



DRAFT PROSPECTUS

VIKASH METAL & POWER LIMITED

(Originally incorporated as Vikash Metal Private Limited on July 4th, 1996 with Registrar of Companies, West Bengal and subsequently converted into Public Limited Company on 13th December, 2002 and the name of the company was changed to Vikash Metal Limited. The name of the Company was further changed to Vikash Metal & Power Limited w.e.f 21st January, 2003)

Registered Office: 35, Chittaranjan Avenue, 6th Floor, Kolkata-700 012, India.

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PRESENT ISSUE

2,47,60,400 equity shares of Rs. 10/-each for cash at a premium of Rs.10/- per equity share aggregating Rs. 4952.08 lacs.

NET OFFER TO PUBLIC

1,25,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs.10/- per equity share aggregating Rs. 2500 lacs of which 12,50,000 equity shares being 10% of the net offer to the public to be compulsorily allotted to QIB's.

The Project has a participation of Rs.7425/- Lacs as Term Loans from Consortium of Banks.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. **The face value of the shares is Rs.10 and the issue price is 2 times of the face value.** The issue price (has been determined and justified by the Lead Merchant Banker and the Issuer Company as stated under Justification of Premium paragraph on page 23) 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 nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Attention of the investors is specifically invited to the Statement of Risk Factors mentioned on page nos. (viii) to (xiv) of the Draft Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LEAD MANAGER TO THE ISSUE



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REGISTRAR TO THE ISSUE

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ISSUE PROGRAMME

ISSUE OPENS ON

ISSUE CLOSURES ON

LISTING

The Equity Shares of the Company are proposed to be listed on The Stock Exchange, Mumbai ("BSE") (The Designated Stock Exchange) and The National Stock Exchange of India Limited (NSE). The in-principle approvals have been received from BSE and NSE for listing of the Equity Shares vide their letters dated _____ and _____ respectively.



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DEFINITIONS AND ABBREVIATIONS**Conventional/General Terms**

Term	Description
"Vikash Metal & Power Limited " or the "Issuer" or the "Company", "we", "us", "our" and "VMPL"	Unless the context otherwise requires, refers to, Vikash Metal & Power Limited, a public limited company incorporated under the Companies Act and having its registered office at 35, Chittaranjan Avenue, 6 th Floor, Kolkata-700 012.
You	Unless the context otherwise requires, refers to, investors.

Issue Related Terms

Term	Description
Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful Bidders as the context requires.
Allottee	The successful applicant to whom the Equity Shares are being/have been issued.
Articles/Articles of Association	The Articles of Association of Vikash Metal & Power Limited
Auditors	The statutory auditors of the Company, viz. M/s S.Jaykishan, Chartered Accountants.
Bankers to the Offer	HDFC Bank Limited
Board of Directors/Board	The Board of Directors of Vikash Metal & Power Limited or a committee thereof
BSE	The Stock Exchange, Mumbai
Captive Power Project/CPP Project	Shall mean that part of the project pertaining to the setting up of the CPP.
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	The Stock Exchange Mumbai, (BSE)
Directors	Directors of Vikash Metal & Power Limited from time to time, unless otherwise specified.
Equity Shares	Equity shares of the Company of Rs.10/- each unless otherwise specified in the context thereof.
Fiscal or FY or Financial Year	Twelve months ending March 31 st of a particular year.
Fresh Issue or Primary Issue	The issue of 2,47,60,400 Equity Shares at the Offer Price by the Company pursuant to this Draft Prospectus.
Issue/Offer	Initial Public Issue of 1,25,00,000 Equity Shares of Rs.10 each at a premium of Rs.10 per share of the Company.
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Vikash Metal & Power Limited.

Term	Description
MIL	Microsec India Limited, a public limited company incorporated under the provisions of the Companies Act and with its registered office at Azimganj House, 2 nd Floor, 7, Camac Street, Kolkata-700 017.
MS Billets/Ingots	These are various forms of Mild Steel products depending on factors such as size, shape and weight.
NSE	National Stock Exchange of India Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Offer.
Promoter(s)	Shall mean jointly Shri Vimal Kumar Patni, Vikash Patni, Akash Patni, M/S Brahmand Udyog Private Limited and M/s Sahyogi Distributors Pvt Limited.
QIB Portion	The portion of the Net Offer being 12,50,000 Equity Shares available for compulsory allotment to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial institutions.
Registrar of Companies or RoC	Registrar of Companies at Kolkata, West Bengal.
Registrar or Registrar to the Offer	Maheshwari Datamatics Pvt. Ltd, a company incorporated under the Companies Act, having its registered office at 6,Mangoe Lane,2 nd Floor, Kolkata – 700 001.
Retail Individual Investors.	“Retail Individual Investor” means an investor who applies or bids for securities of or for a value of not more than Rs.1,00,000/-.)
Retail Portion	The portion of the Net Offer being a minimum of 62,50,000 Equity Shares available for allocation to Retail Individual Investor(s).
Rolling Mill Project	Shall mean that part of the project relating to setting up of rolling mill.
Rotary Kiln	Rotary kilns are used to heat solids to the point where a required chemical reaction(s) takes place. The rotary kiln is basically a rotating inclined cylinder
Sponge Iron Project	Shall mean that part of the Project relating to the manufacture of sponge iron.
Stock Exchanges	NSE and BSE

Glossary of Technical and Industry Terms

Term	Description
Cooling tower	A piece of equipment, which is used to cool water, which has been heated in an air conditioning or other systems. The cooling is done by letting the warm waterfall through the air or by spraying it through air. Cooling water is recirculated over and over, and water treatments are added in the cooling tower.
Electrostatic Precipitator	An air pollution control device used to remove particulates from an air stream by establishing an electric charge on the particles, which then are attracted to an oppositely charged collector. Used especially in coal plants and refused –fired electric generation facilities
EOT cranes	Electrical Overhead Travelling (EOT) crane used for the movement of heavy

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	objects within building
Term	Description
Hoppers	Conical shaped device for loading material into kiln/furnace
HRSG boiler	Heat Recovery Steam Generating Boiler, used to generate steam from recycled heat.
Kiln	A refractory lined cylindrical Vessel for Chemical reaction with heat exchange
MIS	Management Information System
Slag	Vitreous materials containing impurities from the ore and forming on the surface of molten metals
Tramp element	Tramp element are non metallic elements considered undesirable in most steel furnace melts like plastic, rubber, glass etc. found mixed in the metallic scrap
Vibratory feeder with screen	Material feeding system which vibrates while feeding to screen for size wise segregation

Abbreviation of General Terms

Term	Description
1 Metric Ton	1000 kilograms
1 unit of power	1 kilo watt hour/1000 watt hour
AGM	Annual General Meeting of the shareholders.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BFG	Blast Furnace gas
CAGR	Compounded Annual Growth Rate.
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited.
CPP	Captive Power Plant
CRIS INFAC	CRISIL Research and Information Services Ltd
Cum	Cubic Meter
DG	Diesel Generator
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DM	Demineralised Water
DRI	Direct reduced Iron
EAF	Electric Arc Furnaces
ECS	Electronic Clearing System
EGM	Extraordinary general meeting of the shareholders
EPS	Earnings per Equity Share
ESP	Electrostatic Precipitator
F & A	Finance & Accounts
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
GIR	General Index Register

Term	Description
Gol	The Government of India
HNI	High Net-worth Individual
HP	High pressure
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended.
IISI	International Iron & Steel Institute
KL	Kilo Liters
Ksc	Kilogram per square centimeter
KV	Kilo Volt
KW	Kilo Watt
LAVT	Lightning Arrestor & Voltage Transformer
LS	Lump sum
MBF	Mini blast furnace
MIL	Microsec India Limited
MS	Mild Steel
MT	Metric Tons
MTPA	Metric Ton Per Annum
MVA	Mega Volt Ampere
MW	Mega Watt (1000 kilo watts)
NAV	Net Asset Value
NRE Account	Non-Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OMDC	The Orrisa Minerals Development Company Limited.
P/E	Price earning ratio
PAN	Permanent Account Number
PPA	Power Purchase Agreement
PRDS	Pressure Reducing Desuperheating station
R&D	Research and Development.
RBI	The Reserve Bank of India.
RONW	Return on Net Worth
Rs.	Indian National Rupee
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover	Securities and Exchange Board of India (Substantial Acquisition of Shares

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Regulations	and Takeover) Regulations, 1997, as amended.
Term	Description
SI	Sponge Iron
SMS	Steel Melting Shop
TAN	Tax Account Number
TMT	Thermo Mechanically Treated
TPA	Tonnes Per Annum
TPD	Tonnes per day
TPH	Tonnes per hour
WBPCB	West Bengal Pollution Control Board
WHRB	Waste heat Recovery boilers
WHRSG	Waste Heat Recovery Steam Generating Boiler

I. RISK FACTORS

FORWARD-LOOKING STATEMENTS AND MARKET DATA

Forward-looking Statements

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

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

- General economic and business conditions;
- Company’s ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting the steel industry;
- Increasing competition in the steel industry;
- Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premia;
- Manufacturers’ defects or mechanical problems with Company’s plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Cyclical or seasonal fluctuations in the operating results;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the steel industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

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

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, for purposes of the Issue, the Company and the Lead Manager to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchanges.

Market Data

Industry and market data used throughout this Draft Prospectus has been obtained from Government of India sources, Cris Infac reports and internal Company reports. Although industry and market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the company to be reliable, have not been verified by any independent sources.

An investment in the company’s Equity Shares involves a high degree of risk. You should carefully consider the risks described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, its business, financial condition and results of operations could suffer, the trading price of its Equity Shares may decline and you may lose all or part of your investment.

RISK FACTORS:**1. Non-availability of raw material and other resources**

Steel industry being a raw material intensive industry, the company is constantly exposed to possible unpredictability in the supply of raw materials. Disruption in the supply of raw material may lead to hampering of the production process flow. Uncertainty over availability of raw materials such as iron ore and coal and other resources such as water, skilled manpower etc. may also affect the company's operations and in turn the profitability of the Company.

Management Perception

The main raw materials viz. iron ore and coal are procured from mines in Bihar and Orissa and dolomite is procured from Jharkhand. All the major raw materials are easily available within a distance of 300 Kms from the plant site. Further, raw materials other than coal are also available in the local market. The plant site is well connected with public roads and railways thus ensuring an uninterrupted supply of raw materials and finished products. The unit already has 800 KVA of power from DVC and the company has approached DVC for further power. In addition to this, the plant has its own power diesel generators to ensure a continuous supply of power. As a part of this project, the company is also setting up a 10 MW captive power plant that would ensure regular uninterrupted power supply and will also reduce the cost of power.

2. Risk associated with price fluctuation of raw material and finished product**1. Prices of Raw Material and Finished product**

In the recent past, there have been wide fluctuations in the prices of critical raw materials such as iron ore, coal etc. both at domestic and international levels. Such fluctuations in prices of raw material and the company's inability to negotiate at optimum market rates may affect its profitability. Similarly, the prices of finished products have also shown price variations, which may impact its profitability.

Management Perception

The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating the Company from fluctuation in raw material prices. Profitability will depend upon the extent up to which the company is able to pass on the burden of rise in the price of raw material to the consumers.

2. Supply Chain Management

The company will be sourcing the critical raw material viz. iron ore and coal from mines in Bihar and Orissa and dolomite from Jharkhand for the plant in Purulia which involves logistic issues, economic decision making in ensuring optimum inventory. Any delay in supply of raw material to the plant may affect the plant's operations. Further, any rise in the transportation cost may in turn lead to a rise in the cost of production. In case the company is not able to pass on the burden of such additional cost to the buyer of the products, its profit margins may be affected. Non-availability of raw material along with logistic issues may force the Company to hold sizeable amount of working capital, which might affect the liquidity position of the Company.

Management Perception

The plant site is well connected with roads and railways and all raw materials are available within a distance of 300 Kms. So there will be no shortage of raw material. In order to pre-empt any possibilities in holding up of production, the Company has planned the holding level of raw materials, consumable stores, receivables and sundry creditors at a level of 2.00 months, 1.00 month, 1.00 month and 0.25 month respectively. Considering the present competitive market environment, the holding level is justified and need based. The company feels the above would be quite adequate in meeting the working capacity of plant in case of logistic delays arising in ordinary course of business or unforeseen contingencies, thereby insulating the profitability and operations.

3. Time and Cost overrun

Bankers who have appraised the Project have also made certain assumptions on the time frame by which the Project will be completed. Also, the sanctioning of the term loans is contingent on the satisfaction of certain conditions such as raising of funds through IPO etc. In case there is a delay in complying with any of the conditions mentioned in the sanction letter, the disbursement of funds may be delayed leading to time and cost over run, which in turn may adversely impact the future profitability.

Management Perception

There has been no time over run for setting up the facilities under phase I. However the company have been able to set up the entire facilities without any cost over run in spite of the increase in finished steel prices which has resulted in increase of the cost of equipments.

Phase II comprises of setting up of the Sponge iron plant, ferro alloy plant, rolling mill, billets plant and power plant. The funds for the phase II has been completely tied up and the company is in the process of ordering all the long delivery items, the quotations for which has already been called for.

For current stage of completion of the project, please refer to the para on 'Implementation Schedule' on page 18.

4. Size of the Project

The total cost of the project is Rs. 13163.18 Lacs. Although the promoters have an experience in the Steel industry, their competence in handling a project of this magnitude remains to be demonstrated. An equity investor is therefore faced with an uncertainty of performance by the management.

Management Perception

The Company has drawn out a business plan for the activities to be pursued in the steel industry along with installation of MS Billet, TMT & HR Strips and Ferromanganese. The promoters of the Company have considerable experience in this business segment and foresee an overall long-term economic viability due to generation of a captive power from waste heat generated by the Sponge Iron Unit at a fraction of cost of purchased power and its utilization for the Ferro Alloy Plant and the Billet Casting Plant ensures economics of this project. The company have also appointed senior and experienced Professionals who have the experience of setting up similar facilities in the past.

