with IFTL since 10.06.1995 as a director. He will look after the company's marketing aspects mainly due to his long association with the main bulk ferro alloys consumers.

Mr. Naresh Kumar Jain,



Voter ID Number : Not available
Driving License Number : WB-19-037588
Permanent Account Number: ACSPJ7066M
Passport Number: B-3056041
Bank Account Number: SB-210366
Punjab National Bank, 31, C. R. Avenue, Kolkata-700 012

son of Shri Dharam Chand Patni is about 38 years old and a Graduate in Commerce and Law. He is a member of the Institute of Chartered and Cost & Works Accountants of India. He will look after company law matters, Accounting matters and financial management of the company.

Mr. Virendra Kumar Jain,



Voter ID Number : Not Available
Driving License Number : WB-19-043379
Permanent Account Number: ACVPJ5117E
Passport Number: Not Available
Bank Account Number: SB-010214582
Punjab National Bank, 31, C. R. Avenue, Kolkata-700 012

son of Shri Dharam Chand Patni is about 32 years old and a Bachelor in Civil Engineering. He looks after Production and Factory management of the company.

BOARD OF DIRECTORS

Name, Address and Designation	Age (years)	Other Directorship
Mr. Vimal Kumar Patni S/o Sri Dharam Chand Patni 227/1A, A. J. C. Bose Road, Kolkata-700 020 Chairman	54 years	<ul style="list-style-type: none"> • Vikash Metal & Power Limited • Impex Infotech Limited • VSN Agro Products Pvt. Ltd. • Dhodwala Enterprises Pvt. Ltd. • Impex Industries Limited
Mr. Suresh Kumar Patni S/o Sri Dharam Chand Patni 15, Burdwan Road, Kolkata-700 027 Managing Director	43 years	<ul style="list-style-type: none"> • Impex Metal & Ferro Alloys Pvt. Ltd. • Rohit Ferro Tech Pvt. Ltd. • Ankit Steel Works Pvt. Ltd. • Patni Ferro Tech Pvt. Ltd. • VSN Agro Products Pvt. Ltd. • Impex Industries Limited • Panchmukhi Agrochem Pvt. Ltd. • Invesco Finance Pvt. Ltd. • Sunavi Trading & Investment Co. Pvt. Ltd. • Greetamax Estate Pvt. Ltd. • Nutech Multimax Pvt. Ltd. • Pioneer Multimax Pvt. Ltd. • Poddar Mechtech Services Pvt. Ltd. • Subham Complex Pvt. Ltd. • Sunrise Ferro Alloys Pvt. Ltd.
Mr. Virendra Kumar Jain S/o Sri Dharam Chand Patni 47/1A, S. N. Roy Road, Kolkata-700 038 Whole Time Director	33 years	<ul style="list-style-type: none"> • Impex Cement Pvt. Ltd.
Mr. Naresh Kumar Jain S/o Sri Dharam Chand Patni 97, Diamond Harbour Road, Kolkata-700 038	38 years	<ul style="list-style-type: none"> • VSN Agro Products Pvt. Ltd. • Patni Metal & Ferro Alloys Pvt. Ltd. • Impex Industries Limited
Mr. Prem Narayan Khandelwal S/o Late Satyanarayan Khandelwal C/1/63, Sector-3, Devendra Nagar, Raipur M.P.	55 years	NIL
Mr. Vijay Mal Lodha S/o Late Mangimal Lodha 4, Sir R. N. Mukherjee Road, Kolkata-700 001	60 years	<ul style="list-style-type: none"> • Jay Vijay Metal Udyog Limited • Kusum Electrical Industries Limited
Mr. Chatter Singh Dugar S/o Sri Chainroop Dugar 5, S. R. Das Road, 3 rd Floor, Kolkata-700 026	53 years	<ul style="list-style-type: none"> • Gaurav Agencies Pvt. Ltd. • Glorex Business Pvt. Ltd.

VII. KEY MANAGEMENT PERSONNEL

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 and Address	Designation	Qualification(s)	Date of Joining	Experience in years	Previous Employment
1.	Vijay Kr. Jain(Patni) Argya Aparment 1G, 2 nd Floor Burnpur Road, Asansole	CEO	B.Com	10.04.2003	-	None
2.	J. P. Tapuriah 96B, Ashutosh Mukherjee Road, Kolkata-700 025	Vice President (Technical)	B. Tech Diploma in Management	01.04.2004	40	Working as consultant for Steel & Ferro Alloys
3.	Pradip Kumar Agarwal Mainak Apartment, Flat- 2B 50, Baguiati Road, Kol-28	Company Secretary	B.Com A.C.S.	15.07.2003	7	Besco Limited 8, Anil Maitra Road, Kol-19
4.	Suryanarayan S. Kanchibail Impex Ferro Tech Colony Kadavita Dendua Road P.O.- Kalyaneshwari, Kulti Dist- West Bengal	G.M (Works)	BSC	18.10.1998	20	Jalan Ispat Casting Ltd. Megh Nagar, Dist-Jhabua Madhya Pradesh
5.	K.K.Patnayak P-11, Niva Park Extn Brahmpur-, Kol-96	GM (Sales/MkT)	B.Com	01.12.2003	24	Balasure Alloys Ltd Park Plaza 74, Park Street, Kolkata
6.	Pravin Kumar Sirohia 5B, Sarang Lane, 1 st Floor, Kolkata-700 014	DGM (Finance & Accounts)	B. Com, ACA	10.04.2003	6	M. K. Doshi & Co., Kolkata
7.	Ram Sunder Singh Dendua, P.O.- Salanpur Dist- West Bengal	DGM (Comm.)	BSC, ICWAI(Int)	10.01.1998	12	Pearl Polymers Limited Mahad Industrial Area Dist- Raigarh, Maharashtra
8.	Rabindra Nath Roy Impex Colony Kadavita Dendua Road P.O.- Kalyaneshwari, Dist- Burdwan	DGM (Maint.)	BE (Elec.)	01.12.2003	13	Shyam Ferro Alloys Ltd. Durgapur, West Bengal
9.	Surendra Km Sharma EF-16, Jangra South Hatiyara Road Bafuiti, Kolkata-700 059	Sr. Manager (Purchase)	B. Com	10.04.2003	6	None
10.	R.N.Singh Impex Colony Kadavita Dendua Road P.O.- Kalyaneshwari, Dist- Burdwan	Sr. Manager (P&A)	-	20.07.2003	-	-
11.	P.N.Singh Impex Colony Kadavita Dendua Road	Sr. Manager Logistic/Inv.	B.A.	01.07.1998	28	Nipha Steel Limited Srirampur,

	P.O.- Kalyaneshwari, Dist- Burdwan					Dit-Hoogly, W.B.
12.	Vikash Mundhra 37, Canning Street, 5 th Floor, Kolkata-700 001	Manager (Accounts)	B. Com	01.04.2004	5	Baheti Exports Ltd.
13.	Pravesh Kumar Rathi R. S. Dag No. 156, Bdapara, P. O. Krishnapur, Salt Lake, Sector-V, Maheshdathan, Kolkata-700 102	Asst. Manager (Purchase)	B. Com (Hons.)	01.04.2004	3	Super Electric Co.

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

CORPORATE GOVERNANCE & SUB-COMMITTEES

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the company immediately on the listing of the shares on the aforesaid Stock exchange. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on corporate governance as would be applicable to it upon the listing of its shares as well as any requirements of the Stock exchange concerned with regard to Corporate Governance before the grant of the listing permission by the stock exchange.

To comply with the SEBI Guidelines in relation to corporate governance the Issuer company have already appointed one independent additional director Mr. Prem Narayan Khandelwal in the Board of Directors of the company with effect from 12.04.2004. As the Chairman of the company is non-executive one third of the Board of Directors should comprise of independent directors. The Issuer Company has already formed the following committees as per the SEBI Guidelines.

Audit Committee

The audit committee will be chiefly responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment and removal of external auditors and reviewing the accounts with management before submission to the Board. The composition of Audit committee is as follows:

Chairman: Mr. Vijay Mal Lodha (Non Executive / Independent Director having financial & accounting knowledge).

Members: Mr. Naresh Kumar Jain (Non Executive)
Mr. Chatter Singh Dugar (Non Executive / Independent Director)

Joined: Mr. Pradip Kumar Agarwal on 01-12-03 as Secretary of the Committee

The Statutory Auditor and the Company Secretary also attend the Audit Committee meetings.

Share Transfer-cum-Investors Grievance Committee

This committee will specifically look into the redressing the shareholder and investor complaints like transfer of shares, non-receipt of the declared dividends etc.

The Share Transfer -cum-Investors Grievance Committee consists of :

Chairman: Mr. Chatter Singh Dugar

Members: Mr. Suresh Kumar Patni
Mr. Naresh Kumar Jain

The Company Secretary of the Company, Mr. Pradip Kumar Agarwal, assists this meeting and attends its meetings.

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.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS.

SUMMARY OF PAST RESULTS FOR THE LAST THREE YEARS

Rs in Lacs

PARTICULARS	For the year ended (Audited)		
	31.03.2002	31.03.2003	31.03.2004
Sales	5676.26	6373.56	7200.63
Other Income	169.55	361.49	179.63
Increase in stock	525.35	42.51	20.78
Total Income	6371.16	6777.56	7401.04
Raw Materials Consumed	1484.97	1576.71	1891.79
Staff Cost	22.17	24.82	32.24
Other manufacturing expenses	3936.71	4068.00	4313.09
Administrative, Selling and Other Expenses	162.43	309.77	326.70
Total Expenditure	5606.28	5979.30	6563.82
Net profit before interest, depreciation, Tax and Extraordinary items.	764.88	798.26	837.22
Interest	353.17	362.25	363.03
Depreciation	117.48	132.45	130.18
Net Profit before tax and Extraordinary items	294.23	303.56	344.01
Provision for Taxation	(22.40)	(24.00)	(25.00)
Provision for Deferred Tax	-	(102.91)	(77.20)
Extraordinary items (net of tax)	-	-	-
Net Profit after Extraordinary items	271.83	176.65	241.81

Note: The Figures given above has been reclassified, rearranged and re-casted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.

Details of other income

(Rs. in Lacs)

Particulars	For the year ended		
	31.03.2002	31.03.2003	31.03.2004
Other Income			
Commission & Fees Received	146.11	233.47	43.12
Income from DEPB	16.91	117.04	123.63
Interest & others	6.53	10.98	12.88
Total	169.55	361.49	179.63
Profit before tax	294.23	303.56	344.01
Percentage	57.62	119.08	52.22

There are no significant change in the items of income and expenditure and there were no unusual or infrequent events or transaction; significant economic changes that materially affected or are likely to effect income from continuing operations.

Analysis of reasons for changes in significant items of income and expenditure

2001-02

The company achieved income from operations of Rs.5845.81 lacs during the year 2001-02 as compared to 3616.06 lacs for the previous year showing an impressive increase of 61.66%. The net profit before taxes also increased to Rs.294.23 lacs as compared to Rs.186.69 lacs for the previous year showing an increase of 57.60%.

2002-03

The company achieved income from operations of Rs.6735.05 lacs during the year 2002-03 as compared to Rs.5845.81 lacs for the previous year showing an increase of 15.21%. The net profit before taxes also increased to Rs.303.56 lacs as compared to Rs.294.23 lacs for the previous year showing an increase of 3.17%. During the year the production of Ferro Alloys was 27323 MT as compared to previous year production of 25569 MT. During the year all the financial commitment including repayment of loan installment were met in time. Liquidity throughout the year was comfortable even after meeting financial commitment and contribution made towards capital expenditure. The company has no unpaid or unclaimed deposit at the end of the year. For the year under consideration the net profit after tax of the company fell compared to previous year due to increase in freight & forwarding charges and provision for deferred taxation in compliance with the Accounting Standard 22.

2003-04 and onwards

The company achieved income from operations of Rs.7380.27 lacs during the year 2003-04 as compared to Rs.6735.06 lacs for the previous year showing an increase of 9.58%. The net profit before taxes also increased to Rs.344.02 lacs as compared to Rs.303.56 lacs for the previous year showing an increase of 13.33%.