Moreover, the promoters view the present optimistic scenario in the Steel sector as an opportunity to enlarge the scale of the operations of the group.

5. Delay in raising funds from the IPO

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

Management Perception

The management is aware of the fact and will make alternate funding arrangements through an equitable mix of secured/unsecured loans and contribution from the promoters, should there be any eventuality such as delay or failure of IPO

6. Supply of power

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

Management Perception

The Company has received sanction from Damodar Valley Corporation (DVC) for enhancement of Contract Demand to meet the additional power requirements for expansion. The company has therefore planned to set up a 10 MW captive power plant to generate in-house power for meeting its power requirement. However, the management also envisages keeping adequate provisions by way of installation of generators and DG sets to cater to the same.

7. Orders yet to be placed for capital goods relating to project

The company is yet to place the orders for the plant and machinery and miscellaneous fixed assets amounting to Rs. 6185.92 Lacs, constituting 91% of the total cost of plant and machinery and miscellaneous fixed assets of the project in Phase II .

Management Perception

The Company have already floated enquiries for all the main equipments and the quotations from various parties will soon be received. Since the company has already set up similar facilities, it will have an advantage to identify and select the right supplier at competitive rates. The company proposes to order for all the long delivery items in the next six to eight weeks time.

8. Further equity offerings

The company may require further infusion of funds to satisfy its capital needs and future growth plans, which it may not be able to procure. Any future equity offerings by the company may lead to dilution of equity and may affect the market price of its Equity Shares.

Management Perception

In the near future there are no plans to issue further equity shares. In case the company decides to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the company and after taking adequate consent from them.

9. Non-receipt of Government and other regulatory approvals may affect the completion of the proposed project that forms part of the Objects of the Issue.

The company is yet to receive certain approvals or licenses required in the ordinary course of the business, and the failure to obtain these in a timely manner or at all may adversely affect the operations. The details of such approvals are as follows:

- The company has made an application dated Nov 13th 2004 addressed to The Municipal Commissioner, The Kolkata Municipal Corporation seeking the issuance of the fresh Trade license in the amended name of Vikash Metal & Power Ltd.
- Application dated May 10, 2005 to the WBPCB for setting up of Hot Rolling Mill Plant.

Management Perception:

The company requires these approvals, licenses, registrations and permissions for operating the business, some of which have either been made or are in the process of making an application for obtaining the approval. For more information, see "Government Approvals" on page no. 107 of this Draft Prospectus. These approvals are of routine nature and the company is confident to obtain them in due course of time.

10. Change in technology

The company's future success will depend in part on its ability to respond to technological advances taking place in the steel industry. The development and implementation of such technology entails significant technical & business risk. The company cannot ensure that it will successfully implement new technology effectively or adapt the processing system to emerging industry standards. If the company is unable for technical, financial, legal and/or other reasons to adapt in timely manner to the changing market conditions, its business, financial performance and the trading price of its equity shares could be adversely affected.

Management Perception

The promoters of the company are committed to implant the best technology for manufacturing steel and ferro alloy all the time. The company will keep itself abreast with the changing world of technology and will update its operations accordingly on a continuous basis.

11. Loss Making Group Company of the Promoter Group

The following group company of the Promoter Group has made losses during the last three financial years:

(Rs. In Lacs)

Particulars	2001-02	2002-03	2003-04
Impex Infotech Limited	0.00	(82.99)	(93.77)

Management Perception

The performance of the group company will not affect the operations of the company.

12. Risk arising out of outstanding litigation against the Company and group companies/firms of the Promoter Group

Sl.No	Court/Department	Case No.	Background	Current Status	Amount involved
1	ACCT-Dharamtala Circle, Kolkata.	118/F/02-03	Unjustified demands from the sales tax department towards tax, interest for the 4Q.E.31/3/2001 vide order dated 27/6/03	An appeal filed before the ACCT is pending for disposal	2.01 lacs
2	Commisioner of Central Excise, Bolpur	C.No.II (8)16/AE/CE/Bol/05 Dated 27 th April 2005	Show cause notice issued by the excise department for violation of rules.	The Company has voluntarily paid a sum of Rs.5,16,742/ and the case is pending for issue of final order	5.16 lacs

The Income Tax Authority Kolkata had conducted a search & seizure operation on 05.01.2004 on the office and factory premises on the Impex group of companies including the resident of Directors. The Income tax investigation department has prepared their appraisal report and sent to the concerned authority for further processing in the above search and seizure matter.

13. The success of the Company depends on its management team and the loss of team members may adversely affect its business.

The Company is dependent on its management team, consisting of experienced and technically qualified professionals. If one or more members of the management team are unable or unwilling to continue in their present positions because of various factors, the company would try to replace such persons by other competent persons.

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

The Company is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with the company since inception. The promoters have been involved with critical functions like development of new products, marketing, and other operations of the Company. The Company also has a qualified team of marketing executives, finance professionals and other professionals who are involved in the day-to-day operations of the Company. This reduces the company's dependence on the promoters to manage the operations of the company

15. Shares issued by VMPL in the last one year

Date of allotment	Person to whom Allotted	No of Shares	Issue Price	Category
30-Dec-04	Apsara Fintrade (P) Ltd	100000	10	Group
30-Dec-04	Brahmand Udyog (p) Ltd.	584500	10	Promoter
30-Dec-04	Chiki Finance (P) Ltd	100000	10	Group
30-Dec-04	Sahyogi Distributors (P) Ltd.	154500	10	Promoter
30-Dec-04	Vikash Patni	117000	10	Promoter
30-Dec-04	Vimal Kumar Patni	723500	10	Promoter

16. The Contingent Liabilities of the company as on 31/12/2004 as certified by the Auditors for which no provision has been made

Contingent Liability not provided for in respect of Letter of Credit in favour of Damodar Valley Corporation is Rs.12.98 Lacs and towards commitment on Capital accounts (Net of advances Rs.5.00 Lacs)

17. Weaknesses and threats as provided in the appraisal notes of Banks**UNITED BANK OF INDIA**

- The company can have to face treats from the foreign players who are posing serious threat to the indigenous players.

BANK OF INDIA

- The products- sponge iron /billets, to be manufactured by the company are susceptible to price volatility which may adversely effect the profit margins.
- With the present buoyancy under the steel sector many new players are making their entry in the steel industry leading to an oversupply situation and eventually intense competition in the long run.
- Recession in the economy would adversely effect the demand supply position prevailing in the sponge iron industry.

UCO BANK

- The steel industry had been passing through bad phase for a long time in the recent past and only recently it has come out of recession .If again recession sets in the industry the unit will be adversely affected.
- The company may have to face stiff resistance from the existing as well as the upcoming units.
- Although the policies on custom duty, excise duty sales tax etc are quite favourable towards the steel industry, however in the recent years the policy of the government is quite inconsistent, therefore the operating profits of the company may get affected

18. Promise Vs Performance of Impex Ferro Tech Limited a group Company**Impex Ferro Tech Ltd.**

The Company has made a Public Issue in December'2004 of 80,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 800 Lacs.

Statement regarding cost and progress of implementation schedule

The Funds requirement (objects)

(Rs. in lacs)	
Particulars	Amount
Installation of SSM Converter and 8.25 MVA Furnace.	1312.70
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92
Total	1587.62

Utilisation of issue proceeds

Issue Proceeds	800.00
Installation of SSM Converter and 8.25 MVA Furnace	525.08
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92

Implementation Schedule

The Company had 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. The third furnace was installed in April 2002. Encouraged by



the demand for its products, the company decided to further expand 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 schedule of implementation of the project is given as follows:

Particulars	Proposed date	Actual Date
Construction of Building and Civil Works	May 2004	May 2004
Installation of Plant & Machinery and other equipments	July 2004	August 2004
Trial Run	August 2004	September 2004
Commercial Production	August 2004	September 2004

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY:

Certain factors beyond the control of the Company could have a negative impact on the Company's performance, such as:

1. The Growth of industry are highly dependent on Government Policies.
2. The Company's performance is highly dependent upon the growth of business and economy in the Country, which generates the demand for construction and development. An economic down turn may negatively impact the operating results of the Company.
3. Various incentives are offered by the Government for development of infrastructure, particularly in development of roads. Adverse change in the focus of the Government may affect the future business prospects of the Company.
4. Terrorist attack, draught, floods, etc. involving India and other countries can adversely affect the financial markets and the Company.
5. Any change in the regulatory environment may have an impact on the business of the Company.
6. Regional conflicts in South Asia could adversely affect the Indian economy, which in turn may disrupt Company's operations and cause its business to suffer.
7. Company's performance is linked to the stability of policies and the political situation in India.
8. Since the Equity Shares of the Company are required to be traded compulsory in demat form, shareholders who are allotted/who hold shares in Physical Form may not be able to trade in such Equity Shares unless they get their holding dematerialized.
9. Competition from Domestic and Chinese Players
10. Changes in Interest rates and banking Policies

NOTES:

- i. Net worth of the company as on December 31, 2004 is Rs1181.57 Lacs.
- ii. Present Issue of 2,47,60,400 equity shares of Rs. 10/- each for cash at a premium of Rs. 10/- per equity share aggregating Rs. 4,952 lacs. Net Offer to Public is 1,25,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 10/- per equity share aggregating Rs.2,500 lacs. The Project has Rs. 250 lacs as equity participation from the QIBs and Rs. 7424.50 Lacs as Term Loan from Consortium of Banks.
- iii. Book Value of the equity shares of the company as on 31st December 2004 is Rs.11.41 per Equity Share.
- iv. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 23 before making an investment in the issue.

VIKASH METAL & POWER LIMITED

- v. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to Para "Basis of Allotment" given on page 22 of the prospectus.
- vi. The investors are advised to refer the Paragraph on promoter's background and past financial performance of the company before making an investment in the proposed issue.
- vii. There are no relationships with statutory auditors to the company other than auditing and certification of financial statements.
- viii. Investors may note that allotment and trading in shares of the company shall be done only in dematerialized form.
- ix. Contingent Liability not provided for in respect of Letter of Credit in favour of Damodar Valley Corporation is Rs.12.98 Lacs and towards commitment on Capital accounts (Net of advances Rs.5.00 Lacs)
- x. The average cost of acquisition of Equity Shares of face value of Rs. 10 each by the company's Promoter is as follows:

Sl. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)
1	Vimal Kumar Patni	10
2	Vikash Patni	10
3	Akash Patni	10
4	Brahmand Udyog Pvt. Ltd	10
5	Sahyogi Distributors Pvt Ltd	10

- xi. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/information pertaining to the Issue.
- xii. Related Party Transactions as per Audited Accounts for the period ended on 31st December 2004 are given below:

Name of related party and nature of relationship

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Impex Infotech Limited	Control of Key Managerial Personnel
Impex Ferrotech Limited	Control of Key Managerial Personnel
Impex Metal & Ferro Alloys Pvt. Limited	Control of Key Managerial Personnel
Manju Cement Co. (P) Ltd.	Control of Key Managerial Personnel
Vimal Kumar Patni	Director
Vikash Patni	Managing Director
Ajit Kumar Patni	Key Managerial Person

					Rs.In.Lacs
Transaction	2001	2002	2003	2004	Period ended 31.12.04
Directors and Key Managerial Personnel					
Unsecured Loans from Directors	5.35	5.50	24.05	56.05	-
Salary paid	-	-	-	4.80	3.60
Companies under the Control of Key Managerial Personnel					
Loans Given	-	-	-	17.10	-
Investments Made	9.85	9.85	-	-	-
Purchases	-	-	-	-	1.85

- xiii. All information shall be made available by the LM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.



II. INTRODUCTION

A. SUMMARY

The Industry

One of the most useful and versatile material, steel is considered to be the backbone of human civilization. As the steel industry has tremendous forward and backward linkages in terms of material flow, income and employment generation. The growth of an economy is closely related to the quantity of steel used by it.

With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan. The steel industry would play a crucial role in this regard and has to gear itself to meet the challenges.

Business

The Company is presently operating in Sponge Iron segment having a capacity to produce 65,000 tonnes of sponge iron per annum. The company is now proposing to set up an integrated steel plant by installing plants to produce Billets, TMT Bar & HR strips, Ferro Manganese and generate Captive power. The Company has achieved nearly 80% capacity utilization (52000 MT) of its existing sponge iron plants for the nine month ending 31st December 2004. The demand for steel specially long products continues to remain buoyant and prices and production continued to rise simultaneously. Construction sector, automobile industry and consumer durable goods industry have been the major sources of demand in the domestic steel industry. In eastern region there is substantial gap between demand and supply of finished steel. Finished steel is produced in the form of flat and non-flat products and is normally available from integrated steel plants or secondary producers. Ferro Manganese is mainly consumed by the stainless steel industry. Ferro Manganese accounts for 70% of the total production of Ferro alloys. As the demand for carbon steel is rising therefore the demand for Ferro Manganese is also rising as it is directly related with Carbon steel Industry.

The Issue

Equity Shares offered:

Total Equity Shares 2,47,60,400 Equity Shares

Of which:

Reserved for Promoters and Promoter Group 1,22,60,400 Equity Shares

NET OFFER TO THE PUBLIC

Qualified Institutional Buyers portion 1,25,00,000 Equity Shares

(10% of the net offer to public) Minimum of 12,50,000 Equity Shares

Non Institutional portion Not more than 50,00,000 Equity Shares

(40% of the net offer to public) (allocation on a proportionate basis)

Retail portion At least 62,50,000 Equity Shares

(50% of the net offer to public) (allocation on a proportionate basis)

In case of Under-subscription in the Qualified Institutional Buyers portion the same shall not be available to other categories and full subscription monies shall be refunded.

Under-subscription, if any, in the Non Institutional portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of the Company and LM.