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions.

Significant Economic Changes that materially affect or are likely to affect income from continuing operations.

Any change in the Government policy with respect to Ferro Alloys will have a major effect on the operations as well as the profitability of the Company. However, Government of India has identified Ferro Alloys as a major ingredient used in the production of iron and steel industries and major integrated steel plants and also the secondary steel manufacturers and incentives are being provided to encourage the industry. Hence, the company does not foresee any adverse policy changes that could be detrimental to the growth of this industry.

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.

Future changes in relationship between costs and revenue in case events such as labour or material costs or prices that will cause a material change are known

As the Company is an existing company its revenues are linked to the quality of its products and effective marketing network also provide sufficient cushion for unforeseen contingencies. There are no material changes expected in costs and revenues in the near future.

Total turnover of the industry

The total turnover of the Ferro Alloys Industry for the Financial Year 2003-2004 is approximately Rs.3000 crores. There is no authenticated source as large number of units are in the unorganized sector.

Status of any publicly announced new products or new segments

There are no new products introduced by the company in the past one year.

The extent to which the business is seasonal

The business in which company is engaged is not seasonal.

Any significant dependence on a single or few suppliers or customers.

The company does not significantly depend on a single or few suppliers or customers.

Competitive conditions

A close look at the global business scenario reveals that the Ferro alloy business has become increasingly complex and competitive. It needs to be emphasized that effective management of information, customer centric operation and simplification of business processes is the need of the hour. However, the company with its inherent strengths like existing client base and experienced, trained manpower, common and simple manufacturing process and upgraded plant and machinery is confident of facing such competition.

MATERIAL DEVELOPMENT

The Board of Directors declare that in their opinion, there has not arisen any circumstances since the date of last financial statement, as disclosed in the prospectus that materially and adversely affects or is likely to affect the trading or profitability of the company, or value of its assets, or its ability to pay its liabilities within the next 12 months.

IX. FINANCIAL INFORMATION OF GROUP COMPANIES / OTHER VENTURES:**DHODWALA ENTERPRISES PVT. LTD.**

Dhodwala Enterprises Pvt. Ltd. was incorporated on 04.12.1995 under the Companies Act 1956 as a private limited Company. The Company was incorporated with the main object of manufacturing and dealing in all types of minerals, alloys and ferro alloys. The company is presently not carrying on any business activity. More than 90% of the total Assets of the company has been deployed in the shares of IFTL. The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

Particulars	Year ending 31.03.2004	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	95.03	61.79	49.52	49.52
Reserves (excluding revaluation reserves)	138.07	5.08	0.07	0.06
Total Income	0.36	0.17	0.13	0.13
Profit After Tax (PAT)	0.04	0.01	0.01	0.02
Earnings Per Share (EPS) in Rs.	0.00	0.00	0.00	0.00
Net Asset Value (NAV) per share in Rs.	24.48	10.79	10.00	10.00

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

PATNI METALS & FERRO ALLOYS PVT. LIMITED

Patni Metals & Ferro Alloys Pvt. Ltd. was incorporated on 16.11.1995 under the Companies Act 1956 as a private limited Company. The Company was incorporated with the main object of manufacturing ferrous and non-ferrous metals, minerals, alloys and ferro alloys. The company is presently not carrying on any business activity. More than 90% of the total Assets of the company has been deployed in the shares of IFTL. The financial overview of the company is as follows:

Particulars	(Rs. in lacs) (Audited)			
	Year ending 31.03.2004	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	97.54	77.50	49.52	49.52
Reserves (excluding revaluation reserves)	80.70	0.32	0.17	0.09
Total Income	3.27	4.17	3.80	2.42
Profit After Tax (PAT)	0.22	0.15	0.08	0.02
Earnings Per Share (EPS) in Rs.	0.02	0.02	0.02	0.00
Net Asset Value (NAV) per share in Rs.	18.23	10.00	10.02	10.00

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

VSN AGRO PRODUCTS PRIVATE LIMITED

VSN Agro Products Pvt. Ltd. was incorporated on 07/11/1996 under the Companies Act 1956 as a private limited Company. The Company was incorporated with the main object of carrying out business in agro products. The company is presently not carrying on any business activity. More than 90% of the total Assets of the company has been deployed in the shares of IFTL. The financial overview of the company is as follows:

Particulars	(Rs. in lacs) (Audited)			
	Year ending 31.03.2004	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	93.08	62.78	59.78	59.78
Reserves (excluding revaluation reserves)	121.33	0.07	0.06	0.05
Total Income	0.29	0.09	0.08	0.10
Profit After Tax (PAT)	0.07	0.01	0.01	0.01
Earnings Per Share (EPS) in Rs.	0.01	0.00	0.00	0.00
Net Asset Value (NAV) per share in Rs.	22.99	9.99	9.99	9.98

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

IMPEX CEMENTS PVT. LTD.

Impex Cements Pvt. Ltd. was incorporated on 13.12.1991 under the Companies Act 1956 as a private limited Company. The Company was incorporated with the main object of carrying out business in cement & cement products. The company is presently not carrying on any

business activity. More than 90% of the total Assets of the company has been deployed in the shares of IFTL. The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

Particulars	Year ending 31.03.2004	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	105.79	89.47	49.67	49.67
Reserves (excluding Revaluation reserves)	65.34	0.01	0.00	0.00
Total Income	0.40	0.45	0.20	0.35
Profit After Tax (PAT)	0.06	0.00	0.01	0.01
Earnings Per Share (EPS) in Rs.	0.01	0.00	00.00	00.00
Net Asset Value (NAV) per share in Rs.	16.13	9.95	9.97	9.97

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

KALYANESWARY METALS PVT. LTD.

Kalyaneswary Metals Pvt. Ltd. was incorporated on 04.12.1995 under the Companies Act, 1956 as a private limited Company. The Company is presently engaged in the manufacturing of silica ramming mass, which is used in lining of furnaces. The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	95.06	95.06	95.06
Reserves (excluding Revaluation reserves)	2.80	1.51	0.31
Total Income	50.58	43.90	34.56
Profit After Tax (PAT)	1.29	1.20	0.13
Earnings Per Share (EPS) in Rs.	0.14	0.13	0.01
Net Asset Value (NAV) per share in Rs.	10.22	10.12	9.98

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

IMPEX METAL & FERRO ALLOYS PVT. LTD.

Impex Metals & Ferro Alloys Pvt. Ltd. was incorporated on 31.05.1991 under the Companies Act 1956 as a private limited company. The company is trading and import of metals and minerals. The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

Particulars	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	152.65	152.65	124.25
Reserves (excluding Revaluation reserves)	83.70	49.05	18.17
Total Income	6303.03	3868.73	3064.96
Profit After Tax (PAT)	35.78	13.38	5.55
Earnings Per Share (EPS) in Rs.	23.44	8.77	4.47
Net Asset Value (NAV) per share in Rs.	154.83	132.12	114.60

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

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. The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

Particulars	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Share Capital (Rs.10/- each)	174.28	5.00	-----
Reserves (excluding Revaluation reserves)	0.00	0.00	-----
Total Income	42.65	0.00	-----
Profit/(Loss)After Tax (PAT)	(82.99)	0.00	-----
Earnings Per Share (EPS) in Rs.	(4.76)	0.00	-----
Net Asset Value (NAV) per share in Rs.	5.14	(5.44)	-----

Note:- Since the Company was formed on 03.12.2001, figures pertaining to year ending on 31.03.2001 are not applicable.

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues except default towards repayment of term loan installments of Rs.28.56 lacs to WBIDC. The total outstanding amount of loan including interest as on 31.03.2004 is Rs.228.37 lacs. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

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 22.01.2003. The Company is presently engaged in the business of manufacturing sponge iron. The Company has set up a 100 TPD capacity sponge iron plant at Parodia, dist.Purulia which has started production from August 2003. The Company has also set up a further kiln of 100 TPD with a capital outlay of Rs.1722.87 lacs which is at the advanced stage of the completion. The project is being partly financed by Bank of India and Central Bank of India who have sanctioned a term loan of Rs.920 lacs towards the project.

The financial overview of the company is as follows:

(Rs. in lacs) (Audited)

Particulars	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	199.97	22.67	22.67
Reserves (excluding Revaluation reserves)	1.78	2.46	1.43
Total Income	9.86	77.61	66.42
Profit After Tax (PAT)	(0.18)	1.04	00.62
Earnings Per Share (EPS) in Rs.	0.01	0.46	0.28
Net Asset Value (NAV) per share in Rs.	9.93	11.04	10.58

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

ROHIT FERRO-TECH PVT. LIMITED

Rohit Ferro-Tech Pvt. Ltd. was incorporated on 07.04.2000 under the Companies Act 1956 as a private limited Company. The main business of the company is manufacturing of High Carbon Ferro Chrome. The Company has set up 2 submerged arc furnaces of 7.5 MVA and other allied plant & machinery to produce high carbon Ferro Chrome with an overall capital expenditure of Rs.2310 lacs at Bishnupur, Bankura District (West Bengal). The project has been partly financed to the extent of Rs.1200 lacs by SBI, N. S. Road Commercial Branch, Kolkata. The plant has started commercial production in October 2003. The financial overview of the company is as follows:

Particulars	(Rs. in lacs) (Audited)		
	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	601.42	0.02	0.02
Reserves (excluding Revaluation reserves)	0.02	0.00	0.00
Total Income	0.33	0.00	0.00
Profit After Tax (PAT)	0.02	0.00	0.00
Earnings Per Share (EPS) in Rs.	0.00	0.00	0.00
Net Asset Value (NAV) per share in Rs.	9.92	(97.70)	(78.83)

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

ANKIT STEEL WORKS PRIVATE LIMITED

Ankit Steel Works Private Limited was incorporated on 07.08.2002 under the Companies Act 1956 as a private limited Company. The Company is setting up 350 TPD plant of sponge iron at Jorehira, Bankura District with a capital outlay of Rs.2800 lacs. The plant is expected to commence commercial production by October 2004.

The financial overview of the company is as follows:

Particulars	(Rs. in lacs) (Audited)		
	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Equity Capital	1.00	-----	-----
Reserves (excluding Revaluation reserves)	0.00	-----	-----
Total Income	0.00	-----	-----
Profit After Tax (PAT)	0.00	-----	-----
Earnings Per Share (EPS) in Rs.	0.00	-----	-----
Net Asset Value (NAV) per share in Rs.	3.54	-----	-----

Note:- Since the Company was formed on 07.08.2002, figures pertaining to year ending on 31.03.2002 and 31.03.2001 are not applicable.

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

NIKITA METALS PRIVATE LIMITED

The Company was incorporated on 02.07.2003. The Company is setting up a plant to manufacture 2075 TPA of M.S. Ingot at Maheshpur, Kadavita Dendua Road, Kalyaneshwari, Dist-Burdwan with an overall investment of Rs.546 lacs. There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

NIKITA ART MOVIES

It is a proprietorship firm of Mr. Naresh Kumar Jain. The firm is incorporated in the year 2003 and is engaged in the production of T.V. Serials, Films and distribution of films. The firm is yet to prepare any financial statements.

IMPEX INDUSTRIES

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 Ferro Silicon. The financial performance of the firm for the last 3 years are as follows:

(Rs. in lacs)

Particulars	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Turnover		5.25	8.95
Profit/ (Loss) Before Tax	(0.30)	(2.30)	(2.58)
Proprietor's Capital Account	(2.11)	(3.29)	(0.74)

IMPEX MINERAL & CHEMICAL CO.

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. The financial performance of the firm for the last 3 years are as follows:

(Rs. in lacs)

Particulars	Year ending 31.03.2003	Year ending 31.03.2002	Year ending 31.03.2001
Turnover		7.97	30.67
Profit/ (Loss) Before Tax	(1.52)	1.57	2.00
Proprietor's Capital Account	(7.77)	(4.80)	(4.64)

LISTED VENTURE OF THE PROMOTERS:

The promoters do not have any other venture that is listed on the stock exchanges.