Equity Shares outstanding prior to the Issue 1,03,59,200 Equity Shares

Equity Shares outstanding after the Issue 3,51,19,600 Equity Shares

Use of proceeds The net proceeds of the issue will be used by the company for part financing the proposed Project. For further details of the Object of the issue, refer to page no. 12.

Corporate Information

The Company was originally incorporated as Vikash Metal Private Limited on July 4th, 1996 with Registrar of Companies, West Bengal and subsequently converted into Public Limited Company on 13th December, 2002 and the name of the company was changed to Vikash Metal Limited. The name of the Company was further changed to Vikash Metal & Power Limited w.e.f 21st January, 2003)

Registered Office: 35, Chittaranjan Avenue, 6th Floor, Kolkata-700 012, India.

Tel.: (033) 2211-5115/2211-6114, Fax: (033) 2211-5390

E-mail: info@vikashmetpower.com

Website: www.vikashmetpower.com

B. GENERAL INFORMATION

VIKASH METAL & POWER LIMITED	
Registered Office: 35, Chittaranjan Avenue, 6 th Floor, Kolkata-700 012, India.	
Tel.: (033) 2211-5115/2211-6114, Fax: (033) 2211-5390	
E-mail: info@vikashmetpower.com Website: www.vikashmetpower.com	
Company Registration No.- 21-80353 Registrar of Companies : West Bengal Nizam Palace, 2 nd MSO Building, 2 nd floor 234/4, A.J.C.Bose Road Kolkata-700020, India	

BOARD OF DIRECTORS OF THE COMPANY

Name of the Director	Designation
Vimal Kumar Patni	Chairman
Vikash Patni	Managing Director
Akash Patni	Director
Virendra Kumar Jain	Director
Vijay Mal Lodha	Non Executive Independent Director
Chhatar Singh Dugar	Non Executive Independent Director
Vijay Kumar Jain	Non Executive Independent Director

For details of Board of Directors please refer page 71 of this Draft Prospectus

Brief Details of the Chairman and Managing Director.

Mr. Vimal Kumar Patni, 57, the Chairman of the company is a commerce graduate. After having a very successful industry experience at senior management levels, he co-founded the impex group in the year 1995. Mr. Patni contributes with his experience and provides guidance to the senior management of the company.

Mr. Vikash Patni, 28, Managing Director, is a Commerce Graduate and an MBA from Tasmac University, Canada. He is the elder son of Mr. Vimal Kumar Patni. He joined the company in the year 2002 and is instrumental in the setting up and implementation of the first phase of the project and is looking after all the commercial aspects of the Company.

COMPANY SECRETARY CUM COMPLIANCE OFFICER

Mr.Nitin Didwania

Vikash Metal & Power Ltd
35, Chittaranjan Avenue, 6th Floor
Kolkata-700 012
Ph: +91-33- 22115115
Ph: +91-33-22116114,
Fax: +91-33- 22115390
E-mail: info@vikashmetpower.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEAD MANAGER

MICROSEC INDIA LTD

Azimganj House, 2nd Floor
7, Camac Street,
Kolkata-700 017
Tel- 91-33- 22829330
Fax: 91-33-22829335
EMail: vmpl@microsec.co.in
SEBI Registration No. INM 000010791
Contact Person: Mr. Pankaj Harlalka
Website Address: www.microsec.co.in



REGISTRAR TO THE ISSUE
MAHESHWARI DATAMATICS PVT. LTD

6, Mangoe Lane, 2nd Floor,
Kolkata – 700 001
Tel: 91-33-2243-5029/5809, 2248-2248
Fax: 91-33-2248-4787
E-mail: mdpl@cal.vsnl.net.in
Contact Person: Mr. S. Rajagopal

BANKERS TO THE COMPANY

Bank of India

Dobson Lane Branch
P-4 Dobson Lane
Howrah – 711101
Ph: +91-33-26660929

United Bank of India

16, C.R Avenue Branch,
Kolkata – 700 072
Ph: +91-33-22126107

UCO Bank

International Banking Branch,
4 & 4/1, Red Cross Place,
Kolkata- 700 001
Ph: +91-33-22436335

AUDITORS TO THE COMPANY

M/S S. Jaykishan

12, Ho Chi Minh Sarani
Suite No. 2D & E,
Kolkata-700 071
Tel- +91-33- 22824974
Tel- +91-33- 22824943
Fax: +91-33-2282 3424
E-mail: vnewatia@sjaykishan.com

BANKERS TO THE ISSUE

HDFC Bank Limited

“Central Plaza”
2/6, Sarat Bose Road,
Kolkata – 700 020
Tel- +91-33- 24858380
Tel- +91-33- 24858383
Fax: +91-33-24860712
E-mail: preeti.sharma@hdfcbank.com

LEGAL ADVISOR TO THE ISSUE

Pramod Kumar Banthiya

(Advocate)
27, Weston Street,
3rd Floor,
Kolkata – 700012
Tel-91-33-22119773

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

CREDIT RATING

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

MONITORING AGENCY

No agency has been appointed to monitor the utilisation of funds. However, the audit committee of the company shall monitor the utilisation of the funds in the project.

TRUSTEE

This being an Issue of Equity Shares, appointment of Trustee is not required.

UNDERWRITERS TO THE ISSUE

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

APPRAISING ENTITIES

The following Banks have appraised the project.

Bank of India

Dobson Lane Branch
P-4 Dobson Lane
Howrah – 711101
Ph: +91-33-26660929

United Bank of India

16, C.R Avenue Branch,
Kolkata – 700 072
Ph: +91-33-22126107

UCO Bank

International Banking Branch,
4 & 4/1, Red Cross Place,
Kolkata- 700 001
Ph: +91-33-22436335



C. CAPITAL STRUCTURE

Share capital as at the date of filing of Draft Prospectus with SEBI (before and after the Issue) is set forth below.

(Rs. In lacs, except share data)

Share Capital		Nominal Value	Aggregate Value
A.	Authorised Capital		
	4,00,00,000 Equity shares of Rs 10/-each	4000.00	
B.	Issued, Subscribed and Paid Up Capital		
	1,03,59,200 Equity Shares of Rs 10/- each fully paid up	1035.92	
C.	Present Issue		
	2,47,60,400 Equity Shares of Rs 10/- each	2476.04	4952.08
I	Out of Which		
	1,22,60,400 Equity Shares of Rs. 10/- each fully paid up are reserved for allotment to Promoters, Promoter Group, Associates, Friends, Relatives on a firm basis	1226.04	2452.08
II	Net Offer to the Public		
	1,25,00,000 Equity Shares of Rs 10/- each	1250.00	2500.00
a)	Out of Which 10% to be compulsorily subscribed by QIB's		
	12,50,000 Equity Shares of Rs 10/- each	125.00	250.00
b)	Remaining to all other categories of Public		
	1,12,50,000 Equity Shares of Rs 10/- each	1125.00	2250.00
D.	Paid Up Share Capital After Issue		
	3,51,19,600 Equity Shares of Rs 10/- each	3511.96	5988.00
E.	SHARE PREMIUM ACCOUNT		
	Before the Issue		-
	After the Issue		2476.04

Details of the increase in authorised capital.

Date	Authorised Capital (Rs.)	Face Value	No of Shares	Particulars
04-Jul-96	500,000	10	50,000	Incorporation
16-Aug-99	2,500,000	10	250,000	Increase
16-May-02	20,000,000	10	2,000,000	Increase
29-Oct-02	50,000,000	10	5,000,000	Increase
27-Feb-04	90,000,000	10	9,000,000	Increase
03-Dec-04	110,000,000	10	11,000,000	Increase
30-Mar-05	400,000,000	10	40,000,000	Increase

Notes forming part of the Capital Structure

1. 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, other than Cash)	Value (Rs)	Date on which fully paid up	Remarks
4-July-96	200	10	10	Cash	2,000	4-July-96	Allotment to initial share holders
6-Sep-96	38900	10	10	Cash	3,89,000	6-Sep-96	Further Allotment
14-Feb-01	187600	10	10	Cash	18,76,000	14-Feb-01	Further Allotment
13-Feb-03	1773000	10	10	Cash	1,77,30,000	20-Feb-03	Further Allotment
11-Aug-03	2900000	10	10	Cash	2,90,00,000	11-Aug-03	Further Allotment
15-Mar-04	3680000	10	10	Cash	3,68,00,000	15-Mar-04	Further Allotment
30-Dec-04	1779500	10	10	Cash	1,77,95,000	30-Dec-04	Further Allotment
Total	10359200						

2. Details of Promoter Contribution and Lock In

a. Allotment to Promoters

Promoter	Date of Allotment	No. of Shares	Face value (Rs.)	Issue Price (Rs.)	Consideration (Rs.)
Vimal Kumar Patni	4-Jul-96	100	10/-	10/-	1,000
	6-Sep-96	29600	10/-	10/-	2,96,000
	14-Feb-01	21500	10/-	10/-	2,15,000
	30-Dec-04	723500	10/-	10/-	72,35,000
	Total	774700			77,47,000
Vikash Patni	4-Jul-96	100	10/-	10/-	1000
	6-Sep-96	2800	10/-	10/-	28,000
	14-Feb-01	5900	10/-	10/-	59,000
	30-Dec-04	117000	10/-	10/-	11,70,000
	Total	125800			12,58,000
Brahmand Udyog Pvt. Ltd	13-Feb-03	100,000	10/-	10/-	10,00,000
	11-Aug-03	435,000	10/-	10/-	43,50,000
	15-Mar-04	520,000	10/-	10/-	52,00,000
	30-Dec-04	584,500	10/-	10/-	58,45,000
	Total	1,639,500			1,63,95,000
Sahyogi Distributors Pvt Ltd	11-Aug-03	485,000	10/-	10/-	48,50,000
	30-Dec-04	154,500	10/-	10/-	15,45,000
	Total	639,500			63,95,000

b. Final Shareholding of Promoters

Name of Promoter	Shares allotted as per table above	Add: Shares acquired by way other than allotment	Less: Shares transferred	Pre- Issue Shareholding
Vimal Kumar Patni	774700	1549900	Nil	2324600
Vikash Patni	125800	1395000	Nil	1520800
Akash Patni	Nil	1259300	Nil	1259300
Brahmand Udyog Pvt. Ltd	1639500	275000	Nil	1914500
Sahyogi Distributors Pvt Ltd	639500	150000	Nil	789500
Total	3179500	4629200		78,08,700

The additional shares have been acquired vide transfers from different shareholders on 18th Dec, 2003, 21st July 2004 and 28th October 2004 respectively against payment of adequate consideration.

c. Participation of the Promoters, Promoters Group, Friends, Relatives and Associates in the Public Issue

Name of the Participant	No of Shares to be applied for	Face Value	Issue Price	% of Post issue	Lock in period
Brahmand Udyog (P) Ltd.	2200000	10	20	6.26%	3 Years
Sahyogi Distributors (P) Ltd.	3300000	10	20	9.40%	3 Years
Others (to be brought in at least one day before the issue opens)	6760400	10	20	19.25%	1 Year
Total	12260400			34.91%	

d. Lock in of Minimum Promoters Contribution

Name	Date of Allotment	Consideration	No. of Shares	Face Value	Issue Price	% of Post issue	Lock in period
Brahmand Udyog (P) Ltd.	13-Feb-03	Cash	100,000	10	10	0.28%	3 Years
	11-Aug-03	Cash	435,000	10	10	1.24%	3 Years
	15-Mar-04	Cash	520,000	10	10	1.48%	3 Years
	To be allotted		2200000	10	20	6.26%	3 Years
Sub Total (A)			3,255,000			9.27%	
Sahyogi Distributors (P) Ltd.	11-Aug-03	Cash	485,000			1.38%	3 Years
	To be allotted	Cash	3300000	10	10	9.40%	3 Years
Sub Total (B)			3,785,000			10.78%	
Total (A+B)			70,40,000			20.05%	

Note: All ineligible shares as per Clause 4.6 of SEBI DIP Guidelines have been locked in for 1 year and shares eligible for contribution of 20% shares to be brought in by the promoters shall be locked in for 3 years.

Note: In case the final allotment of shares exceeds 1,25,00,000 shares on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share capital.

The above promoters have vide their letter dated May 5, 2005 given their consent for lock in as stated above. Shares issued last shall be locked in first. The entire pre-issue capital, other than that locked in as minimum promoters contribution shall be locked in for a period of one year from the date of allotment in the public issue or from date of commercial production whichever is later.

The promoters' contribution has been brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.

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

** Shares held by the person other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

3. Pre-issue and Post Issue Share Holding Pattern

Sl. No	Name of Shareholder	Pre Issue		Post Issue	
	Promoters				
1	Vimal Kumar Patni	2324600	22.44%	2324600	6.62%
2	Vikash Patni	1520800	14.68%	1520800	4.33%
3	Akash Patni	1259300	12.16%	1259300	3.59%
4	Brahmand Udyog (P) Ltd.	1914500	18.48%	4114500	11.72%
5	Sahyogi Distributors (P) Ltd.	789500	7.62%	4089500	11.64%
	Sub Total (a)	7808700	75.38%	13308700	37.90%
	Promoter Group, Associates, Friends and Relatives				
6	Premlata Patni	1251500	12.08%	1251500	3.56%
7	Virendra Kumar Jain	3000	0.03%	3000	0.01%
8	Rajesh Patni	576000	5.56%	576000	1.64%
9	Sunita Patni	520000	5.02%	520000	1.48%
10	Apsara Fintrade (P) Ltd	100000	0.97%	100000	0.28%
11	Chiki Finance (P) Ltd	100000	0.97%	100000	0.28%
12	Others (To be brought in at least one day before the issue opens)	-	-	6760400	19.25%
	Sub Total (b)	2550500	24.63%	9310900	26.50%
	Others				
13	Public	0	0.00%	12500000	35.59%
	Sub Total (c)	0	0.00%	12500000	35.59%
	Total (a+b+c)	10359200	100.00%	35119600	100.00%



The Promoter, Promoter Group or the Directors have not purchased or sold any Equity Shares from the market during a period of six months preceding the date on which the Draft Prospectus is filed with SEBI. However, there have been fresh allotments made to the promoter and the promoter group as follows:

Date of allotment	Person to whom Allotted	No of Shares	Issue Price	Category
30-Dec-04	Apsara Fintrade (P) Ltd	100000	10	Group
30-Dec-04	Brahmand Udyog (p) Ltd.	584500	10	Promoter
30-Dec-04	Chiki Finance (P) Ltd	100000	10	Group
30-Dec-04	Sahyogi Distributors (P) Ltd.	154500	10	Promoter
30-Dec-04	Vikash Patni	117000	10	Promoter
30-Dec-04	Vimal Kumar Patni	723500	10	Promoter

4. Equity Shares held by top 10 ten shareholders

- a) The details of top ten shareholders and the Equity shares held by them on the date of filing the Draft Prospectus with Board are as follows:

SI No	Name of Shareholder	No of shares	* % holding
1	Vimal Kumar Patni	2324600	22.44%
2	Brahmand Udyog (P) Ltd.	1914500	18.48%
3	Vikash Patni	1520800	14.68%
4	Akash Patni	1259300	12.16%
5	Premlata Patni	1251500	12.08%
6	Sahyogi Distributors (P) Ltd.	789500	7.62%
7	Rajesh Patni	576000	5.56%
8	Sunita Patni	520000	5.02%
9	Apsara Fintrade (P) Ltd	100000	0.97%
10	Chiki Finance (P) Ltd	100000	0.97%

* Based on the then issued share capital of 1,03,59,200 shares.

(To be updated at the time of filing the final prospectus with ROC.)

- b) The details of top ten shareholders and Shares held by them ten days prior to the date of filing the Draft Prospectus with Board are as follows:

SI No	Name of Shareholder	No of shares	* % holding
1	Vimal Kumar Patni	2324600	22.44%
2	Brahmand Udyog (P) Ltd.	1914500	18.48%
3	Vikash Patni	1520800	14.68%
4	Akash Patni	1259300	12.16%
5	Premlata Patni	1251500	12.08%
6	Sahyogi Distributors (P) Ltd.	789500	7.62%
7	Rajesh Patni	576000	5.56%
8	Sunita Patni	520000	5.02%
9	Apsara Fintrade (P) Ltd	100000	0.97%
10	Chiki Finance (P) Ltd	100000	0.97%

* Based on the then issued share capital of 1,03,59,200 shares.

(To be updated at the time of filing the final prospectus with ROC.)

- c) The details of top ten shareholders and Shares held by them two years prior to the date of filing the Draft Prospectus with Board are as follows:

SI No	Name of Shareholder	No of shares	% holding
1	Best advisory (P) Ltd.	150,000	7.50%
2	Brahmand Udyog (P) Ltd.	100,000	5.00%
3	Utility Vincom (p) Ltd.	100,000	5.00%
4	Aakansha Advisory (P) Ltd.	80,000	4.00%
5	Asha Trade (P) Ltd.	75,000	3.75%
6	Vimal Kumar Patni	51,200	2.56%
7	Vee Point Commerce (P) Ltd.	51,000	2.55%
8	Addarsh Management (p) Ltd.	50,000	2.50%
9	Altos Tradefin (P) Ltd.	50,000	2.50%
10	Aristodic Commercial (P) Ltd.	50,000	2.50%
11	Arti Finvest (P) Ltd.	50,000	2.50%
12	B.K.N. consultancy Services (P) Ltd.	50,000	2.50%
13	Bhavasagar Vinimay (P) Ltd.	50,000	2.50%
14	Dipika finance (P) Ltd.	50,000	2.50%
15	Girikunj Trade Link (P) Ltd.	50,000	2.50%
16	Gunjan Marketing (P) Ltd.	50,000	2.50%
17	Jewellock Trexim (p) Ltd.	50,000	2.50%
18	Jexport Commodities (P) Ltd.	50,000	2.50%
19	Manav Sales (P) Ltd.	50,000	2.50%
20	Multiplier Enterprises (P) Ltd.	50,000	2.50%
21	Preka Investment (P) Ltd.	50,000	2.50%
22	Priya Vinimay (P) Ltd.	50,000	2.50%
23	R.K.P. Consultancy Services (P) Ltd.	50,000	2.50%
24	Rekha Kunj (P) Ltd.	50,000	2.50%
25	Super Fast Tours and Travels (P) Ltd.	50,000	2.50%

* Based on the then issued share capital of 1,999,700 shares.

(To be updated at the time of filing the final prospectus with ROC.)

- 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 Draft Prospectus.
- The Company has not raised any bridge loan from any Bank against the proceeds of this issue.
- The securities offered through this public issue will be made fully paid up.
- The company shall not make 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 this public 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
- 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 it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.

10. The company has not issued any Equity shares out of revaluation reserves or for consideration other than cash.
11. 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.
12. The company has 11 (Eleven) members as on the date of filing of the Draft Prospectus with SEBI.
13. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relations, their group Companies or associates or by the above entities directly or indirectly to other persons.
14. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.
15. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
16. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply, to the extent initially prescribed.
17. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.
18. In case of reserved categories, a single applicant in the reserved category can make an application for a number of securities, which exceeds the reservation.
19. The unsubscribed portion in any reserved category may be added to any other reserved category interchangeably. The unsubscribed portion does not include minimum reserved for the QIB category as per the requirements of Clause 2.2.2 of DIP Guidelines.
20. Under subscription if any in the reservation category shall be added back to the net offer to the public portion. Under-subscription, if any, in the Non- institutional portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of the Company and LM. In case of Under-subscription in the Qualified Institutional Buyers portion (i.e. subscription less than 10% mandatory of the net offer to the public), the same shall not be available to other categories and full subscription monies shall be refunded.

D. OBJECTS OF THE ISSUE

The net proceeds of this Issue after deduction of Issue Management fees, Selling fees and all other Issue related expenses is estimated at Rs.2250.00 lacs. The Company intends to utilize the entire proceeds of this Issue towards the following purposes:

1. To part finance the installation of following projects:

PROJECT	
a.	Expansion of existing Sponge Iron plant with an existing capacity to produce 65000 MTPA by installation of further two Kilns of capacity 100 TPD so as to produce 1300000 MTPA of sponge iron.
b.	M.S.Billet Casting Plant with a capacity of 57,000 MTPA.
c.	TMT Bars & HR Strips Plant with an installed capacity to produce 48,000 MTPA.
d.	Ferro Manganese Plant with a capacity to produce 15,400 MTPA.
e.	Captive Power Plant using waste heat recovery to produce 10MW of power.

2. To meet the public issue related expenses.

3. To list the Equity Shares on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE).

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 activities for which the funds are being raised through the present issue. We, further confirm, that the activities of the company carried out until now are in accordance with the object of the Memorandum of Association of the company.

COST OF THE PROJECT AND MEANS OF FINANCING

The company is setting up a forward integration project at Vill–Poradhia, Purulia District West Bengal, to cater to a growing steel market at an estimated cost of Rs.13163.18 lacs. The various modules of the project, their individual capacities and their current status are given below.

(Rs. in Lacs)				
Module	Particulars	Capacity	Status	Cost
Phase I				
1	Sponge Iron Plant consisting of 2 Kilns of 100 TPD	65000 MTPA.	Completed and both Kilns Commenced operation	2,367
Phase II				
2	Sponge Iron Plant consisting of 2 Kilns of 100 TPD	65000 MTPA.	Under implementation	1,527
3	M.S.Billet Casting Plant	57,000 MTPA.	Under implementation	938
4	TMT Bars & HR Strips Plant	48,000 MTPA.	Under implementation	1424
5	Ferro Manganese Plant	15,400 MTPA.	Under implementation	1,038
6	Captive Power Plant	10MW.	Under implementation	3,800
Total Cost of Plant & Machinery				11,095
Long term working capital margin				1,569
Security Deposit				500
TOTAL PROJECT COST (A)				13,163
Public Issue expenses (B)				250
Grand Total (A+B)				13,413

The Phase I of the project has already been commissioned and the proceeds of the issue shall be entirely used to fund the Phase II of the project.

FUNDING REQUIREMENTS

Appraisal

United Bank of India, UCO Bank and Bank of India have appraised the various modules of the project separately and sanctioned loans to the Company. Bank of India is the lead appraising Bank and the other banks UCO Bank and United Bank of India also have appraised the project separately. The total cost of the project is Rs.13413.18 Lacs. This cost of project also includes the estimated expenses related to public issue, which amounts to Rs.250 Lacs.

The break up of the Project cost under the various heads has been estimated as under: (As per the Appraisal report of United Bank of India Dated 14th March 2005.)

BREAK UP OF PROJECT COST

a. Expansion of existing sponge Iron plant

The project envisages the addition of 65000TPA of sponge iron production to its existing plant of the similar capacity at the site of the project in Poradiha, Purulia. It would involve the installation of two additional rotatory kilns. The main plant & machinery for Sponge Iron Project would consist of four rotary kilns having capacity aggregating to 1,30,000 MTPA, with all the inlet/outlet systems. The rotary kiln, chimney etc., would be constructed on site with refractory material and other construction materials like bricks, steel, cement etc. Four numbers of rotary kilns having capacity of 100 TPD each would be installed. Some of the utility services would be common for both the plants. The cost of plant for the Sponge Iron Project is estimated at Rs.3893.91 lacs as per the estimation given by the technical consultant, quotations from the suppliers.

(Rs.in lacs)			
Particulars	Existing Plant	Proposed Plant	TOTAL
Land & Site Development	55.90	2.22	58.12
Civil & Structural Works	334.69	449.45	784.14
Plant & Machinery	1552.34	829.39	2381.73
Miscellaneous Fixed Assets	173.91	17.00	190.91
Electrical installations	242.58	94.50	337.08
Capital work in progress	2.22	(2.22)	
Provision for Contingencies		69.52	69.52
Others	5.08	67.33	72.41
TOTAL	2366.72	1527.19	3893.91

b. M.S.Billet Plant Casting Plant

The major plant comprises of 2 induction furnace of 8 tons capacity each, with an installed capacity of 57000 MT per year. The cost of the plant and machinery for the Steel melting shop is estimated at Rs.937.84 Lacs. The cost estimation of rolling mill is as per the quotations, estimates given by the technical consultant.

Particulars of the Issue	Rs.in lacs
Civil & Structural Works	160.81
Plant & Machinery	515.96
Miscellaneous Fixed Assets	101.27
Electrical installations	75.08
Provision for Contingencies	39.72
Others	45.00
TOTAL	937.84

c. TMT Bars & HR Strips Plant

The major plant comprises of heating furnace, conveyor for transfer of billets to rolling mills and to cooling bed, billet pusher system, rolling mills with stand etc. The cost of Rolling Mill Plant is estimated at Rs.1424.47 Lacs. The cost estimation of rolling mill is as per the quotations, estimates given by the technical consultant.

Particulars of the Issue	Rs. in lacs
Civil & Structural Works	307.3
Plant & Machinery	766.7
Miscellaneous Fixed Assets	149.4
Electrical installations	109.00
Provision for Contingencies	62.07
Others	30.00
TOTAL	1424.47

d. Ferro Manganese Plant

The major plant comprises of 1 No. of 9MW electric arc furnace. The production of ferro manganese shall be done by electrolytic process. The cost of the plant and machinery for the Steel melting shop is estimated at Rs.1038.43 Lacs. The cost estimation of rolling mill is as per the quotations, estimates given by the technical consultant.

Particulars of the Issue	Rs.in lacs
Civil & Structural Works	304.71
Plant & Machinery	331.92
Miscellaneous Fixed Assets	175.00
Electrical installations	150.00
Provision for Contingencies	44.80
Others	32.00
TOTAL	1038.43

e. Captive Power Plant

The major plant comprises of HRSG Boilers all associated equipments like feed water system, steam line, heat recovery unit, auxiliaries (feed water pumps, ID fan, valves & fittings), LT MCC with switches, relays fuses, deaerator cum storage tank, dosing system, dust collection system, field instrumentation and control system etc.

Two Turbo Generator (TG) having capacity to generate 10 MW power each would be installed. The Steam Turbo Generator would comprise of steam turbine, oil supply system, surface condenser, steam jet air ejector, gland steam condenser, lube oil coolers, generator & its auxiliaries, generator air coolers, instrumentation and LP heater with deaerator. The total cost of plant and machinery for the power plant is estimated to be Rs. 3800.00 lacs.

f. General Corporate purposes including strategic initiatives and acquisitions

The company needs to enhance its position in the steel industry. In addition to continued investments in expansion of manufacturing facilities, it intends to enhance its capacities, technical expertise and marketing strengths through investments or joint ventures. The management in accordance with the policies set up by the Board of Directors of the company will have flexibility in applying the balance proceeds received by the company from this issue, if any, for general corporate purposes.

g. Issue related expenses

The expenses for the issue includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationary costs, advertising expenses and listing fees payable to the stock exchanges, among others. The total expenses for this issue are estimated at Rs. 250 lakhs, which will be paid by the company.

h. Technical Services.