X. BASIS FOR ISSUE PRICE

Qualitative factors

- An existing profit making company with a track record of consistent profitability for last 5 years.
- The promoters have experience of more than a decade in the Ferro alloys business.
- One of the fastest growing company in the ferro alloy sector in eastern India with a turnover of more than Rs.72 crores for the year ended 31.03.2004.
- The expansion plan of the company is aimed to boost the current operations and enhance export possibilities.

Quantitative factors

Adjusted Earning per Share (EPS)	
Year	EPS
2001-02	2.20
2002-03	1.41
2003-04	1.68
Weighted Average	1.68

Price/Earning Ratio (P/E) in relation to Issue Price	5.95
Based on pre issue EPS at Issue Price of Rs 10 /-	
Industry P/ E	
Highest	74.7
Lowest	2.00
Average	19.40
Return on Net Worth	
Year	RONW (%)
2001-02	14.41%
2002-03	9.25%
2003-04	9.94%
Weighted Average	10.46%
Minimum Return on Total Net Worth after Issue needed to maintain EPS at Rs 1.68	12.73%
Net Asset Value (NAV)	Rs.
(a) As at 31.03.2004	14.89
(b) After issue	13.20
(c) Issue price	10.00

Note

Comparison of the accounting ratios of the Issuer Company as mentioned above with the industry average with the accounting ratios of the peer group (i.e. companies of comparable size in the same industry) for the year ending 31st March 2003 is as follows.

Particulars	Company	Peer Group*			Industry
		Shyam Ferro Alloys Limited	Maithon Alloys Ltd.	Bhaskar Shrachi Alloys Ltd.	
Face value per share (Rs.)	10.00	10.00	10.00	10.00	Ferro Alloys
E P S (Rs.)	1.41	0.83	1.94	(2.74)	
P E Ratio	7.09	12.05	5.15	-	
Return on net worth(%)	9.25	6.86	10.77	(26.86)	

* Source: Audited financial statements for the financial year 2002-03.

XI. OUTSTANDING LITIGATIONS OR DEFAULTS

1. There are no litigations, overdues, defaults to the Financial Institutions/Banks, reschedulement of Loans to Banks/FI's by the Company (except reschedulement of two installment of Rs.20 Lacs each of Bank of Baroda). There are also no pending offences of non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposit holders and arrears of cumulative preference shares by the promoters of the Company and by the Companies/firms promoted by the promoters except as mentioned below.
2. There are no cases of litigations pending against the Company or against any other company whose outcome could have a materially adverse effect on the position of the Company.
3. There are no pending litigation's against the Promoters / Directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
4. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and Firms promoted by the promoters.
5. There are no outstanding litigation's, disputes pertaining to the matters likely to affect the operations and Financials of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
6. There are no litigation's outstanding against the Promoters/Directors in their personal capacity. The Company, its promoters and other Companies with which promoters are associated have neither suspended by SEBI nor any disciplinary action has been taken by SEBI. There are no prosecution launched by Income Tax Authorities and no liability compounded by the

Promoters/Company/Companies/Ventures with which the Promoters are associated is subsisting.

7. There are no cases of pending litigation/default in respect of the firms/Companies with which the Promoters are associated in the past but are no longer associated

A) Suits filed against the Company

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	Commissioner of Central Excise - Bolpur	C.No. V (15)49/Adjn/CE/BO L/03 dated 18/12/2003	Show cause notice issued by the department demanding excise duty to the tune of Rs.79.30 Lacs for the period July 2000 to March' 2003 on sales tax amount claimed by the company under sales tax remission scheme at per the Bengal Incentive Scheme 2000.	Company is yet to make suitable representation before the appropriate authority	79.30
2.	Commissioner of Central Excise - Bolpur	C.No. I (22) 14/A.E. Bol/2002/1813 dated 02.05.03	Shortage of finished goods found by the department and has issued a show cause involving demand of duty for Rs. 510592	The Company has deposited Rs 5 Lacs towards the duty and filed their reply on 18.08.03 protesting the demand as unjustified as the department has not considered the whole stock of goods.	5.10

B) Cases filed by the Company:

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	High Court, Kolkata	Writ Petition no. 11804 (w) of 2003	The Railway has raised demand of freight on excess material found at unloading station. The Company has paid the demand under protest due to shortage of material at factory and filed a WP in High Court	The case is pending for hearing	25.96

C) Cases Against Group Companies / Firms:

Vikash Metal & Power Limited

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	ACCT – Dharmatala Circle, Kolkata	118/F/02-03	Unjustified demand from the Sales tax department towards tax, interest for the 4 Q.E. 31.03.2001 vide order dated 27.06.03	An appeal before the ACCT is filed on 01.09.03 which is pending for disposal	2.01

Impex Metal & Ferro Alloys Pvt. Ltd.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	AD Comm. (Commercial Taxes), Beliaghata Road, Kolkata	Application for Settlement for the disputed tax wbst from 04.11.91 to 02.01.92	Due to non submission of Form D at the time of assessment, the department has imposed tax of Rs.0.11 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	0.11
2.	D.C. Comm. (Commercial Taxes), Beliaghata Road, Kolkata	Application for Settlement for the disputed tax cst from 03.01.92 to 31.03.92, q.e. 31.03.1995, wbst for q.e. 31.03.1995	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.3.25 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying	The settlement application is pending for disposal	3.25

			33% of the disputed amounts.		
3.	ACCT, Dharmatalla Circle	Appeal dated 28.08.2003	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.5.08 Lacs. The Firm has filed appeal before ACCT.	The appeal is pending for disposal	5.08

Impex Industries

(A proprietorship concern of Sri Suresh Kr. Patni, one of the Promoter)

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes), Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst of 4 th q.e. 31.03.1995, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.2.74 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	2.74

Impex Mineral & Chemical Co.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes) Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst from 01.05.95 to 31.03.96, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.1.05 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a	The settlement application is pending for disposal	1.05

			settlement for immediate settlement of the case by paying 33% of the disputed amounts.		
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- D. The Income Tax Authority, Kolkata has conducted a search and seizure operation on 05/01/2004 on the office and factory premises on 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 the Company 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. The Income Tax Department is preparing their report to be filed with the concerned authorities for further processing in the above search and seizure matter.
- E. One of the group company Impex Infotech Limited is in default towards repayment of term loan installments of Rs.28.56 lacs to WBIDC. The total outstanding amount of loan including interest as on 31.03.2004 is Rs.228.37 lacs.

XII. RISK FACTORS AND MANAGEMENT PERCEPTION THEREOF

RISK FACTORS AND MANAGEMENT PROPOSALS TO ADDRESS THE RISKS

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's 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 Company's Equity Shares could decline and you may lose all or part of your investment.

RISK FACTORS SPECIFIC TO THE PROJECT

1. Risk Envisaged by Management

The total requirement of funds including expansion project has been estimated at Rs.1587.62 lacs. State Bank of India, Industrial Finance Branch, Kolkata has appraised the expansion project of the company of Rs.1312.70 lacs and has also sanctioned an amount of Rs.787.62 lacs as Term Loan towards the project.

Proposal to address the risk

The company has drawn out business plans for the expansion activities to be pursued in the manufacturing of high carbon Ferro alloys. The promoters of the company have an experience of more than a decade in the ferro alloy industry. The company will ensure judicious deployment of the collected funds depending upon requirements at predetermined intervals.

2. Risk Envisaged by Management

The expansion plan of the company is partially funded from the public issue. Any delay / failure of the same, may adversely impact the implementation of the project.

Proposal to address the risk

The Company is running its existing operations successfully and with the deployment of the money raised through the public issue, its volume shall expand and therefore any delay in raising funds shall affect performance to the extent of increasing the volumes and accordingly future profitability of the company.

3. Risk Envisaged by Management

The production process of the company demands working on a shift basis and as such an uninterrupted power supply is required.

Proposal to address the risk

The Company has received sanction from Damodar Valley Corporation (DVC) for enhancement of Contract Demand from 16 MVA to 23.5 MVA and switchover of supply voltage from 33 KV to 132 KV to meet the additional power requirements for expansion. The management also envisages to keep adequate provisions by way of installation of generators and DG sets to cater to the same.

4. Risk Envisaged by Management

The prices and the availability of the raw materials for the manufacture of ferro manganese and silico manganese are susceptible to volatility and wide fluctuations in the same may adversely affect the operations of the entire project.

Proposal to address the risk

The volatility in the prices and availability of the major raw materials can be negated by entering into contractual agreements with the vendors for the supply of major raw materials. The Company is sourcing raw material from multiple vendors thereby receiving competitive prices on a long term basis.

5. Risk Envisaged by Management

The Company is yet to obtain renewal of the NOC from West Bengal Pollution Control Board (WBPCB) for the existing unit. Further, Company has also not received the NOC from WBPCB for its expansion project.

Proposal to address the risk

The Company has already paid the renewal fees to WBPCB for its existing unit and does not foresee any problem in getting the renewal. The Company has also made an application to WBPCB to obtain NOC for its expansion project. The management does not foresee any problem in obtaining NOC for the expansion project.

6. Risk Envisaged by Management

The additional working capital requirements of Rs.325 lacs for the expansion project is yet to tied up fully.

Proposals to address the risk

The company has already received sanction of Rs.156 lacs towards working capital requirement for the expansion project from State Bank of India under consortium arrangement. The Company does not foresee any problem in obtaining sanction from other consortium bankers viz. Punjab National Bank and Bank of Baroda for its expansion project.

INTERNAL FACTORS:**1. Risk Envisaged by Management**

All the promoters are first generation promoters and do not have adequate technological background.

Proposal to address the risk

The promoters and their family has been in the business of manufacturing and trading in Ferro alloys since 1982 and possess adequate practical experience in the business.

2. Risk Envisaged by Management

The use of Ferro alloys in the making of various types of carbon and steels are essentially to impart certain physical and chemical properties in a particular grade of steel e.g. change in tensile strength, ductility, hardness, corrosion resistance, wear resistance or abrasion resistance properties. As such the entire process 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.

Proposal to address the risk

The entire process is streamlined and professionally managed by a competent and experienced team of supervisors and engineers and as a result the management does not foresee any failure in the system.

3. Risk Envisaged by Management

The Company has not declared any dividend since inception.

Proposal to address the risk

The Company has not declared dividend to utilise the resources for regular ongoing capital expenditure programs of the company since incorporation.

4. Risk Envisaged by Management

The following group companies / firms of the Promoter Group have made losses during any of the last three financial years: -

(Rs. in Lacs)

Particulars	2000-01	2001-02	2002-03
Impex Infotech Limited	-	-	(82.99)
Vikash Metal & Power Limited	0.62	1.04	(0.18)
Impex Industries	(0.30)	(2.30)	(2.58)
Impex Mineral & Chemical Co.	(1.52)	1.57	2.00

Proposal to address the risk

The performance of these companies / firms will not affect the operations of IFTL.

5. Risk Envisaged by Management

Contingent liabilities for the year ended 31/03/2004 as per audited accounts are as follows:

(Rs. in Lacs)

Letters of credit issued by Banks	333.13
Disputed central excise demand	84.40
Bank Guarantees	13.75

Proposal to address the risk

Contingent Liabilities are in the normal course of business and the management does not foresee any material adverse impact on the working results of the company on account of the above.

6. Risk Envisaged by Management

A) Suits filed against the Company

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	Commissioner of Central Excise - Bolpur	C.No. V (15)49/Adjn/CE/BO L/03 dated 18/12/2003	Show cause notice issued by the department demanding excise duty to the tune of Rs.79.30 Lacs for the period July 2000 to March' 2003 on sales tax amount claimed by the company under sales tax remission scheme at per the Bengal Incentive Scheme 2000.	Company is yet to make suitable representation before the appropriate authority	79.30
2.	Commissioner of Central Excise - Bolpur	C.No. I (22) 14/A.E. Bol/2002/1813 dated 02.05.03	Shortage of finished goods found by the department and has issued a show cause involving demand of duty for Rs. 510592	The Company has deposited Rs 5 Lacs towards the duty and filed their reply on 18.08.03 protesting the demand as unjustified as the department has not considered the whole stock of goods.	5.10

B) Cases filed by the Company:

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	High Court, Kolkata	Writ Petition no. 11804 (w) of 2003	The Railway has raised demand of freight on excess material found at unloading station. The Company has paid the demand under protest due to shortage of material at factory and filed a WP in High Court	The case is pending for hearing	25.96

C) Cases Against Group Companies / Firms:

Vikash Metal & Power Limited

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	ACCT – Dharmatala Circle, Kolkata	118/F/02-03	Unjustified demand from the Sales tax department towards tax, interest for the 4 Q.E. 31.03.2001 vide order dated 27.06.03	An appeal before the ACCT is filed on 01.09.03 which is pending for disposal	2.01

Impex Metal & Ferro Alloys Pvt. Ltd.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	AD Comm. (Commercial Taxes), Beliaghata Road, Kolkata	Application for Settlement for the disputed tax wbst from 04.11.91 to 02.01.92	Due to non submission of Form D at the time of assessment, the department has imposed tax of Rs.0.11 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	0.11
2.	D.C. Comm. (Commercial Taxes), Beliaghata Road, Kolkata	Application for Settlement for the disputed tax cst from 03.01.92 to 31.03.92, q.e. 31.03.1995, wbst for q.e. 31.03.1995	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.3.25 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the	The settlement application is pending for disposal	3.25

			disputed amounts.		
5.	ACCT, Dharmatalla Circle	Appeal dated 28.08.2003	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.5.08 Lacs. The Firm has filed appeal before ACCT.	The appeal is pending for disposal	5.08

Impex Industries

(A proprietorship concern of Sri Suresh Kr. Patni, one of the Promoter)

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes), Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst of 4 th q.e. 31.03.1995, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.2.74 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a settlement for immediate settlement of the case by paying 33% of the disputed amounts.	The settlement application is pending for disposal	2.74

Impex Mineral & Chemical Co.

Sl. No.	Court/ Department	Case No.	Background	Current Status	Amount (Rupees in Lacs)
1.	D.C. (Comm. Taxes) Dharmatalla Circle, Kolkata	Application for settlement for the disputed tax wbst from 01.05.95 to 31.03.96, q.e. 31.03.1997 and cst for q.e. 31.03.1997	Due to non submission of Form D / Form C at the time of assessment, the department has imposed tax of Rs.1.05 Lacs. The Firm has filed appeal before ACCT and during the pendency of the appeal, the Firm has filed a	The settlement application is pending for disposal	1.05

			settlement for immediate settlement of the case by paying 33% of the disputed amounts.		
--	--	--	--	--	--

7. Risk Envisaged by Management

The Income Tax Authority, Kolkata has conducted a search and seizure operation on 05/01/2004 on the office and factory premises on 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 the Company 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. The Income Tax Department is preparing their report to be filed with the concerned authorities for further processing in the above search and seizure matter.

8. Risk Envisaged by Management

One of the group Company Impex Infotech Limited is in default towards repayment of term loan installments of Rs.28.56 lacs to WBIDC. The total outstanding amount of loan including interest as on 31.03.2004 is Rs.228.37 lacs.

Proposal to address the risk

Due to high operational cost and lack of contract / business from potential clients, the Company incurred losses in the year of commencement of commercial operation. The Company has initiated major business restructuring exercise and aggressive market strategy to procure more business / contract. The Company has also approached WBIDC for the reschedule of Term Loan installments.

EXTERNAL FACTORS:

1. Risk Envisaged by Management

The Ferro alloy business is technical in nature and any change in the technology may render the whole process obsolete.

Proposal to address the risk

The company upgrades itself with the latest technology on a continuous basis and the management does not foresee any imminent technology obsolescence in future.

2. Risk Envisaged by Management

The Company's profitability is subject to volatility in prices, exchange rate fluctuations and market conditions.

Proposals to address the risk

The Company is seized of the impact of the risk. In order to mitigate the supply side risk, the company can enter into contractual arrangements with vendors.

3. Risk Envisaged by Management

Ferro Alloys are used in the production of iron and steel and the ups and downs of the steel industry shall affect the business of the company accordingly.

Proposal to address the risk

With the general buoyancy in iron & steel sector, the management is confident that there will be a strong demand growth for iron and steel related products. The market is also continuously displaying an upward trend and the requirement of Ferro alloys will also increase accordingly.

4. Risk Envisaged by Management

The company operates in a globally competitive business environment. Growing competition may force the Company to reduce prices of its products, which may impact margins and market share.

Proposals to address the risk:

The management is seized of the threat and would use its experience in effectively mitigating the risk. Moreover adequate demand in the market and growing opportunities of ferro alloy product exports are likely to mitigate the risk.

5. Risk Envisaged by Management

Competition from new entrants as well as existing players mainly in the unorganized sector may affect the profitability of the company.

Proposal to address the risk

The management is seized of the threat and would use its experience in effectively meeting the risk. Moreover, adequate demand in the domestic market and growing opportunities of exports are likely to mitigate the risk.

6. Risk Envisaged by Management

The performance of the Company may be affected by a number of factors beyond its control including political and economic developments both in India and worldwide. In addition, these conditions may have an adverse impact on the financial markets in India and may cause the market price of company's equity shares on stock exchange to decline.

Proposal to address the risk

Although the above risk factor is generic in nature, the management is aware of the risk and would address the same through appropriate risk management strategies.

7. Risk Envisaged by Management

Terrorist attacks and other acts of violence or war involving India and other countries and other natural calamities may adversely affect the business.

Proposal to address the risk

Such force majeure clause is applicable to all business at all places of the world and the management does have little control over such unprecedented and unpredictable risks.

XIII. INVESTORS GRIEVANCES REDRESSAL MECHANISM

The Registrar to the Issue will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the issue in attending to the grievances of the investors.

The Company assures that the following schedules shall be adhered to by the Board of Directors in respect of the complaints, if any, to be received.

Sl. No.	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund warrants or share certificates	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Pradip Kumar Agarwal as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other

directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer will be available at the following address:

IMPEX FERRO TECH LIMITED

35, Chittaranjan Avenue, 4th Floor, Kolkata-700 012

Tel.: +91-033-2211-9805/9806/8807/9729,

Fax: +91-033-2215-5134/2211-9834

E-Mail: imfa@vsnl.com

PART II

A. GENERAL INFORMATION

CONSENTS

Consent in writing of the Directors, Lead Manager, Auditors, Registrar to the issue, Bankers to the issue, Bankers to the Company, Company Secretary and Compliance Officer, and the Legal Advisor to act in their respective capacities have been obtained and filed along with a copy of the Prospectus with ROC as required under Section 60 of the Companies Act 1956 and none of them have withdrawn their consent upto the time of delivery of a copy of this Prospectus for registration.

M/s S. Jaykishan Chartered Accountants, the Statutory Auditors of Impex Ferro Tech Limited have also given their written consent to their report being included in the form and content in which it appears in this Prospectus and also of the Tax benefits accruing to the Company and its members and same consent has not been withdrawn upto the time of the delivery of this Prospectus for registration to the Registrar of Companies, West Bengal at Kolkata.

EXPERT OPINION

No opinion of any expert has been obtained by the Company, except Auditor's Certificate regarding the Tax benefits available to the Company and members of the Company as stated elsewhere in this Prospectus.

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present issue of equity shares has been authorized by a resolution passed by Board of Directors of the company at their meeting held on 24/10/2003 and a Special Resolution passed at the General Meeting of the shareholders of the Company held on 15/03/2004.

CHANGE IN BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name	Date of Appointment	Date of Resignation	Remarks
Mr. Suresh Kumar Patni (Managing Director)	10.06.1995	-	Appointed as MD for 5 years on 05.04.1996 Appointed as MD on & from 01.07.2003 for a period of 5 years
Mr. Virendra Kumar Jain (Whole Time Director)	07.06.1995	25.07.1996	Appointed as director on 15.01.2002 and as whole time director on & from 01.07.2003 for a period of 5 years
Mr. Prem Narayan Khandelwal (Director)	15.03.1997	15.01.2002	Appointed as additional director on 12.04.2004
Mr. Chattar Singh Dugar (Director)	15.01.2002	-	-

CHANGE IN THE AUDITORS DURING THE LAST THREE YEARS

No auditor has been changed during the last three years. Presently, S. Jaykishan, Chartered Accountants having their office at 12, Ho-Chi Minh Sarani, Suit No. 2D & 2E, 2nd Floor, Kolkata-700071 is the Statutory Auditors of the company.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

No receipt will be issued for application money. However, the Bankers to the issue receiving the applications will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each application form.

The sum received in respect of the issue will be kept in separate bank account and the Company will not appropriate the funds unless approval of the Calcutta Stock Exchange Association Limited is obtained for allotment and listing, and where listing has been proposed on more than one exchange, no utilization shall be allowed till listing approval is available from each of the exchanges concerned.

The Board reserves the right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

BASIS OF ALLOTMENT

Allotment will be made in consultation with the Stock Exchange, Mumbai (Designated Stock Exchange).

In the event of public issue of equity shares being over-subscribed, the Executive Director/Managing Director of the National Stock Exchange along with the post issue Lead Merchant Banker, Board of Directors of the company and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner with the following guidelines:

- a) A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for shares for a value of Rs. 50,000 or Less. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis relevant SEBI Guidelines.
- b) The balance of Net Issue to Indian Public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for allotment of shares for a value of more than Rs. 50,000.
- c) The unsubscribed portion of the net Issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d) Applicants will be categorised according to the number of equity shares applied for.
- e) The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f) Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- g) In all the applications where the proportionate allotment works out to less than 100 equity shares per applicant in the allotment shall be made as follows:
- h) Each successful applicant shall be allotted a minimum of 100 equity shares, and
- i) The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- j) If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is the marketable lot) the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted equity shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants

applying for minimum number of equity shares.

If the process of rounding off the number of shares to allottees to the nearest multiple of 100, results in actual allotment being higher than the shares offered, the Company may allot additional equity share upto a maximum of 10 % of the size of the net public offer. The requisite resolution has been passed by the Company in this regard.

The above allotment is further subject to the following guidelines in the case of over subscription:

- a) A minimum 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors, as the case may be.
- b) The balance net offer of securities to the public shall be made available for allotment to:
 - i. Individual applicants other than retail individual investors, and;
 - ii. other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The term 'Retail Individual Investor' means an investor who applies for securities of or for value of not more than Rs. 50,000/-.

The drawl of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Investors may note that in case of over-subscription allotment shall be on proportionate basis and will be finalised by the Executive Director/Managing Director of the Stock Exchange, Mumbai (Designated Stock Exchange) along with the post issue Lead Manger and the Registrars to the issue as per the guidelines issued by the SEBI. RMB (Compendium) series circularNo.2 (1999-2000) on 16-02-2000.

Denomination of share

The Equity Shares will be issued in market lots of 1 Equity Share of face value of Rs.10/- each.

Share certificates/allotment letters/refund orders

Letter(s) of Allotment/Share Certificate(s) together with refund orders of value over Rs.1,500/-, if any, to allottees and Letter(s) of regret together with refund orders of value over Rs.1,500/- to non-allottees will be despatched by registered post and refunds of value Rs.1,500/ - and less will be despatched under certificate of posting at the applicant's sole risk within 2 working days from the date of finalisation of basis of allotment.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure despatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

Interest in case of delay on allotment and dispatch.

- a) As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this offer.
- b) The Issuer shall pay interest @ 15% per annum for the period of delay beyond 30 days if the allotment has not been made and /or refund orders have not been dispatched to the investors within 30 days from the date of closure of the offer (except to applicants applying through stockinvest).