The technical services include know-how and basic engineering, design, engineering and drawing, procurement assistance and inspections, project monitoring, etc. We have appointed the following technical consultants for our various projects. The total cost for availing the technical services is Rs 156 Lacs and the break up of the same is given below:

Particulars	Name of the Consultant	Total cost
Expansion of the Sponge Iron Capacity	Engineering & Industrial Consultancy Services	16.00
Installation of New M.S. Billet Casting Plant	M/s N.C.Associates	35.00
Installation of TMT Bar & HR Strips Plant	Rana Udyog Limited	15.00
Installation of Ferro Manganese Plant	M/s Ghalsasi Engineering Systems Private Limited	20.00
Captive Power Plant	M/s Development Consultants Private Limited	70.00

i. Miscellaneous Fixed Assets

Miscellaneous Fixed assets include the cost of fire fighting system, weigh bridge, workshop tools & equipment, material handling system, effluent treatment plant, water treatment plant, EOT cranes & hoists, cooling towers & ventilation system, workshop and laboratory equipment etc. The total cost estimated by the technical consultant under this head is Rs.1301.86 Lacs whose break-up of the same is given below:

(Rs. in lacs)	
Particulars	Amount
Expansion of the Sponge Iron Capacity	109.91
Installation of New M.S. Billet Casting Plant	101.27
Installation of TMT Bar & HR Strips Plant	149.40
Installation of Ferro Manganese Plant	175.00
Captive Power Plant	0.00
Total	616.58

j. Contingency

The Project cost has been estimated by the technical consultants, who have substantial experience in implementation of Project. The cost estimate is based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Considering these factors, provision for contingency has been estimated conservatively at 5% on all main costs aggregating Rs. 216.11 Lacs break up of which as follows:

(Rs. in lacs)	
Particulars	Amount
Expansion of the Sponge Iron Capacity	69.52
Installation of New M.S. Billet Casting Plant	39.72
Installation of TMT Bar & HR Strips Plant	62.07
Installation of Ferro Manganese Plant	44.80
Captive Power Plant	0.00
Total	216.11

k. Margin Money for working capital

The working capital margin requirements of the Project is estimated at Rs. 1318.00 Lacs, based on the calculations for the first full year of operations for the Project.

MEANS OF FINANCE

The Project is proposed to be funded from Promoter's Contribution, public issue of equity shares, term loans from Banks, Financial Institutions. The proposed means of the finance for the Project is as under

(Rs in Lacs)

Means of Financing		
1.	Term Loan from Bank already disbursed for Phase I of the project	1,220
2.	Term Loans sanctioned for Phase II of the Project	6,205
	Total Term Loans (A)	7,425
3.	Equity already brought in by the Promoters and allotted	1,036
4.	Share application money already brought in and pending for allotment	744
5.	Further shares to be subscribed by the Promoters and Promoter Group, Associates, Friends and relatives before the issue opens	1,709
6.	Proceeds from the Public Issue	2,500
7.	Total Equity (B)	5,988
TOTAL (A+B)		13,413

UNDERTAKING BY THE ISSUER COMPANY:

The Company hereby 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 Public Issue, have been made.

APPRAISAL:

Various banks have appraised the different modules of the proposed integrated steel plant, and have given their appraisal reports and their consent for their name being included in the draft prospectus for this offering and for their name being included as appraising agencies and for their appraisal report being used in this document.

The appraisal report given by the various banks in regard to the above issue is listed as under:

Name of the Banks	Amount of Term Loan Sanctioned	Date of Sanction
Phase I		
Bank of India	470.00	03-06-2002
Bank of India	180.00	22-09-2004
United Bank Of India	570.00	12-05-2004
Total Phase I (A)	1,220.00	
Phase II		
Bank of India	2,350.00	27-04-2005
United Bank Of India	1,657.50	21-02-2005
UCO Bank	2,197.00	14-03-2005
Total Phase II (B)	6,204.50	
Total (A+B)	7,424.50	

The salient points and the areas of strength and weaknesses as mentioned in the Appraisal reports have been reproduced below:

1. UNITED BANK OF INDIA:

United Bank of India has granted a term loan of Rs.1657.50 lacs and a working capital limit of Rs.119.00 lacs vide their letter dated 21st February 2005.

Areas of strengths and weaknesses

Strengths.

- ❑ The promoters of the group has been engaged in the business of steel and is well known in Eastern India for successfully implementing similar other projects and operating steel plants.
- ❑ As per market estimates the demand for steel bars on both national and international front is on rise and the current project of the company shall meet the increase in demand for the product.
- ❑ As per the new policies of the government decision has been made that encouragement should be given to the private entrepreneurs for joining such core sector to meet the country's growing demand.

Weaknesses.

- ❑ The company can have to face treats from the foreign players who are posing serious threat to the indigenous players.

2. BANK OF INDIA

Bank of India has granted a term loan of Rs.2350.00 lacs and a working capital limit of Rs.231.00 lacs vide their letter dated 27.04.2005.

Areas of strengths and weaknesses.

Strengths.

- ❑ The promoters of the group are already in the businesses of steel and are successfully running a Ferro Alloy Plant, viz. M/s Impex Ferro Tech Limited besides an existing sponge iron plant.
- ❑ The project is located in Eastern India where substantial benefits from location are accruing which includes availability of raw materials, cheap labour, sales tax and income tax exemptions etc.
- ❑ The project involves substantial saving in cost on account of captive consumption of Sponge Iron & power generated by it as envisaged in the project.
- ❑ Growth in the infrastructure and the housing sectors provides good scope with the increase in demand for sponge iron and Ferro alloy as intermediary products for the steel industry.
- ❑ The company is also going to benefit from its existing wide marketing network.
- ❑ As per the CRIS INFAC reports the compounded annual growth rate of the demand in the steel industry is expected to be around 6.5% and the annual growth in demand for the next 3-4 years is expected to be around 7-8%.

Weaknesses.

- ❑ The products- sponge iron /billets, to be manufactured by the company are susceptible to price volatility which may adversely effect the profit margins.
- ❑ With the present buoyancy under the steel sector many new players are making their entry in the steel industry leading to an oversupply situation and eventually intense competition in the long run.
- ❑ Recession in the economy would adversely effect the demand supply position prevailing in the sponge iron industry.

3. UCO BANK

UCO Bank has granted a term loan of Rs.2197.00 lacs and a working capital limit of Rs. 300.00lacs vide their letter-dated March 19,2005.

Areas of strengths and weaknesses.

Strengths.

- ❑ The promoters are having vast experience in the industry and have a track record of implementation of existing Sponge iron plant with least possible time and cost and running their unit with profit. The company shall presently operate the plant and shall deal the products directly.
- ❑ Due to the added thrust on infrastructure development and housing schemes of the government there is a very high demand for steel in the market. The company is going to meet the increase in demand for the product.
- ❑ There is a huge demand supply gap for sponge iron in the country as a result the promoters shall enjoy special privilege as they already have a good marketing network through out the country and a huge experience in the field of steel.

Weaknesses

- ❑ The steel industry had been passing through bad phase for a long time in the recent past and only recently it has come out of recession .If again recession sets in the industry the unit will be adversely affected.
- ❑ The company may have to face stiff resistance from the existing as well as the upcoming units.
- ❑ Although the policies on custom duty, excise duty sales tax etc are quite favourable towards the steel industry, however in the recent years the policy of the government is quite inconsistent, therefore the operating profits of the company may get affected.

SCHEDULE OF IMPLEMENTATION:

The installation of several production units along with the construction of factory buildings, utilities and services require co-operation for procurement of equipment, designing the buildings and equipment foundations, award of all contracts and supervision of all construction jobs at plant site. The project implementation schedule has been drawn up to maintain a strict time schedule.

The Schedule is as follows:

i. Sponge Iron

Particulars	Commencement	Completion
Acquisition of Land	Already Acquired	
Development of Land	Already Developed	
Civil works for Factory Building & Machinery Foundation	May, 2005 June, 2005	June , 2005 August, 2005
Plant & Machinery: Indigenous	June, 2005	August, 2005
Arrangement of Power	August, 2005	September, 2005
Arrangement of Water	Already Arranged	
Erection of Equipment for 3 rd & 4 th Rotary Kiln	September, 2005	October, 2005
Commissioning	October, 2005	November, 2005
Trial Run	November, 2005	November, 2005
Commercial Production of 3 rd & 4 th Rotary Kiln	December, 2005	December, 2005

ii. M.S. Billet & Hot Rolling Mill

Particulars	Commencement	Completion
Acquisition of Land	Already Acquired	
Development of Land	February, 2005	March, 2005
Civil works: Factory Building Machinery Foundation Auxiliary Building Administrative Building Misc. building	April, 2005 -Do- -Do- -Do- -Do-	September, 2005 -Do- -Do- -Do- -Do-
Plant & Machinery:	April, 2005 October, 2005	June, 2005 December, 2005
Arrangement of Power	May, 2005	June, 2005
Arrangement of Water	May, 2005	June, 2005
Erection of Equipment	July, 2005	October, 2005
Commissioning	November, 2005	December, 2005
Initial procurement of Raw Material	February, 2006	February, 2006
Training of Personnel	January, 2006	January, 2006
Trial Production & Commissioning	February, 2006	March, 2006
Commercial Production	April, 2006	April, 2006

iii. Ferro Manganese

Particulars	Commencement	Completion
Site Acquisition	Already Acquired	
Preparation of Technical Specification	July, 2005	August, 2005
Invitation of Offer, Scrutiny, Placement of orders	September, 2005	October, 2005
Detailed design & engineering	November, 2005	November, 2005
Civil work	December, 2005	February, 2006
Structural Supply	February, 2006	March, 2006
Structural Erection	March, 2006	April, 2006
Equipment supply	December, 2005	March, 2006
Equipment Erection	March, 2006	May, 2006
Refractory Lining	May, 2006	July, 2006
Trial Production & Commissioning	July, 2006	August, 2006
Commercial Production	September, 2006	September, 2006

iv. Captive Power Plant

The project is scheduled to be implemented by 14 months from the date of ordering of Main equipments such as boiler/turbine etc. The orders shall be placed in the month of August 2005.

COST INCURRED TILL DATE

The details of expenditure incurred till date as certified by the auditors M/s S. Jaykishan vide their certificate dated 10th May 2005 upto 9th May 2005 is as follows:

(Rs in Lacs)

Particulars	Cost incurred
Land and site development including buildings	40.37
Plant & Machinery	189.12
Advances against project	380.37
Preliminary Expenses	14.53
Total	624.39
Less: Sundry Creditors for capital goods	(3.70)
	620.69
Balance parked in short term working capital requirement pending utilisation in the project	122.81
Total	743.50

Sources of Financing of Funds Already Deployed

The above expenditure has been met out of following sources.

(Rs in Lacs)

Sources of Funds	Amount
Share Application money from the promoters and their group	743.50

Interim Use of Funds

Pending any use as described above, the proceeds of the issue shall be invested in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. We may also use the same to fund our working capital requirement on a temporary basis.

BASIC TERMS OF ISSUE

Ranking Of Equity Shares

The Equity Shares being offered shall be subject to the provisions of Memorandum and Articles of the Company and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company. Allottees of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Face Value

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is 2 times of the Face Value. The Price is Rs. 20/- per Equity Share of Rs.10/- each.

Rights of the Equity Shareholders

- i. Right to receive dividend, if declared.
- ii. Right to attend general meetings and exercise voting rights, unless prohibited by law.
- iii. Right to vote on a poll either personally or by proxy.
- iv. Right to receive offer for rights shares and be allotted bonus shares, if announced.
- v. Right to receive surplus on liquidation.
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

Market Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share.

Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of 250 Equity Shares.

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 at least 10% of net offer to the public are not subscribed by QIB's 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.

Authority for the Present Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the EGM of the Company held on 19th February 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 25th January 2005.

Minimum and Maximum Application Size

Applications should be for minimum of 250 Equity Shares and in multiples of 250 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

Terms of Payment

The entire Issue price of Rs. 20 per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

BASIS OF ALLOTMENT

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the relevant guidelines:

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 250 Equity Shares.

Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a. A minimum 50% of the net offer of Equity Shares 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 Equity Shares 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 drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (Designated Stock Exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.

Despatch of Refund Orders

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company.

Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders

The Company agrees that as far as possible allotment of Equity Shares 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. However applications received after the closure of Issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

BASIS FOR ISSUE PRICE

Qualitative factors

- a) Impex Group is one of the leading ferro alloy and steel manufacturers in the secondary sector in West Bengal.
- b) The company is setting up a mini integrated steel plant at Poradiha, Purulia. The project is eligible for subsidies under the West Bengal Incentive Scheme 2000. The company envisages to set up the following capacities:
 - Sponge Iron (1,30,000 TPA),
 - MS Billets (57,000 TPA),
 - TMT Bars (48,000 TPA)
 - Ferro Manganese (15,400 TPA)
 - Captive Power Plant (10 MW)
- c) The company has already part implemented the sponge iron plant for a capacity of 65,000 TPA
- d) The promoters amongst themselves have adequate experience in the industry. Mr.Vimal Kumar Patni, one of the founders of the Impex group has over a decade experience in the ferro alloy and steel industry.
- e) The Company was awarded an ISO 9001:2000 certification for manufacturing of its products.
- f) The Company has received the approval for linkage of non coking coal from Mahanadi Coal Fields for 86,400 TPA.
- g) The entire project has been financially closed completely, with a consortium of Bankers lending Rs. 7424.50 lacs to the company.
- h) The company has earned profits in the first year of its operations.

Quantitative Factors

Adjusted Earning Per Share (EPS)		
Year	EPS	Weight
2001-02	0.46	1
2002-03	-	-
2003-04	0.39	2
Nine Months Period ended December 31st 2004 (Annualised)	1.95	3
Weighted Average	1.18	
Price Earning Ratio in relation to issue price of Rs.20 per share		
Based on Nine months ended December 31st 2004 annualised EPS of Rs. 1.95	10.26	
Based on weighted average EPS of Rs 1.18	16.95	
Industry P/E		
Highest	9.3	
Lowest	3.8	
Average	4.8	
Return on Net Worth		
Year	RONW (%)	Weight
2001-02	4.16%	1
2002-03	-	-
2003-04	1.77%	2
Nine Months Period ended December 31st 2004 (Annualised)	11.15%	3
Weighted Average	6.86%	

Minimum Return on Total Net Worth after Issue needed to maintain EPS at Rs .1.18	6.75%	
Net Asset Value (NAV)		
(a) As at 31.12.2004	11.41	
(b) After issue	17.47	
(c) Issue price	20.00	

Notes:

- The Earnings per Share and the average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.
- The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.
- Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.
- The operating results for the nine months ending 31st December 2004 have been able to capture only a part period of the existing capacities as the KILN II was installed in June 2004 only. The results upto 31st December 2004 may not be construed as the results for the entire capacities of the company.