Interest on excess application money

Payment of interest at the rate of 15% per annum on the excess application money will be made to the applicants for the delayed period, if any, beyond 30 days from the date of closure of the subscription list, in terms of the provisions of the Companies Act, 1956 and the guidelines issued by the Ministry of Finance vide Letter No.F/8/6/SE/79 dated 21.7.83 and as amended by Letter

No.F/14/2/SE/85 dated 27.9.1985 addressed to Stock Exchanges and as further modified by SEBI's circular dated May 15, 1996.

Application of Section 269SS of the Income Tax Act, 1961.

In respect of all the above categories eligible to apply to this issue, having regard to the provisions of Sec 269 SS of the Income Tax Act, 1961, the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000 or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

COMPANY INFORMATION AND ISSUE MANAGEMENT TEAM

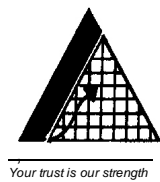
IMPEX FERRO TECH LIMITED

Registered Office:

35, Chittaranjan Avenue,
4th Floor, Kolkata-700 012
Tel.: 033-2211-9805/9806/8807/9729,
Fax: 033-2215-5134/2211-9834
E-Mail: imfa@vsnl.com

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE



ASHIKA CAPITAL LIMITED
SEBI REGN NO: INM 000010536
7, Bipin Bihari Ganguly Street
4th Floor, Kolkata 700 012
Phone No: (033) 2221-5031/ 5032/ 5112/ 5113
Fax No. : (033) 2215 9418
E-mail: ashika@cal2.vsnl.net.in

REGISTRAR TO THE ISSUE:

Maheshwari Datamatics Pvt. Ltd.

SEBI REGN NO: INR000000353
6, Mangoe Lane, 2nd Floor,
Kolkata-700 001
Phone No: (033) 2243-5029/5809, 2248-2248
Fax: (033) 2248-4787
E-mail: mdpl@cal.vsnl.net.in

BANKER TO THE ISSUE:

State Bank of India

Industrial Finance Branch
Kolkata

COMPANY SECRETARY & COMPLIANCE OFFICER:

Mr. Pradip Kumar Agarwal

35, Chittaranjan Avenue, 4th Floor,
Kolkata - 700 012
Phone No.: (033) 2211-9805/9806/8807/9729
Fax No.: (033) 2215-5134/2211-9834
E-Mail: impexfal@cal.vsnl.net.in

Investors can contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment / share certificates / refund orders, etc.

BANKERS TO THE COMPANY:

- 1. State Bank of India**
Industrial Finance Branch
Kolkata
- 2. Punjab National Bank**
C. R. Avenue Branch
Kolkata
- 3. Bank of Baroda**
C. R. Avenue Branch (South)
Kolkata

AUDITORS TO THE COMPANY:

S. Jaykishan
Chartered Accountants
12, Ho-Chi Minh Sarani
Suit No. '2D', & '2E', 2nd floor,
Kolkata-700 071
Ph: (033) 22824942/43/74

LEGAL ADVISOR TO THE ISSUE:

R. K. Jain & Co.
Advocates & Consultants
167/4, Lenin Sarani,
Kolkata-700 072
Ph: (033) 2215-2447 Fax: (033) 2215-0037

B. FINANCIAL INFORMATION

AUDITORS' REPORT

To,
The Board of Directors
Impex Ferro Tech Limited
35, Chittanjan Avenue,
4th Floor,
Kolkata 700 012

Dear Sirs,

Re.: Public Issue of 80,00,000 Equity Shares of Rs.10/- each for cash at par aggregating to Rs.800 lacs.

In accordance with the requirements of Clause B of Part II of Schedule II to the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000, we have examined the following financial information of Impex Ferro Tech Limited, proposed to be included in the prospectus of the Company in connection with the public issue of 80,00,000 Equity Shares of Rs.10/- each for cash at par aggregating to Rs.8,00,00,000/- and annexed to this report with the audited accounts and other relevant documents.

We confirm that the profits of the Company for the five financial years ending 31.03.2004, subject to non-provision of gratuity and leave encashment and read together with the notes on accounts and accounting policies followed by the Company have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as, in our opinion, are appropriate.

1. Statement of Profits and Losses (Annexure I)
2. Statement of Assets and Liabilities (Annexure II)
3. Major Notes to Accounts (Annexure III)
4. Capitalisation Statement (Annexure IV)
5. Tax Shelter Statement (Annexure V)

We further confirm that the Company does not have any subsidiaries within the meaning of section 4 of the Companies Act, 1956.

This report is intended solely for your information for inclusion in the proposed Public Issue of Equity Shares of the Company and is not to be used, or distributed for any other purpose without our prior written consent.

For S. Jaykishan
Chartered Accountants
Sd/-
(Vivek Newatia)
Partner

Place : Kolkata
Date: 05.05.2004

**ANNEXURE I
STATEMENT OF PROFITS AND LOSSES**

(Rs. in Lacs)(Audited)

PARTICULARS	For the year ended				
	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004
Income					
Sales					
of products manufactured by the Company	3121.95	3455.70	5676.26	6373.56	7200.63
of Products traded in by the Company/ Services	-	-	-	-	-
Sub Total	3121.95	3455.70	5676.26	6373.56	7200.63
Other Income	138.25	160.36	169.55	361.49	179.63
Increase (Decrease) in Inventories	144.44	153.78	525.35	42.51	20.78
TOTAL (A)	3404.64	3769.84	6371.16	6777.56	7401.04
Expenditure					
Trading Purchases	-	-	-	-	-
Raw Materials Consumed	837.20	958.70	1484.97	1576.71	1891.79
Staff Costs	15.73	11.19	22.17	24.82	32.24
Other manufacturing expenses	2040.88	2253.31	3936.71	4068.00	4313.09
Administration, Selling & Other Expenses	59.12	72.35	162.43	309.77	326.70
TOTAL (B)	2952.93	3295.55	5606.28	5979.30	6563.82
Net profit before interest, depreciation, Tax and extraordinary items (A) – (B)	451.71	474.29	764.88	798.26	837.22
Interest	220.23	210.78	353.17	362.25	363.03
Depreciation	75.42	76.82	117.48	132.45	130.18
Net Profit before tax and Extraordinary Items	156.06	186.69	294.23	303.56	344.01
Provision for Taxation	(18.00)	(16.00)	(22.40)	(24.00)	(25.00)
Provision for Deferred Tax	-	-	-	(102.91)	(77.20)
Extraordinary items (net of tax)	-	-	-	-	-
Net Profit after Tax & Extraordinary Items	138.06	170.69	271.83	176.65	241.81

Note: The Figures given above has been reclassified, rearranged and recasted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.

Details of other income

(Rs. in Lacs)(Audited)

Particulars	For the year ended				
	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004
Commission	132.56	155.72	146.11	233.47	43.12
Income from D.E.P.B.	-	-	16.91	117.04	123.63
Interest & Others	5.69	4.64	6.53	10.98	12.88
Total	138.25	160.36	169.55	361.49	179.63
Profit before tax	156.06	186.69	294.23	303.56	344.01
Percentage	88.59	85.90	57.62	119.08	52.22

**ANNEXURE II
STATEMENT OF ASSET AND LIABILITIES**

Rs. In Lacs

	Particulars	As at 31.03.2000	As at 31.03.2001	As at 31.03.2002	As at 31.03.2003	As at 31.03.2004
A	Fixed Assets:					
	Gross Block	1690.63	1724.91	2878.33	2909.49	2942.65
	Less: Depreciation	137.64	213.11	330.59	463.04	593.22
	Net Block	1552.99	1511.80	2547.74	2446.45	2349.43
	Less: Revaluation Reserve	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	1552.99	1511.80	2547.74	2446.45	2349.43
	Capital work-in progress	58.02	998.13	-	4.30	669.96
	Total Fixed Assets (A)	1611.01	2509.93	2547.74	2450.75	3019.39
B	Investments (B)	-	-	-	-	-
C	Current Assets, loans and Advances:					
	Inventories	504.37	689.60	1340.45	1530.45	1901.18
	Sundry Debtors	313.32	413.18	572.97	398.62	325.19
	Cash & Bank Balances	54.44	72.30	136.02	137.62	189.35
	Loans and Advances	119.54	317.07	211.50	745.07	866.72
	Total (C)	991.67	1492.15	2260.94	2811.76	3282.44
D	Liabilities and Provisions:					
	Secured Loans	1042.01	1681.03	1893.12	1597.15	1876.60
	Unsecured Loans	14.91	70.55	109.26	158.01	517.76
	Share Application Money pending allotment	42.00	56.00	100.50	179.70	-
	Current Liabilities and Provisions (Including deferred tax provisions)	566.77	632.51	819.90	1416.92	1474.32
	Total (D)	1665.69	2440.09	2922.78	3351.78	3868.68
E	Net worth (A+B+C-D)	936.99	1561.99	1885.90	1910.73	2433.15
F	Represented by					
	1. Share Capital (A)	745.50	1193.50	1249.50	1350.00	1634.20
	2. Reserves	194.01	370.69	642.80	566.49	808.32
	Less Revaluation Reserve	-	-	-	-	-
	Reserves (Net of Revaluation Reserves) (B)	194.01	370.69	642.80	566.49	808.32
	Miscellaneous Expenditure (C)	2.52	2.20	6.40	5.76	9.37
	Net worth (A+B-C)	936.99	1561.99	1885.90	1910.73	2433.15
	Accounting Ratios					
	Earnings per share (Rs)*	2.12	2.16	2.20	1.41	1.68
	Return on net worth %	14.73%	10.93%	14.41%	9.25%	9.94%
	Net asset value per share (Rs)	12.57	13.09	15.09	14.15	14.89
	No. of equity shares of Rs.10 each	7455000	11935000	12495000	13500000	16342000

*Earnings per share has been calculated on weighted average capital for the respective years.

ANNEXURE III

ACCOUNTING POLICIES AND NOTES ON

ACCOUNTS :-

SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of preparation - Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles & Provisions of the Companies Act, 1956.

2. **Fixed Assets**

Expenditure which are of capital nature are capitalized at a cost which comprises of purchase price net of duties, levies and any other expenditure directly attributable to the cost of bringing the assets to its working conditions for the intended use. Capital assets are net of CENVAT credit availed/ available on the basis of approval of the concerned authority.

3. **Recognition of Income & Expenditure**

Revenue / Income and Cost / Expenditure are generally accounted for on accrual basis as they are earned and incurred.

4. **Depreciation**

The Company follows straight-line method of charging depreciation on Fixed Assets at the rates prescribed in Schedule XIV of the Companies Act, 1956.

5. **Inventories**

Inventories are valued at Lower of cost or Net Realisable Value.

6. **Foreign Currency Transactions**

Foreign Currency transactions are recorded in the books at the prevailing bank rates as on the date of transaction. Export sales in foreign exchange are converted at the exchange rates fixed by the CBE&C prevailing on the date of removal of goods from the factory premises. The difference in exchange between the date of transaction and the date of realization is charged/ credited to Foreign Exchange Fluctuation Account. Foreign Currency Receivables have been reported at exchange rates prevailing on the balance sheet date.

7. **Retirement Benefits**

The Company has not made any provision for gratuity and the same shall be accounted for as and when paid.

8. **Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws.

Deferred tax liabilities and assets are recognized at substantively enacted tax rates on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

9. Export Incentives

The export incentives arising out of Export Sales under duty entitlement pass book scheme, shown under the head "Income from DEPB", are accounted for on accrual basis. Profit or loss on sale of DEPB Licenses are accounted for in the year of such sale.

NOTES ON ACCOUNTS

- Contingent Liabilities not provided for in the books of accounts: -
 - In respect of Bank Guarantees given Rs. 13,75,000/- (Previous year Rs. 20,95,000/-);
 - In respect of Letters of Credit issued by Banks outstanding as at 31st March, 2004, Rs.3,33,13,096/ (Previous Year Rs.1,41,87,448)
 - In respect of Excise Duty amounting to Rs.5,10,592/- as per show-cause notice dated 2nd May, 2003 issued by the Central Excise Authorities, disputed by the Company.
 - In respect of Excise Duty amounting to Rs.79,29,550/- as per show-cause notice dated 18th December, 2003 issued by the Central Excise Authorities, disputed by the Company.
- As the Company is mainly engaged in the business of manufacturing of Ferro Alloys and revenue from other items is less than 10% of total turn over & hence no segment information as per As-17 issued by the Institute of Chartered Accountants of India is given.
- Commitments against capital expenditure not provided in the accounts – Rs.2.40,56,602/- (Advances paid Rs. 50,66,021/-)
- Loans and Advances include Rs. 13,70,000/- cash seized in course of search and seizure operation conducted by the Income Tax Authorities on 5th January, 2004.
- Details of Related Party Transactions:
 - List of related party and their relationship:

Name of Related Party	Nature of relationship
Impex Metal & Ferro Alloys Pvt. Ltd.	Control of Key Managerial Personnel
Virendra Kumar Jain	Key Managerial Personnel
Suresh Kumar Patni	Key Managerial Personnel
Vijay Kumar Jain (Patni)	Key Managerial Personnel

- Related Party Transactions:

Impex Metal & Ferro Alloys Pvt. Ltd.

(Rs. in lacs)

Transaction	2002	2003	2004
Sales	-	230.50	374.94
Sale of D.E.P.B. License	4.95	10.09	15.51

Key Managerial Personnel:

(Rs. in lacs)

Transaction	2002	2003	2004
Director Remuneration	0.25	1.20	1.88
Salary	0.95	-	0.60

6. Deferred Tax Liabilities

The Company has adopted Accounting Standard – 22, “Accounting for Taxes on Income”, and accordingly:

- The net deferred tax liability amounting to Rs.251.66 lacs pertaining to the period prior to 1st April, 2002 has been adjusted against Reserves and Surplus in the accounts for the year ended 31st March, 2003.
- The Company has provided for deferred tax liability of Rs.102.91 lacs and Rs.77.20 lacs for the years ended 31st March, 2003 and 31st March, 2004 respectively.

The components of deferred tax liabilities / assets as on 31/03/2004 are as under:

	<u>As at 31/03/2004</u>	<u>As at 31/03/2003</u>
<u>Components of Deferred Tax Liability:</u>		
Depreciation	4,31,77,285	3,88,52,982
<u>Components of Deferred Tax Asset:</u>		
Unabsorbed Depreciation	--	(33,95,506)
Net Deferred Tax Liability	4,31,77,285	3,54,57,476

ANNEXURE IV

CAPITALISATION STATEMENT

(Rs. in lacs)

Particulars	PRE ISSUE AS AT 31.03.04	AS ADJUSTED FOR ISSUE
Short term debt (Including current liabilities)	2627.58	2129.82
Long Term Debt	809.33	1210.62
Total debt	3436.91	3340.44
Shareholders fund		
Share capital	1634.20	2500.00
Reserves and surplus	808.32	808.32
Total shareholders fund	2442.52	3308.32
Long term debt /equity	0.33	0.37

Note: Since, 31st March, 2004 (which is the last date as of which financial information has been given in this document) share capital was increased from Rs.1634.20 lacs to Rs.1700 lacs by issue of 658000 shares of Rs.10/- each for cash at par.

ANNEXURE V

TAX SHELTER STATEMENT

(Rs. in lacs)

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004
Tax rate (Including surcharge)%	38.50	39.55	35.70	36.75	35.875
Tax at Notional Rate	60.08	73.83	105.04	111.56	123.42
Difference between Tax Depreciation and Book Depreciation	170.47	121.40	254.52	180.09	120.54
Other Adjustments	(14.41)	65.29	39.71	123.47	105.21
Net Adjustments	156.06	186.69	294.23	303.56	225.75

Tax saving thereon	60.08	73.83	105.04	111.56	80.99
Taxation	-	-	-	-	42.43
Tax Adjustments*	18.02	15.82	22.29	23.91	(18.70)
Total Taxation*	18.02	15.82	22.29	23.91	23.73

* Tax has been paid u/s 115 JA/115JB of the Income Tax Act on book profits in respect of financial years commencing on 01.04.1999 and ending on 31.03.2003 and credit taken u/s 115JAA for the financial year ending on 31.03.2004.

C. PRINCIPAL TERMS OF LOAN AND ASSETS CHARGED AS SECURITY

Cash Credit & Term Loans from Banks & Financial Institution as on 31.03.2004

	Sanctioned Amounts (Rs. in lacs)			
	Cash Credit Fund Based	Cash Credit Non-Fund Based	Term Loan-I	Term Loan-II
Under Consortium from Banks				
State Bank of India Industrial Finance Branch 11, Dr. U. N. Brahmachari Street, Kolkata-700 017 Outstanding as on 31.03.2004	456	485	200	787.62
			Nil	386.33
Bank of Baroda C. R. Avenue Branch 31, C. R. Avenue Branch Kolkata-700 012 Outstanding as on 31.03.2004	218	175	400	Nil
			240	
Punjab National Bank C. R. Avenue Branch 31, C. R. Avenue, Kolkata-700 012 As on 31.03.2004	276	460	100	335
			NIL	183

State Bank of India

I -Term Loan : Rs.787.62 lacs

Security :

Primary-

Hypothecation of all movable and immovable plant & machinery and other fixed assets along with equitable mortgage of factory land measuring 8 acres (approx.) with building & factory shed thereon at Kalyaneswari, Burdwan on pari passu basis with IDBI, PND and BOB.

Collateral –

- i. Equitable mortgage of Office premises with super built-up area of 1501 sq. ft. at 35, Chittaranjan Avenue, Kolkata- 700012., 4th floor in the name of the Company on pari-passu basis with IDBI, PNB and BOB.
- ii. Second charge on the Company's current assets on parri-passu basis with IDBI, PNB and BOB.

Guarantee: Personal Guarantee of promoters/ Directors, viz, Shri S.K. Patni, Shri V.K. Patni and Shri Naresh Kumar Jain.

Repayment Schedule: The Term Loan of Rs. 7.88 Crore will be repaid in 24 quarterly installments of Rs. 0.33 Crore each commencing from June 2004.

Margin: 40%

Rate of Interest : Interest is chargeable at 2.50% over SBMTLR (11.00% p.a.), effective rate at present being 13.50% p.a. with monthly rests. Interest rate is however, subject to change from time to time as per RBI/ Bank's guidelines.

II. Cash Credit Limit(Stocks and Book debts)- Rs 6.12 Crores(including Rs. 1.56 cr towards expansion Project)

Security:

Primary: Hypothecation of entire, stocks present & future, current assets including raw materials, work-in-progress, finished goods, stores/spares, book-debts & other current assets ranking pari-passu with the charges created/to be created in favour of other consortium member(s), without any preference or priority of one over the other(s).

Collateral:

Second charge over company's fixed assets in favour of the consortium banks on a pari passu basis.

Guarantee:

Personal guarantee of the promoters/directors, viz, Suresh Kumar Patni, Vimal Kumar Patni & Naresh Kumar Jain.

Margin:

Raw materials:	25%
Stock-in-progress:	25%
Finished goods:	25%
Book debts(upto 90 days):	40%

III. Letters of Credit : Limit Rs. 5.49 Crores(including Rs. 1.14 cr towards expansion Project)

Period of Sanction : To be renewed annually.

Negotiation of Bills : Negotiation under the limit will be restricted to sight bills/ bills with usance not exceeding 180 days or as decided by the Bank from time to time.

Documents of title to goods will be delivered against acceptance in case of usance bills and payment in respect of sight bills.

Security :

- i. Extension of 1st hypothecation charge over stock of raw materials, stock-in- process, finished goods, receivables and other current assets securing the cash credit limit.
- ii. Extension of 2nd charge on the fixed assets of the Company.

Margin: 15%, However, the Bank shall be entitled at any time during the currency of the letters of credit to demand and recover any margin up to the full extent of 100% on the letters of credit and default of payment of margin so demanded, the Bank reserves its right to recover such margin by debit to any of the Company's accounts and such debits shall be recoverable from the Company as their dues. Additionally the margin requirements as stipulated by the RBI from time to time for import letters of credit will be applicable.

Commission: Commission for establishment of Import L/Cs will be levied as per FEDAI Rules & Regulations and IBA/ Bank's guidelines for Inland L/Cs. Out of pocket expenses and P&T charges, if any, will be recovered separately in addition to the prescribed charges.

IV. Bank Guarantee : Limit : Rs.0. 50 Crore.

Security :

- a) Extension of 1st hypothecation charges over the current assets of the Company securing the cash credit limit.
- b) Extension of 2nd charge on the Fixed assets of the Company.

Margin : 30% . However, the Bank shall be entitled at any time during the currency of the letter of credit to demand and recover any margin up to the full extent of 100 % on the Bank guarantees and default of payment of margin so demanded, the Bank reserves its rights to recover such margin by debit to any of the Company's accounts and such debits shall be recoverable from the Company as their dues.

Commission: To be recovered from the Company as per charges advised by the Bank from time to time.

BANK OF BARODA

1. Term Loan:
 - (i) Limit : Rs.240 lacs (reduced from 372.58 Lacs)
 - (ii) Margin : 25%
 - (iii) Rate of Interest : 3% over BPLR i.e. 13.50% at present. Interest rate is subject to change with change in PLR & credit rating of the Company.
 - (iv) Repayment : Repayable in quarterly installments of Rs.20 lakhs each. Interest debited to the account on monthly basis to be serviced as and when charged.
 - (v) Securities : Hypothecation of Plant & Machinery, pari passu with SBI, PNB, IDBI.
 - (vi) Collateral :

Mortgage on company's land & building and other immovables lying and situated at Kalyaneswari, Dendua Road, Burdwan on pari passu 1st charge with IDBI, SBI, PNB.

Extn. of charges on current assets of the company.

Extn. of charge on company's office premises at 35, C. R. Avenue, Kolkata – 700 012.

2. Facility : Cash Credit (against hyp. of Stock & Book Debts)
Limit : Rs.2,18,00,000/- (increased from 170 lakhs)
Margin : 25% against stock & Book-debt
Period : 12 months, subject to review after 12 months.
- Rate of Interest : BPLR+3.00%. At present 10.50 + 3.00% = 13.50% p.a. with monthly rests. The above rate of interest is subject to change along with change in BPLR, credit rating of the account and norms of the Bank from time to time.

Security : PRIMARY– (i) Hypothecation of Raw Material, Work-In-progress, Finished Goods, Stores, Spares, packaging Materials etc. pari passu with SBI & PNB.
(ii) Hypothecation of Book Debts.

Collateral Securities :

- Mortgage of company's office premises at 4th floor, 35, C. R. Avenue, Kolkata – 12 pari passu with IDBI, SBI, PNB
- Mortgage of Factory land & building and other immovables of the company lying at Kadavita, Dndua Road, Kalyaneswari, Burdwan ranking pari passu 2nd charge with SBI, PNB, IDBI.
- Personal Guarantee of all the directors of the company viz. Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni & Mr. Naresh Kumar Jain.

3. Letter of Credit (Inland)

- Limit : Rs.1,75,00,000/- (increased from 120 Lakhs)
Period : 12 Months, subject to yly. Review of the facility
Purpose : Procurement of Raw Materials
Margin : (Cash) 15%
Commission : As per Bank's norms
Terms : Documents against Acceptance, Usance upto 90 days
Security (Primary): Stamped LC application duly executed by the Company

Collateral Securities : (I) extension of charge over Current Assets, Plant & machineries (ii) Extension of mortgage over the properties as mentioned against Term Loan and Cash Credit Facilities. Above charges are ranking pari passu with PNB, SBI & IDBI (iii) Personal Guarantee of the directors as stated above.

PUNJAB NATIONAL BANK

Facility No. 1

- Name : Cash Credit Limits
Limit : Rs.276 Lacs (enhancement from Rs.220 Lacs)
Margin : Raw Materials 25%
Stock in process 25%
Finished Goods 25%
Stores & spares 25%
Receivables (up to 90 days) 40%

Rate of Interest : PLR + 2% presently @ 12.86% p.a. as on monthly rests As per LA Cir. No. 42/03 or as amended by HO / RBI from time to time.