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 period ended ending 31st March 2004 is as follows.

Peer	Equity Capital (Rs Cr)	Book Value (Rs)	Sales (Rs Cr)	EPS (Rs)	P/E	Market Price on 21.04.2005
Jai Balaji Sponge Ltd	25.13	14.00	122.00	2.1	-	45.00
Monnet Ispat	31.49	59.60	307.90	8.7	5.3	159.00
Orissa Sponge	11.90	21.30	106.10	3.70	7.8	59.00
Vikash Metal & Power Ltd**	35.11	17.46	24.06	1.95	10.25*	-

* Based on the Issue price of Rs.20/-

** Nine months figure upto 31st December 2004

(Source Capital Market Vol XX/04, Apr 25 –May 8, 2005)

The face value of the shares is Rs.10/- and the Issue price is 2 times of the face value.

The Lead Manager believes that the Issue Price of Rs.20/- is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report in Part II of the Prospectus to have a more informed view of the investment proposition.

TAX BENEFITS

The Company has been advised by S.Jaykishan, Tax Auditors of the Company, vide their letter dated 5th May 2005 that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, *interalia*, will be available to the Company and the Members. However, an investor is advised to consider in his own case the tax implications of an investment in the shares from time to time. The statement of tax benefits certificate from the Tax Auditors of the Company is reproduced below:

A. BENEFITS AVAILABLE TO THE COMPANY

1. As per the provisions of Section 80 IB of the Income Tax Act, 1961, the Company is entitled to 100% income tax exemption for the first three years and 30% thereafter for the next five years.
2.
 - 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.
3. 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) All Members

1. By virtue of section 10(38) inserted by Finance (No. 2) Act, 2004, income arising from transfer of long-term capital asset, being an equity share in the company is exempt from tax, if the transaction of such sale has been entered into on or after 1.10.2004 and such transaction is chargeable to the securities transaction tax.
2. By virtue of section 111 A inserted by Finance (No. 2) Act 2004, short term capital gain on transfer of equity share in the Company shall be chargeable to tax @ 10%, if the transaction of such sale has been entered into or after 1.10.2004 and such transaction is chargeable to securities transaction tax. However, where the income includes any such short-term capital gain, it shall not be considered for deduction under chapter VIA and rebate under section 88 of Income tax Act, 1961.
3. By virtue of section 10(34) of the Income Tax Act, income earned by way of dividend income from a domestic company referred to in section 115O of the Income Tax Act (i.e. dividends declared, distributed and paid on or after 1st April, 2003), are exempt from tax in the hands of the shareholders.

ii) Resident Members

1. 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.
2. Under section, 54EC of the Income Tax Act, 1961, Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of 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), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC), and Small Industries Development Bank of India (SIDBI).
3. Under section 54ED of the Income Tax Act, 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of 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 of an Indian company forming part on an eligible issue of capital.
4. Under section 54F of the Income Tax Act 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company held by an individual or Hindu Undivided Family (HUF) 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 a period of 3 years after the date of transfer.
5. 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(38) 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 and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

iii) 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, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non-Resident Indian, long term capital gains arising to the non-resident on transfer of shares shall (in case not covered under Section 10 (38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against Foreign Exchange Fluctuation.
 - b. Under provisions of section 115F of the Income Tax Act, 1961, long term capital gains (not covered under section 10 (38) of the Act) arising to a non resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only a part of the net consideration is so reinvested the exemption shall be proportionately reduced. The

amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted with three years from the date of their acquisition.

- c. Under provisions of 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 only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
 - d. Under section 115-I of the Income Tax Act, 1961, a Non Resident Indian may elect not to be governed by the provisions of chapter XIIA for any assessment year by furnishing the 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 instead the other provisions of the Act shall apply.
2. As per the provision of the first proviso to section 48 of the Income Tax Act, capital gains arising from transfer of equity shares acquired by non-resident in foreign currency are to be computed by converting the cost of acquisition / improvement, expenditure incurred wholly and exclusively in connection with such transfer and full value of consideration received or accruing into the same foreign currency as was initially utilized in the purchase of equity shares and the capital gain so computed in such foreign currency shall then be reconverted into Indian currency. Cost indexation benefits will not be available in such cases.
 3. Under section, 54EC of the Income Tax Act, 1961, Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of 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), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC), and Small Industries Development Bank of India (SIDBI).
 4. Under section 54ED of the Income Tax Act, 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of 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 of an Indian company forming part on an eligible issue of capital.
 5. Under section 54F of the Income Tax Act 1961 Long Term Capital Gains [in cases not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company held by an individual or Hindu Undivided Family (HUF) 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 a period of 3 years after the date of transfer.
 6. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the act, long term capital gains (not covered under section 10 (38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso of section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the shareholders. (Indexation will not be available if investments are made in foreign currency in accordance with the first proviso to section 48 of the Income Tax as stated above).

iv) Foreign Institutional Investors (FIIs)

1. As per section 115AD of the Income Tax Act, long-term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares purchased by FIIs, in convertible foreign exchange, are taxable at the rate of 10 % (plus applicable surcharge and education cess). Cost indexation benefits will not be available.
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.

v) Venture Capital Companies / Funds

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

Wealth Tax

Shares of the company held by the shareholder are not treated as assets within the meaning of section 2 (ea) of Wealth Tax Act, 1957; hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

Gift Tax

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

Notes :

- i. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2004.
- 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 any 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 consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



III. ABOUT THE ISSUER COMPANY

A. INDUSTRY OVERVIEW

One of the most useful and versatile material, steel is considered to be the backbone of human civilization. As the steel industry has tremendous forward and backward linkages in terms of material flow, income and employment generation, the growth of an economy is closely related to the quantity of steel used by it.

Steel is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc. Covering as it does such a wide spectrum, steel becomes the basic input for socio-economic development.

With the present emphasis on creating physical infrastructure, massive investment is planned during the Tenth Plan. The steel industry would play a crucial role in this regard and has to gear itself to meet the challenges. The Ministry of Steel is committed to providing all assistance to the Indian Steel Industry in its quest for a brighter and prosperous future.

The future and sustained growth of this industry is intimately linked to the growth of the economy in general and to the performance of the industrial sector and the construction activities, in particular. With the macro indicators looking up in almost all areas, the demand prospects of this industry looks bright.

Opportunities

India's per capita consumption of steel of about 26-27 kg is way below the global average of 121 kg. With the ongoing economic liberalization resulting in faster economic growth, steel consumption is expected to increase rapidly. Today, India is the 10th largest steel producing country in the world. The sector represents around Rs. 90,000 Crores of capital and directly provides employment to over 5 Lakh people.

Infrastructure

Good infrastructure is a must for any country to help its economy grow. This is more important for the developing countries like India. Infrastructure development has begun to pick up over the past two years, driven by government initiatives as well as private participation. Innovative schemes of financing and low rates of interest have made it easier and cheaper to fund large projects. The assessment of projects in key infrastructure sectors like roads, ports, railways and power plants, indicates prospective investments of Rs. 6,19,600 crores over the next five years.

The growth in construction sector will in turn lead to an upsurge in the demand of construction steel in a major way and will benefit all the steel producing companies substantially.

Boom in infrastructure spending

The construction component would form 66% of the estimated Rs3,919bn investments in infrastructure projects over the next four years. These projects would accelerate the revenue and earnings growth of construction companies over the next 2-3 years.

The outlook for the Indian infrastructure sector has improved significantly over the past few years. The assessment of projects underway and proposed indicates that infrastructure

investments would total at least Rs3919bn in the period FY2004-FY2007—a sharp rise over the previous three-year period. These projects would translate to orders worth Rs2, 587bn for construction companies.

The construction sector is set for strong growth over the next few years

The government has been promoting investments in infrastructure through its own entities as well as private participation over the past two years.

Roads: One of the major initiatives has been construction of new roads and upgrading of existing ones. The key projects in roads are the Golden Quadrilateral, the North-South-East-West (NSEW) corridor, and Ministry of Road Transport & Highways (MORT&H), which would together involve an investment of Rs859bn.

Ports: Ports have already attracted significant investments by foreign and domestic companies, driven by the Sagarmala project and privatization of existing ports.

Hydel power generation: The state-owned National Hydel Power Corporation (NHPC) as well as the private sector are building capacity.

Airports and railways: Policies for modernization are in early stages of formulation. The sectors could see private sector investment from Indian as well as foreign majors.

WHAT HAS CHANGED?

Awareness of the requirement for infrastructure has increased over the past 2-3 years. The government has initiated various programmes to develop infrastructure activity in various sectors such as national highways, ports, railways, and power. The Central Government stepped up investments in infrastructure over the past few years in the face of rising deficits, through private participation and innovative ways of funding.

Government funding infrastructure through cess

The government is trying to find alternative sources of money to fund infrastructure development. One of these is the cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South East-West corridor. It is also contemplating levying a tonnage tax on ships (to fund development of ports), and special taxes on air travel (for airports).

Raising funds from multi-lateral agencies

The central government is raising funds from multi-lateral agencies such as the World Bank and ADB on a large scale, to promote various projects in India. Other agencies like JIBC have funded Delhi Metro. Even state governments are raising money from these agencies to fund rural roads and sanitation projects.

Encouraging private participation

To encourage private-sector participation, the government has given tax breaks for investments in infrastructure. It is also devising return schemes attractive to private participants, such as annuity payments and capital grants for road projects. The enactment of various laws like the Electricity Act has led to a huge amount of interest and investments by the power sector.

Lower interest rates has lowered the required benchmark IRRs

Interest rates have dropped radically over the past three years, from a high of 15-16% to the current 9-10%. The decline in interest rates has reduced projects' IRR requirement to 14- 15%, which implies investor returns of over 20%.

Government encouraging lending to infrastructure sector

The government is now trying to put in place a mechanism to enable banks and financial institutions to lend to infrastructure developers at concessional interest rates. The difference between this rate and the commercial rate would be borne by the government.

Development of Indian Steel Sector since 1991:

The economic reforms initiated by the Government since 1991 have added new dimensions to industrial growth in general and steel industry in particular. Following are the highlights of same:

- Licensing requirement for capacity creation has been abolished, except for certain locational restrictions
- Steel industry removed from the list of industries reserved for the public sector
- Automatic approval of foreign equity investment up to 100%
- Price and distribution controls removed from January 1992
- Restrictions on external trade, both in import and export have been removed
- Import duty rates have been reduced drastically
- Certain other policy measures such as - reduction in import duty of capital goods, convertibility of rupee on trade account, permission to mobilize resources from overseas financial markets and rationalization of existing tax structure for a period of time have also benefited the Indian Steel Industry.

On the domestic front, consumption of steel would be a function of the growth prospect in the end use sectors like construction, infrastructure, white goods and automobile. These sectors are showing sign of pick up. Judging by these trends it is expected to have a booming steel market in the years to come.

Outlook

The outlook on the Indian sector is primarily driven by the outlook on the global steel sector. However, considering the GDP growth estimated during the current and next year, it is expected that the Indian steel sector will fare better than its counterparts in other countries. This is based on the assumption that the end-user segments will grow significantly given the special thrust on the construction industry and infrastructure sector. Demand growth is estimated to be in line with GDP growth of 7% during the current and next year.

Global Scenario

- In 2004 World Crude Steel output at 1.05 billion metric tons was 8.7% more than the previous year. (*Source: World Steel Dynamics*)
- China remained the world's largest Crude Steel producer in 2003 also (220.12 million metric tons) followed by Japan (110.51 million metric tons) and USA (91.36 million metric tons). India occupied the 8th position (31.78 million metric tons). (*Source: IISI*)
- Asia accounts for about 40% of global demand, which is expected to reach 50% in the next few years as demand growth is projected to be more in this region.

The following significant developments have been witnessed recently in the global steel scenario:

- Spate of mergers and acquisitions all over the world in the steel industry involving cross border acquisitions and mergers.
- China has emerged as the most vibrant market for steel production and consumption.
- Crisis of excess capacity and prevalence of market distorting practices in the global steel market has induced protectionist measures from a number of steel trading countries.

Indian Scenario

The steel industry witnessed a remarkable turnaround, buoyed by a spurt in the international prices. The domestic industry capitalized on this buoyancy, with a sharp surge in exports, particularly to China. In the domestic market, user industries like automobiles, housing and infrastructure sector and the consumer durable sectors continue to report strong growth.

As per the estimates of Tenth Five-Year Plan (2003 to 2007), the construction sector (housing and commercial, infrastructure, and industrial) is set to grow at around 12%. It is estimated that the domestic demand for steel will remain buoyant at around 8-10% during 2004-05 and 2005-06, promising good fortunes for the players. Indian steel producers performed well during the fiscal 2003 and 2004, despite the global industry being faced with one of the most challenging operating and business environments in the last decade. With improved pricing and worldwide demand growth of steel products, most of the Indian steel manufacturers reaped the benefits of increased exports, reporting substantial improvement in profitability and overall financial position.

INDUSTRY STRUCTURE

Long products

Long steel products, comprising bars, rods, structural and rails, are primarily used in sectors such as construction, housing, infrastructure and railways. Longs constitute 45% of steel production in India.

Over the last five years (FY2000-04), a 4% CAGR has been seen in demand for long products. Consumption in FY2004 has grown relatively faster – at about 5%.