Security :Hypothecation of entire stocks of raw materials stock in process, finished goods, stores and spares & book debts.

Facility No. 2

Nature	:	Letter of Credit (revolving) - DA
Limit	:	Rs.460.00 Lacs (enhancement from Rs.370.00 Lacs)
Purpose	:	For payment of power charge in connection with Manufacturing activities of the Company
Margin	:	15% cash margin
Commission	:	As per bank's rule applicable from the time to time.
Tenure	:	60 days

Overall Conditions:

1. Equitable mortgage of office premises with super built area of 1501 sq. ft at 35, C.R.Avenue,4th floor, kolkata 700 012 in the name of the company on pari passu basis with IDBI, SBI & BOB within estimated market value of Rs.0.63 crores .
2. Apart from the guarantees as above, the entire facilities will be collaterally secured by 2nd charge on block assets valued Rs.2450.75 lacs inclusive of value of capital works in progress as per ABS as at 31.03.2003 against which extend of 1st charge holding is Rs.766.86 lacs.

D. STATUTORY AND OTHER INFORMATION

MINIMUM SUBSCRIPTION

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION OF 90% OF THE NET OFFER TO THE PUBLIC ON THE DATE OF CLOSURE OF THE ISSUE OR THE SUBSCRIPTION LEVEL FALLS BELOW 90% AFTER THE CLOSURE OF THE ISSUE ON ACCOUNT OF CHEQUES HAVING BEEN RETURNED UNPAID OR WITHDRAWAL OF APPLICATIONS, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED. FOR DELAY BEYOND 8 DAYS, AFTER THE COMPANY BECOMES LIABLE TO PAY THE AMOUNT, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT 1956.

RIGHTS OF THE EQUITY SHAREHOLDERS

The Equity Shares now being issued are subject to the terms of this Offer Document, the Application Form, Memorandum and Articles of Association of the Company, the Guidelines issued by the Government of India and Securities and Exchange Board of India from time to time and the Companies Act, 1956. These new equity shares shall rank pari-passu with the existing issued equity shares of the Company in all respects.

Shareholders are entitled to receive dividend as and when declared, Bonus and Rights shares as and when made. Further the rights of the above and other holders of the instruments are subject to the provisions of Section 206A of the Companies Act, 1956 and other laws applicable from time to time.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by Impex Ferro Tech Limited inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors & Tax Consultants, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs.49.93 Lacs, and will be met out of the proceeds of the present issue.

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the Lead Manager to the Issue will be as per the Memorandum of Understanding signed with the Lead Manager viz. Ashika Capital Limited, copies of which are available for inspection at the Registered Office of the Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue as set out in their offer letter, copies of, which are kept open for inspection at the Registered Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

BROKERAGE

Brokerage will be paid @ 1.5% on the nominal value of the equity shares on the basis of allotments made against applications bearing the stamp of a member of any recognized stock exchange in India in the brokers column. Brokerage at the same rate will also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers column.

In case of tampering or over stamping of broker/agents codes on the application form, the Issuer's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

PREVIOUS ISSUE OF CAPITAL DURING LAST FIVE YEARS

The Company has not made any public issue of equity / debentures whatsoever prior to this issue. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the capital structure.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

No shares have been issued or agreed to be issued otherwise than for cash since its incorporation of the Company.

PREFERENCE SHARES AND DEBENTURES

The Company has not issued any preference shares or debentures since its incorporation.

ISSUE AT A PREMIUM OR DISCOUNT

The Company has not issued equity shares at a premium or discount since its incorporation.

OPTION TO SUBSCRIBE

Except as otherwise stated in this Offer Document, the Company has not entered into nor does it at present propose to enter into any contract or arrangement whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe to any shares or debentures of the Company.

The investor shall have option either to receive the security certificates or to hold the securities in dematerialized form with a depository.

PURCHASE OF PROPERTY

Save in respect of the property purchased or acquired or proposed to be purchased or acquired under the contract referred to herein below under the heading Material Contracts and Documents for inspection, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid, wholly or partly out of the proceeds of the present issue or the purchase of acquisition of which has not been completed on the date of issue of this Offer Document other than the following:

- a) The contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue in consequence of the contract.

- b) in respect of which the amount is not material. Except as stated in this Offer Document the Company has not purchased any property in which any of its promoters or directors has or have any direct or indirect interest or in respect of any payment thereof.

REVALUATION OF ASSETS

There has been no revaluation of the assets since incorporation of the Company.

INTEREST OF DIRECTORS AND PROMOTERS

Except as otherwise stated elsewhere in this 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 travelling 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 Whole-time Director is interested to the extent of remuneration paid to him for services rendered to the Company. Further, the Managing Director is interested to the extent of equity shares that may be subscribed and allotted/ transferred to him out of the present Offer in terms of the Draft Prospectus and also to the extent of any dividend payable to him and 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 LHIL 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 Prospectus, the Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of the Draft Prospectus 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.

APPOINTMENT OF MANAGING DIRECTOR

In accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and with the approval of the Board of Directors of the Company on 01.07.2003, Mr. Suresh Kumar Patni has been appointment as the Managing Director of the Company for a period of five years with effect from 01.07.2003 for a remuneration of Rs.7,500/- per month.

APPOINTMENT OF WHOLE TIME DIRECTOR

In accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and with the approval of the Board of Directors of the Company on 01.07.2003, Mr. Virendra Kumar Jain has been appointment as the Whole Time Director of the Company for a period of five years with effect from 01.07.2003 for a remuneration of Rs.10,000/- per month.

E. THE MAIN PROVISION OF ARTICLES OF ASSOCIATION OF THE COMPANY

INCREASE AND REDUCTION OF CAPITAL

59. The Company may, from time to time, increase its capital by the creation of new shares by such amount as may be deemed expedient.
60. 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 the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company

61. Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or subject to the provisions of section 79 of the Act, at a discount. In default of any such provisions, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article .
62. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provision herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
63. If, owing to any inequality in the number of new shares to be issued and the number of shares held by member of shares held by member entitled to have the offer of such new shares, any difficulty all arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the share or by the Company in General Meeting, be determined by the Board.
64. The Company may, from time to time, by Special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by act. This Article is not to derogate from any power the company would have if it were omitted.

CALLS

21. Subject to the provisions of the Act, the Board of Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board of Directors . A call may be made payable by instalments.
22. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by members on the register of members of such date or at the discretion of the Board of Directors on such subsequent date as shall be fixed by the Board of Directors.
Not less than 30 days notice of any call shall be given specifying the time and place of payment and to the person or persons to whom such call shall be paid.
23. If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount of installment shall be payable as if it were a call duly made by the Board of Directors and of which due notice had been given and all the provisions herein contained in respect of calls for future or otherwise shall relate to such amount or installments accordingly.
24. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the calls shall have been made or the installment shall be due, shall pay interest for the same at the rate of 12 per cent per annum or at such other rate (as the Board may determine) from the day appointed for the payment thereof to the time of actual payment but the Board shall be at liberty to waive the payment of the interest wholly or in part.
25. The Board may from time to time , at its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their residence at a distance or other cause , Board may deemed fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
26. On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his

shares, it shall be sufficient to prove that the name of defendant is, or was, when the claim arose on the register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

27. The Board of Director may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid in advance, or so much thereof as from time to time exceeds the amount of call then made upon the shares in respect of which such advance has been made the Company may at the option of Board of Director pay interest at such rate not exceeding 6 per cent per annum as may be agreed but the member shall not be entitled to dividends or to participate the in profits of the company or to any voting rights in respect of money so paid by him until the same would but for such payment become presently payable..
28. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

29. If any member fails to pay the whole or any call or instalment or any money due in respect of any shares either by 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 instalment or other money remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, they may have been incurred by the Company by reasons of such non-payment.
30. a) The notice shall name a day (not being less than 30 days from the date of the notice) and a place or place 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.
- b) The provision 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.
31. If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time thereafter before payment of all calls or installments, interest, and expenses due in respect there of, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.
32. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
33. 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 off the same in such manner as they think fit.

34. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as they think fit.
35. A person whose shares have been forfeited shall cease to be member of the company in respect of the forfeited share notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all cost, instalments, interest and the expenses, owing upon or in respect of such, shares at the time of forfeiture together with interest thereon at such rate as from time to time be fixed by the Board from the time of the 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 money in respect of such shares.
36. The forfeiture of a share shall involve the extinction of all interest in and also of all 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 these Articles are expressly saved.
37. A duly certified declaration in writing that the declarant is a Director of the Company and the certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof, shall constitute a good title to such shares.
38. The Company shall have no lien on its fully paid shares. In the case partly paid up shares the company shall have a first and paramount lien only for all moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares, Unless otherwise agreed, the registration of a transfer of shares, shall operate as waiver of the Company's lien, if any, on such shares. The Board of Director may at any time declares any shares to be wholly or in part exempt from the provisions of this clause.
39. 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 recognised by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale 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, and the residue (if any) paid to such member, his executors, administrators or other representatives or person so recognized as aforesaid.
40. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and the purchaser shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
41. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate for such shares distinguishing it in such manneras they may think fit from the certificate not so delivered up.
42. Upon any sale, reallocation or other disposal under the provisions of the preceeding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a duplicate certificate in respect of the said shares to the person or persons entitled thereto.

- 43.a) Subject to the provisions of Section 108 of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor 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 shares. The transferor shall be deemed to remain the member in respect of such shares until the name of the transferee is entered in the register in respect thereof.
- b) The instrument of transfer shall be in the form prescribed by the Act or the Rules made thereunder or where no such form is prescribed in the usual common form or any other form approved by the Stock Exchange in India or as near thereto as circumstances will admit.
44. Application for the registration of the transfer of a share may be made either by the transferor or the transferee. Where such application is made by the transferor and relates to a partly share, no registration shall be effected unless the Company gives notice of the application to the transferee, in the manners 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.
45. Neither the company nor its Board shall incur any liability for registering or effecting a transfer of shares apparently made by competent party, although the same may by reason of any fraud or other cause not known to the company or its Board, be legally, in operative or insufficient to pass the property in the shares or debenture 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 particulars of the shares transferred, or otherwise in defective manner. In every such case the person registered as transferee, his executors, administrators, or assigns alone shall be entitled to be recognized as the holder of such share or debenture and the previous holder of such share or debentures shall, so far as the company is concerned, be deemed to have transferred his whole title thereto.
46. Notwithstanding anything contained in these articles or in Section 82 or in Section 111 of the Companies Act, 1956, but subject to other provision of Section 22A of the Securities Contract (Regulation) Act, 1956, the Company may refuse to register the transfer of any shares in the name of the transferor or on one or more of the ground mentioned in Section 22A of the Securities Contract (Regulation) Act, 1956 and on no other grounds. Provided that the registration of transfer of share shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the Company on any account whatsoever.
47. No transfer shall be made to a minor or person of unsound mind or firm without the consent of the Board.
48. In the 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.
49. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the 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.
50. If the Director refuses to register the transfer of any shares, the Company shall, within one month from the date, on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to the register such transfer.
51. 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 member transfer book or register of Debenture holder

may be closed during such times as the Director think fit not exceeding the whole forty- five days in each year but not exceeding thirty days at a time.