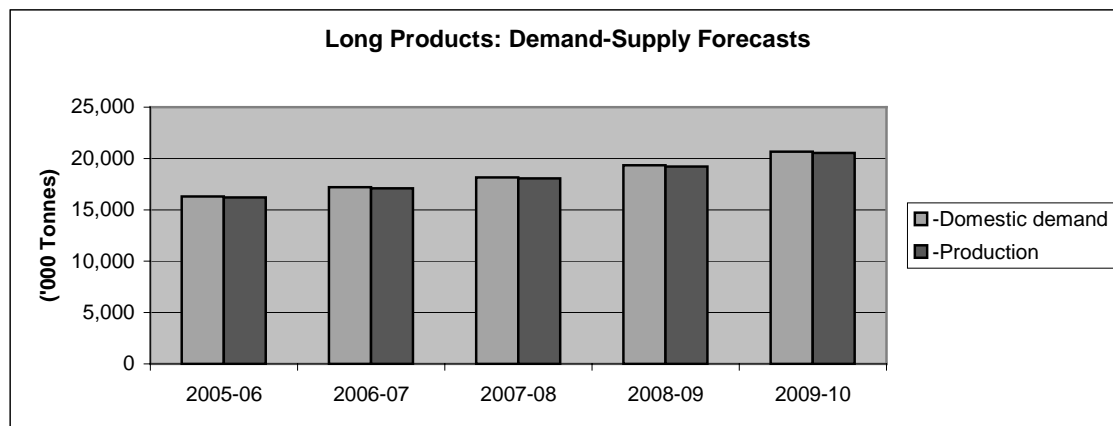
International prices of wire rods during H1 FY2005 have risen 47%, whereas those of billets have climbed 50%.

Bars and Rod Production in the country

Considering past and present trend of consumption of steel and country's future industrial and economic planning, the demand of finished steel as projected by working Group of Iron & Steel for 8th five year plan and the task force constituted by Government of India is 42.0 million tons for 2006-07 and 57.0 million tons for 2011-12. Out of this the demand for bars and rods for 2011-12 is 15.23 million tons and 21.13 million tons respectively.

With the increase in constructional activities in various sectors like irrigation, dam, power plants, housing etc. the demand for rolled deformed bar in the form of TMT bar and cold twisted deformed bars are increasingly rapidly. There are about 60 re-rolling mills excluding Scrap Re-Rollers in the State of West Bengal of which 40 mills are running at present with their aggregate annual production of 4.8 lakhs tons.

There has been a considerable upsurge in the demand for Long products over the past decade. Various studies conducted by reputed agencies with regard to long products in the region show that there is substantial gap between demand and supply and this would be even more as much as constructional activities take place in the next few years to come.



Ferro Alloys

Ferro alloys are alloys of iron with a high proportion of elements such as manganese, silicon, chromium, and molybdenum. Ferro-alloys are used in the manufacture of alloy steels. Each alloy is generally named after the added metal – for example, ferrochromium. Ferro alloys can be further classified as bulk and noble Ferro alloys. India is having one of the largest deposits of manganese ore and chrome ore in the world. Growth of Ferro alloy industry is directly linked to growth of stainless steel industry.

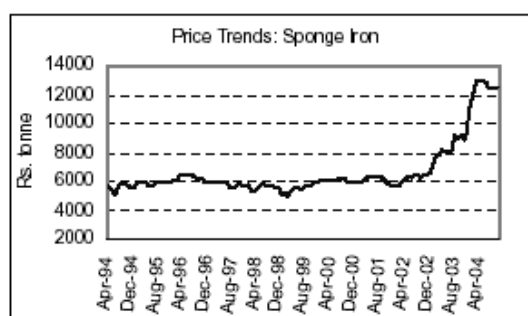
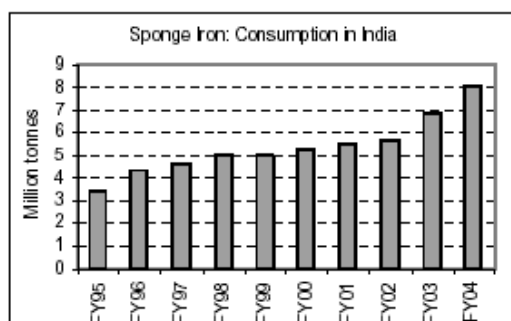
Ferro alloys are used in the production of iron and steel. They are used by the major integrated steel plants, and also the secondary steel manufacturers viz. induction & arc furnaces for manufacturing all grades of steel including structural tool grade and special steel. The Ferro alloys are consumed mainly by the steel plants and foundries. The demand of the Ferro alloys is, therefore, dependent on the demand of steel in the country.

Sponge iron

In the steel-making process by the electric arc furnace (EAF) method, sponge iron is an intermediate product. Demand, supply and prices of sponge iron are closely linked with the dynamics of the steel industry.

Consumption: 10% CAGR (FY1999 to 2004)

India is the largest producer of sponge iron in the world, followed by Venezuela. Over the last five years, production has had a CAGR of 9%. During the same period, consumption grew at a CAGR of over 10%. However, the growth in demand in FY04 grew by 17% to over eight million tonnes.



Market Details

Industry continues to enjoy good times

The sponge iron industry continues to show good profits by posting net profits of Rs 1,449 million in the first 9 months of 2004-05 as against Rs 767 million in the corresponding period of 2003-04, a jump of almost 90 per cent. The increase in PAT can be attributed mainly to the increase in operating profits.

Strong demand, combined with higher realisations, boosts topline

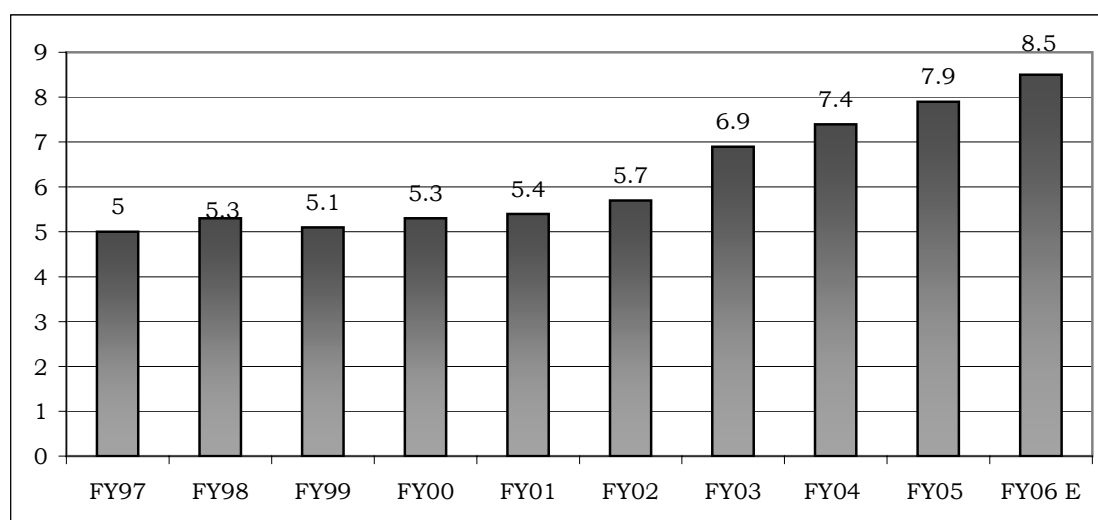
Top line showed an impressive growth of 86 per cent during 9 Month 2004-05 compared with the corresponding period of 2003-04, due to growth in volumes and increase in prices.

Spurt in steel demand driving volumes

Sponge iron production increased by 22.6 per cent to 7.2 million tonnes during April-December 2004 from 5.8 million tonnes in the corresponding period of 2003.

Finished steel production, which is the lone driver of sponge iron demand, increased by 5-6 per cent during 2004-05. Sponge iron is used in steel manufacturing in EAF/IFs along with scrap. With the change in the government's scrap import policy, scrap imports have fallen. In addition, international scrap prices have been high. This rise in scrap prices and its scarcity have led to higher sponge iron content in the charge mix of EAF. These factors contributed to healthy demand for sponge iron.

Past Production figures of the Sponge Iron Sector (M Ton)

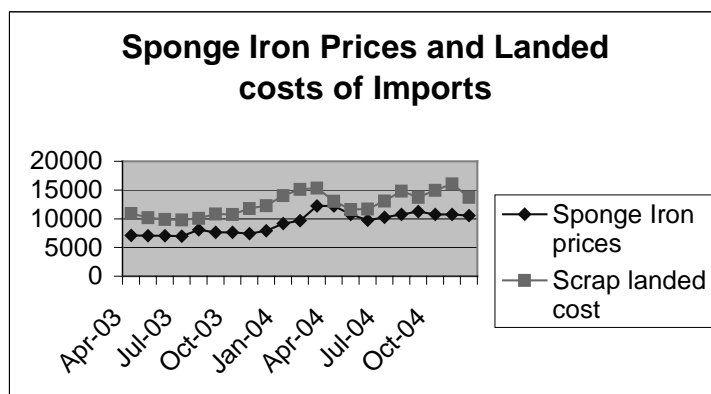


source: crisinfac

There is an improvement in capacity utilization and thus, an increase in sponge iron production in India over the next two years. About 2m-ton capacity is likely to be added by FY06. However, demand for sponge iron is slated to exceed 8.5 MT, and incremental demand would more than absorb the incremental supply. The CAGR from the FY1997 to FY2006 is estimated to be 6.1%.

Strong demand and high scrap prices resulted in high prices

In the first 9 months of 2004-05, average prices were almost 47 per cent higher than the levels in the corresponding period of 2003-04, due to high input costs and strong demand. Sponge iron prices are linked to international scrap prices, as scrap is a close substitute to sponge iron.



Sponge Iron Outlook

An expectation of a continuing shortage of scrap in the international markets, coupled with increase in raw material prices is expected to keep prices stable with a bias for an upward movement. Growth of this sector would be linked to the growth in demand from the domestic electric arc furnaces. To meet the growing demand, additional capacities are being contemplated by coal based manufacturers in the short to medium term.

Profitability in 2005-06

According to CRIS INFAC the sponge iron industry's profitability would remain healthy in the projected years, although at lower rates. The increasing raw material prices will lead to shrinking of margins. The iron ore and coal prices are expected to rise by around 50 per cent and 5 per cent respectively. As a result, the margins of the industry would go down by 7-8 per cent.

Sponge iron prices in 2005-06

Sponge iron prices are seen stable in 2005-06, at around Rs 11,500-12,000 per tonne (which are now at the same level of Rs 13,000 per tonne). A slight correction in prices will be seen due to mounting capacities. However, production growth is likely to be restricted due to coal shortage, restricting the fall in prices. The shortage of coal is likely to restrict production, while high scrap prices and buoyant growth in steel production will result in high demand for sponge iron, thereby maintaining the demand supply balance.

Prices of sponge iron are dependant on the following factors:

- ✓ Sponge iron demand-supply
- ✓ Prices and availability of raw materials
- ✓ Prices of imported scrap.

Sponge iron demand in 2005-06

Since 2000-01, sponge iron demand (for coal-based units) has increased at a CAGR of 21 per cent. The demand for sponge iron is driven by steel production through the induction furnace (IF)/electric arch furnace (EAF) route. Steel makers use sponge iron with scrap as a charge mix in IF/EAF. Ideally, in EAF/IF, sponge iron and scrap are used in the ratio of 60:40 in the charge mix. However, this ratio keeps changing as per the availability and prices of scrap.

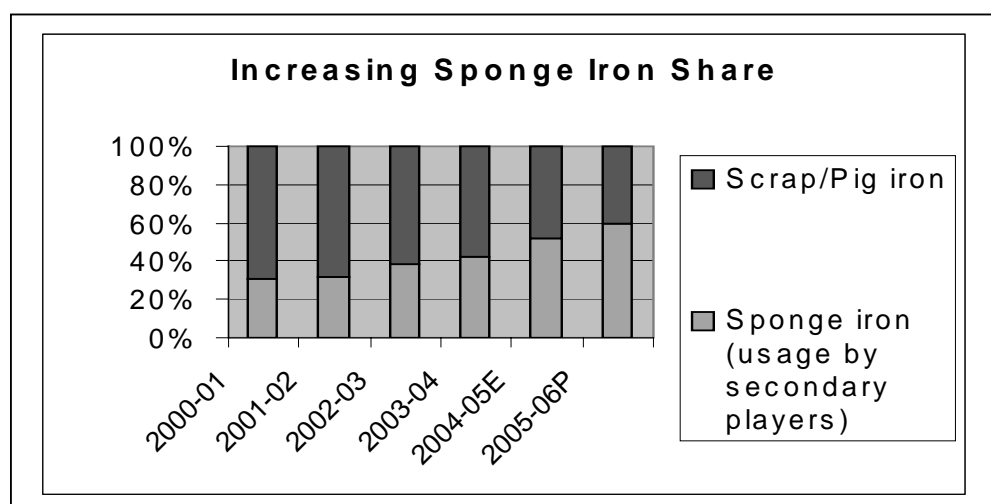
CRIS INFAC expects the sponge iron demand to increase by around 20 per cent in 2005-06. Our outlook is primarily based on the following factors:

Growth in steel production

According to IISI, currently, out of 32-33 million tonnes of finished steel production in India, around 38 per cent is manufactured through the EAF/IF route. According to the estimates of CRIS INFAC, steel production would grow at around 7 per cent, resulting in similar growth in production through the EAF route. Thus, the rise in steel production in the country will boost the demand for sponge iron.

Continued substitution demand for scrap

The growth in sponge demand is likely to be higher than the growth in steel production, due to continued replacement demand. The ratio of scrap to sponge iron keeps changing, depending on the availability and prices of both the inputs. Although the ideal mix is 60:40 for scrap: sponge iron, with high prices and the difficulty in scrap availability, and high pig iron prices, coupled with scarcity of coking coal and coke, players are using more and more sponge iron in the steel-making process. Thus, out of the incremental metallics requirement, CRIS INFAC expects the share of sponge iron to go up. As a result, although steel production is slated to grow at 6.5-7 per cent, the demand for sponge iron is likely to increase by around 20 per cent in 2005-06.