52. The executors or administrators or holders of a succession certificate in respect of shares of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the "company as having any title to the shares registered in the name of such member and in case of death of any one or more of the joint holder of any registered shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such shares , but nothing herein contained shall be taken to realize the estate of a deceased joint holder from any liability on shares held by him jointly with any other person, Before recognizing any executors or administrators 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 a competent court; provided nevertheless that in any case, where the board in its absolute discretion, thinks fit it may dispense with production of probate or letters of administration or succession certificate or such other legal representation upon such terms as to indemnify the company or otherwise as the Board may consider desirable.
53. Any committee or guardian of a lunatic (which term shall include one who is idiot or non- compos mentis) or any other person become entitled to or to transfer the share in consequences of the death or bankruptcy, or insolvency of any member, upon producing such evidence that he sustain the character in respect of what he proposes to act under this Article or his title as the Board think sufficient, may, with 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 " transmission Articles".
54. a) If the person becoming entitled under the transmission article shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elect.
- b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- c) All the limitations restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer were signed by that member.
55. A person becoming entitled under the Transmission Article share by reason of the death , lunacy, bankruptcy or insolvency of the holder shall, subject to the provision of the Articles and of section 206 of the Act , be entitled to the same dividends and other advantage to which he would be entitled if he was the register holder of the share except that no such person (other than a person entitled under the Transmission Article to the share of a lunatic) shall before being registered as a member in respect of the shares be entitled to exercise in respect there of any right conferred by membership in relation to the meeting of the company

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

ALTERATION OF CAPITAL

65. The Company may by ordinary resolution from time to time alter the condition of the Memorandum of Association as follows:-
- (a) Increase the share capital by such amount to be divided into shares of such amount as may be specified in the resolution.
- (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.

- (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and
- (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

66. The resolution whereby any share is sub-divided or consolidated may determine that as between the members registered in respect of the shares resulting from such sub-division or consolidated, one or more of such shares shall have same preference or special advantage as regards dividend, capital-voting or otherwise over or as compared with the others or other subject nevertheless to the provisions of Section 85,87, 88 and 106 of the Act.

67. Subject to the provisions of Sections 100 and 105 inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

GENERAL MEETING

69. 1) The company shall hold statutory meeting and Annual General Meetings as provided under Section 165 and 166 of the Act.

2.) All General meeting other than the Annual General Meeting shall be called Extraordinary General Meetings.

70. 1) The Board may, whenever it thinks fit, call an Extraordinary General Meeting.

2) If at any time they are not within India, Directors capable of acting who are not sufficient in number to form a quorum, any director of the Company may call an Extraordinary General Meeting in the same manner or as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETING

71(1) No business shall be transacted as at any general meeting, unless a quorum of members is present at the time when the meeting proceeds to transact business.

2) Save as otherwise provided five members present in person shall be the quorum.

72. The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.

73. 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 chairman of the meeting.

74. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (Fifteen) minutes after the time appointed for holding the meeting, the members present shall choose one of their member to be Chairman of the meeting..

75 (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.
76. In case of 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.
77. Any business other than that upon which a poll has been demanded may be processed with, pending the taking of the poll.

BOARD OF DIRECTORS

86. The person hereinafter named are the Directors of the Company at the time of adoption of these articles.
1. SRI VIMAL KUMAR PATNI
 2. SRI VIRENDRA KUMAR JAIN
 3. SRI NARESH KUMAR PATNI
87. Unless otherwise determined by the Company in General Meeting the number of directors shall not be less than 3 or not more than twelve.
88. The Directors of the Company are not required to hold any share in the Company as qualification shares.
89. 1) Remuneration of the Director shall be a fee of Rs.1000/- for each Director for each meeting of the Board of Directors or of any committee of the Board of Directors attended by him and in addition, subject to the provisions of Section 309 of Companies Act 1956, all the Directors may receive a commission upto three percent (3%) on the net profit of the Company as computed under the provision of Companies Act 1956, and such commission shall be divided among them equally or as the Director may determine. The Director may waive or reduce their fee for any meeting or period.
- 2) Any Director performing extra services or to make any special exertions for any of the purpose of the Company or who is a managing or whole time Director, may be paid such fixed sum or remuneration either by way of monthly payment or at a specified percentage of profit or in any other manner as the company may determine, subject to the provisions of the Act.
- 3) The remuneration of the Director shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- 4) In addition to the remuneration payable to them in pursuance of the Article the Directors may be paid all traveling, hotel and other expenses properly incurred by them :
- a) In attending and returning from meetings of the Board of Directors or any committee thereof or general meeting of the Company ; or
 - b) In connection with the business of the Company.
- 90) The Board may pay all expenses incurred in registering company.
- 91) The Company may exercise the power conferred on it by section 157 and 158 of the Act with regard to the keeping of foreign register; the Board may (subject to the provisions of those Section) make and vary such regulation as it may think fit respecting the keeping of any such register.
- 92) All cheques , promissory notes , drafts, hundies, Bill of exchange and other negotiable instrument , and all receipt of money paid to the company shall be signed, drawn, accepted, endorsed or otherwise executed , as the case may be by the managing director or by such person and in such manner as the company in General meeting or the Board shall from time to time by resolution determined.

93. 1) The Board of Directors shall have power at any time and from time to time, to appoint a persons as additional Directors, provided that the number of Directors and additional Directors together shall not exceed the maximum fixed by the Board by the article 87 .
- 2.) Such person hold office only up to the date of the next annual general meeting of the company, but he shall be eligible for appointment by the company as a Director at that meeting subject to the provision of the Act..
- 94 1) The Board of Director shall also have power to fill a casual vacancy in the Board .Any Director so appointed hold office only so long as the vacating Director would have held the same as no vacancy had occurred.
- 2) The Board 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 meetings of the Directors and to attend and vote thereat accordingly but he shall "ipso facto shall vacate office if and when the Director returns to the State.in which meeting of the Board are ordinarily held or the absent Director vacates office as Director.
- 95) It is provided by any agreement, deed or other document securing or 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 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 person 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.
- 96) Any trust deed for securing Debenture-stock or bonds or other writing issued by the Company in favour of any creditor(s), may arrange provided for the appointment from time to time by the Trustees thereof or by the holders of Debentures, Debenture-stock or bonds of some person to be the Director of the Company may empower such Trustee or holders of Debentures or Debenture-stocks or bonds from time to time, to remove any Director so appointed The Director appointed under this Article is herein referred to as 'The Debenture Director' and the term " Debenture Director(s)" means the Director(s)for the time being in office under this Article. . The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

BORROWING POWERS

- 108.1). The Board may, from time to time, and 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 purpose 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 think fit, and in particular, by the issue of bonds, perpetual or redeemable debenture or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.
- 109) 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 persons in whose favour such mortgage or security is executed or any other person in trust from him not to collect money in respect of calls made by the Board of Members in respect of such uncalled capital and the provisions hereinbefore contained in regard to call shall mutates 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.

- 110). 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.
- 111) Subject to the provisions of the Act any debenture, bonds or other securities may be issued by the Company at a discount, premium or otherwise, with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of Directors or otherwise. Debentures, bonds with right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and compliance of the provisions of the Act.

THE SEAL

- 116 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 authorised 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 and 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 16 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.

DIVIDENDS AND RESERVES

117. The Company in Annual General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
118. 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.
- 119.1) Subject to the provision of the Act, The Board may, before, recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as 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 provision 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 investors in such investment (other than shares of the Company) as the Board may, from time to time think fit.
- 2) The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as reserve.
120. 1) Subject to the rights of persons if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amount 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 amount of the shares.
- 2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these article as paid on the Share.
- 3) Unless otherwise decided by the Board all dividends shall be apportioned 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 dividends as from a particular date such shares shall rank for dividend accordingly.

121. 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 the Section 205 of the Act.
122. No unclaimed or unpaid dividend shall be forfeited by the Board and all dividend shall be dealt with in the manner as provided under Section 205(A) of the Act.
- 123.1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrant sent through post directed to the registered address of holder or in the case of joint holders to the registered address of that one of the joint holders who is first name in the Register of Members or to such person and to such address as to holder or joint holders may in writing direct.
- 2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
124. Anyone of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such shares.
125. Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act.
126. No dividend shall bear interest against the Company except as provided under Law.

CAPITALISATION OF PROFITS

- 128.1) The Company in general meeting, may upon the recommendation of the Board, resolve :
- a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profits and loss account or otherwise available for distribution, and,
- b) that such sum be accordingly set free for distribution in the matter specified in Clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- 2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provision contained in Clause(3) either in or towards :-
- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively.
- (ii) paying up in full, unissued share of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; of
- (iii) partly in the way specified in sub-clause(i) and partly in that specified in sub-clause (ii).
- 3) A share premium account and a capital redemption reserve account may, for the purpose of these articles be applied only in the paying up of unissued shares to be issued to member of the company as fully paid bonus shares.
- 4) The Board shall give effect to the resolution passed by the company in pursuance of these articles
- 129.1) Whenever such a resolution as aforesaid shall have been passed the Board shall:
- a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and;
- b) generally do all acts and things required to give effect thereto.
- 2) The Board shall have full power:
- a) to make such provision, by the Issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

- b) to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on their existing shares.
- 3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

130. 1) If the Company shall be wound up, the liquidator, may with the sanction of a special resolution of the Company and any other sanction required by the Act divide among the member in specie or kind the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- 2) For the purpose aforesaid the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- 3) The liquidator may, with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities where on there is any liability.

INDEMNITY

136. Subject to the provisions of section 201 every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted to him by the court.

MATERIAL CONTRACTS AND DOCUMENTS OPEN FOR INSPECTION

The contracts mentioned in paragraph `A' below (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed to be material, have been entered into by or on behalf of the Company. Copies of these contracts, together with copies of documents referred to in Para `B' below, all of which have been attached to the copy of this Prospectus which has been delivered to the Registrar of Companies, West Bengal at Calcutta for registration, may be inspected at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day from the date of this Prospectus till the date of closing of Subscription List.

A. MATERIAL CONTRACTS

The following material contracts and documents not being contracts entered into the ordinary course of business carried on or intended to be carried on by the Company which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred below all of which have been attached to the copy of this Prospectus, have been delivered to the Registrar of Companies, West Bengal, Kolkata for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day from the date of this Prospectus until the date of closing of the subscription list.

1. Copy of Memorandum of Understanding (MOU) entered into by the Company and the Lead Manager viz. Ashika Capital Limited.

2. Memorandum of Understanding between the Company and the Registrar to the Issue, M/s Maheshwari Datamatics (P) Ltd.
3. Copy of Tripartite agreement datedbetween Central Depository Services Ltd and M/s Maheshwari Datamatics (P) Ltd. and the Company.
4. Copy of Tripartite agreement datedbetween National Securities Depository Ltd. (NSDL), M/s Maheshwari Datamatics (P) Ltd. and the Company.

B: DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of the Company including Group Companies.
2. Copy of Certificate of Incorporation of the Company including Group Companies.
3. Letters of consent received from the Lead Manager to the Issue, Auditor, Directors, Compliance Officer, Legal Advisor to the issue, Bankers to the Company, Bankers to the issue, Registrar to the Issue as referred to in the Prospectus to act in their respective capacities.
4. Copy of auditor's letter dated 20.04.2004 advising the Company about the tax benefits available to the Company and its members.
5. Copy of auditor's letter dated 05.05.2004 certifying the deployment of the funds by the company towards the proposed project till 31.03.2004.
6. Auditor's Reports dated 05.05.2004 about financial Information included in the Prospectus and consent letter dt. 22.04.2004 to include the name in the prospectus.
7. Copies of Resolution passed under Sections 81(1A) in Extra Ordinary General Meeting dated 15/03/2004.
8. Copies of agreement for the appointment of Managing Director and Whole Time Director of the Company.
9. Copies of audited Balance Sheet for the period from 1st April 1999 to 31st March 2004.
10. Copy of due diligence Certificate dated 25/05/2004 given to SEBI by the Lead Manager.
11. Copy of initial Listing applications made with BSE and NSE.
12. Copy of the in-principle approval letter obtained from BSE vide letter reference dated and from NSE vide letter reference dated
13. Copy of SEBI observation Letter No.....dated and compliance thereof.

PART - III

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government 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 prospectus is contrary to the provisions of the Companies Act, 1956 or 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 and confirm 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 Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

SIGNED BY THE DIRECTORS:

1. Mr. Suresh Kumar Patni (Managing Director)

2. Mr. Vimal Kumar Patni

3. Mr. Naresh Kumar Jain

4. Mr. Virendra Kumar Jain

5. Mr. Prem Narayan Khandelwal

6. Mr. Vijay Mal Lodha

7. Mr. Chatter Singh Dugar

Place: Kolkata

Date: 26/05/2004