B. BUSINESS OVERVIEW

Vikash Metal & Power Limited (VMPL) is operating a Sponge Iron (Coal based) Plant comprising of two Rotary Kiln of 100 TPD each (65,000 TPA) at Purulia, West Bengal. The commercial production of the first kiln commenced from August 2003 and the second from June 2004.

In addition to the Sponge Iron manufacturing facility the Company is now planning for a vertical integration by setting up facilities to produce Steel Billets, TMT Bar & HR strips, Ferro Manganese and also generate Captive power through the waste heat recovery process. The envisaged capacities of the various modules and the schedule of implementation is as follows:

Phase I	Capacity (TPA)	Implementation Schedule
Sponge Iron	65,000 (100 tpd x 2)	Already commenced Production
Phase II		
Sponge Iron	65,000 (100 tpd x 2)	December 2005
M S Billets Unit	57,000	April 2006
TMT bars and Hot Rolling Strips	48,000	April 2006
Ferro Manganese	15,400	September 2006
Captive Power Plant	10 MW	September 2006

The Company has already achieved 80% capacity utilization in the existing two Kilns of Sponge Iron. Considering the present trend of consumption of steel and country's future industrial and economic planning, the demand of finished steel as projected by the working group of Iron & steel for 8th Five Year Plan and the task force constituted by Govt. of India is 42 million tons for 2006-2007 and 57 million tons for 2011-2012. Considering this huge potential and to cash in on this rise in the sector, the Company has decided to go for capacity addition to its existing Sponge iron Plant and also to set up new production facilities for MS Billet Casting, TMT Bar & HR Strips, Ferro Manganese along with a captive power plant and this will help the Company to be a integrated steel player.

Billet castings are used extensively in forge shops and machine shops for production of engineering goods. Sponge iron forms a major raw material for production of billets. The entire requirement of sponge for manufacture of 57000 TPA of billet will be available from the existing capacities of the sponge iron plants.

The material requirement of the Hot Rolling Mill will be fed by Billet Casting Plant at the plant. Demand for steel specially long products continues to remain buoyant. Both prices and production continued to rise simultaneously. Construction sector, automobile industry and consumer durable goods industry have been the major sources of demand in the domestic steel industry. Exports have also contributed in increasing the demand for steel. In eastern region there is substantial gap between demand and supply. Finished steel is produced in the form of flat and non-flat products and is normally available from integrated steel plants or secondary producers.

Ferro Manganese is mainly consumed by the steel industry. Ferro Manganese accounts for 70% of the total production of Ferro alloys. As the demand for carbon steel is rising therefore the demand for Ferro Manganese is also rising as the Ferro manganese is directly related with Carbon steel Industry. By setting up of the 10 MW Captive power plant the cost of power which forms nearly 60% of the cost of manufacture of ferro manganese will be substantially reduced.

Details of the Business of Issuer Company

The details of Company's Registered Office and plant is as below:

Registered Office	35, C.R. Avenue, 6 th Floor, Kolkata- 700 012.
Plant Site	Village: Poradiha, P.S. Santuri, District: Purulia, West Bengal.

The existing Sponge Iron Plant is located at Village –Poradiha, Dist-Purulia (a notified backward area).The land is admeasuring 36 acres. The proposed expansion of SIP, HRM, FAP and CPP will be located at the same site.

Under The West Bengal Incentive Scheme, 2000 introduced by the Government of West Bengal the company is eligible for getting the following incentives and benefits for the existing sponge iron units comprising of Kiln I and Kiln II with capacity to produce 65000 TPA of sponge iron. The same has been confirmed by West Bengal Industrial Development Corporation Limited vide the eligibility certificated no. INC 2000/EC-165(C) dated 29th September 2003.

❑ **State Capital Investment Subsidy:**

The Company shall be eligible for a state capital investment subsidy at the rate of 25% of the fixed capital investment made subject to a limit of 250 lakhs.

❑ **Industrial Promotion Assistant:**

The company shall be entitled to an interest subsidy to the extent of 50% of the annual interest liability on loans from commercial banks/financial institutions/NBFC's approved by the Reserve Bank of India for the implementation of the approved project, subject to a limit of Rs.100 lakhs per annum for seven years. The annual interest liability shall be the net interest after allowing subsidy under any other scheme to which the project under consideration is entitled.

❑ **Waiver of Electricity Duty:**

The company shall also be eligible for waiver of electricity duty on the electricity consumed by the approved project for its production/operational activity for a period of 5 years commencing from the start of the commercial production of the company.

❑ **Employment Generation Subsidy:**

The company shall also be eligible for employment generation subsidy in the form of reimbursement to the extent of 50% of the expenditure incurred for the approved project by the company for paying its contribution towards Employee State Insurance, Employees Provident Fund for a period of 7 years.

❑ **Remission of Stamp duty and Registration Fee:**

The company shall also be eligible for exemption of 50% of the stamp duty and registration fee, which is to be paid while registering the documents relating to the purchase /acquisition of land where the buildings of the approved project are proposed to be set up within the state.

The plant site of Company has the following locational advantages:

- The raw materials available for the unit are available locally
- Water and external power requirement being arranged from DVC Mega Plant is available at a reasonable rate.
- Coal is available abundantly within a radius of 50 kms from the site.
- Various steel ingots units and rolling mills are operating within a radius of 50 kms.
- Cheap and skilled workers are available as the area falls in part of the steel plant of Eastern India.
- The project is very close to Durgapur and well connected with road and rail links from all sides and equipped with basic infrastructural facilities.

A. PROCESS AND TECHNOLOGY

i. Sponge Iron Plant

Process

The production process of Sponge Iron using S/L process involves four steps namely: - (i) Raw Material preparation plant, (ii) Stock House (iii) Reduction Kiln and (iv) Product separation plant.

The **raw material preparation plant** consists of crushers and screens through which the sized material required for process is prepared. Normally, jaw crushers are reused for iron ore crushing and roll or impact crusher for coal. The feeding for the crushers is done through conveyers and vibrating feeders.

The **stock house** consists of the raw material storage bins, which store material up to 24 hours of plant requirement. There are four bins, one each for iron ore, feed coal, limestone, and injection coal. The raw materials are fed into a rotary kiln through the volumetric/weigh feeders at a predetermined rate.

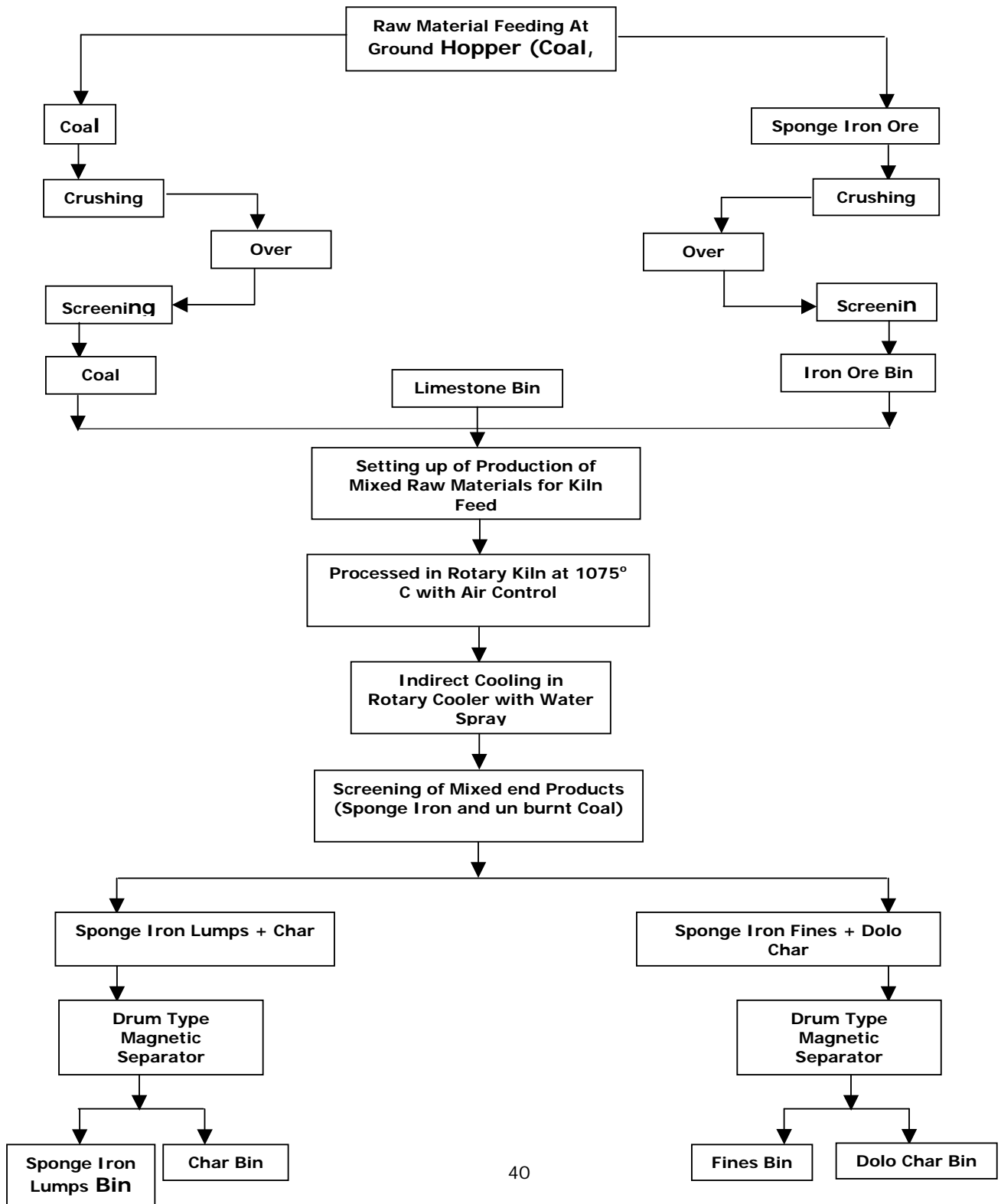
The processing of the materials consists mainly of **kiln and cooler system**. The iron ore is pre-heated and reduced in a rotary kiln and passes to the rotary cooler where it gets cooled. The cooled material then passes to the belt conveyor where the cooler discharge is fed to the product house conveyor. The material is led to the product separation circuit. An intermediate bin is provided to take care of any eventualities occurring due to break down of the product separation section.

In the **product separation section**, the Sponge Iron and the char (unburned coal) are separated. The cooler discharge material is screened to different sizes, and fed into the magnetic separator. The Sponge Iron is magnetic and so it gets attracted towards the magnet present in the magnetic separators and is discharged into separate bins. The dust in the hot gases settles, and gets cleaned.

The **technology** involves reduction of iron ore (lumps 5-15 mm or fines 3-8 mm), using SL/RN process with solid carbonaceous material such as coal, coke or lignite in a rotary kiln which is heated to a temperature of 950-1000 deg. C. and then cooled to room temperature in the rotary cooler with indirect water cooling system. The products are then screened and magnetically separated. Sponge Iron being magnetic gets attracted and gets separated from the non-magnetic char. The process for the production of Sponge Iron involves the charging of raw materials i.e. iron ore and feed coal to the rotary kiln through feed tube in a pre-determined ratio. Rotary kiln is 2.4 Mts. in diameter and 30 Mts. Long and is inclined at an angle of 1.432 deg. approximately. It is rotated by AC variable speed motor at a stem less variable speed ranging from 0.2 to 1.0 rpm. Due to the inclination and the rotary motion of the kiln, the material moves from the feed end of the kiln to the discharge end in approximately 4.5 hrs. The fine coal is blown from the discharge end of the kiln to maintain the required temperature profile. The material and the hot gasses move in the counter current direction. As a result the iron ore gets pre-heated and gradually reduced by the time it reaches the discharge end. The reduced material is then transferred to the rotary cooler via the transfer chute. The rotary cooler is 1.5 Mts in diameter and 15 mts. Long. It is also inclined at 1.432 deg. approximately and rotates at 1.2 rpm. It is driven by an AC motor. The water is sprayed on the top of the shell, which cools the material inside the cooler indirectly. The material gets cooled to 80 deg. C. and is discharged on the belt conveyor by the double pendulum valve. The double pendulum valve acts as the seal for the prevention of the atmospheric air into the kiln cooler system. The cooler discharged is then sent to the product separation system. In this the material is screened to various size fractions and then fed to the magnetic separators, which separate the magnetic Sponge Iron from the non-magnetic char. The gasses, which flow in the counter current direction of the material, go to the dust-settling chamber where the heavier particles settle down. These particles are continuously removed by the wet scrapper system. The gasses then pass to the after burner chamber where the residual carbon or CO are burned by the excess air available. The gasses are at high temperature and have lot of heat

energy, which can be utilized for the power generation through the waste heat recovery boiler. The gasses are then scrubbed and let off to the atmosphere at 80°C. through the chimney. The process is schematically shown below:

PROCESS FLOW FOR MANUFACTURING SPONGE IRON



i. M.S. Billet Casting (2 Furnaces)

Process

The process involves the charge mix of Raw material mainly Sponge Iron 60% to 70%, Cast Iron 10% to 20%, M.S. Steel Skull and Bundled Scrap, size trimmings 10% to 20% into molten bath with constant power track through Solid State generator converting A.C. Power into D.C. Power and again to convert the same into A.C. Power after changing the frequency of cycle in between 250 to 500 HZ through thyristor (an electronic device). This converted A.C. power with a frequency of 250 to 500 HZ is passed through capacitor rack to achieve the desired voltage and the same is passed through copper Bus Bar into Molten bath having copper coil, cooled through water circulation, transfer the heat energy into molten bath at constant voltage and KW to melt the Iron and Steel at a temperature of 1550°C - 1600°C.

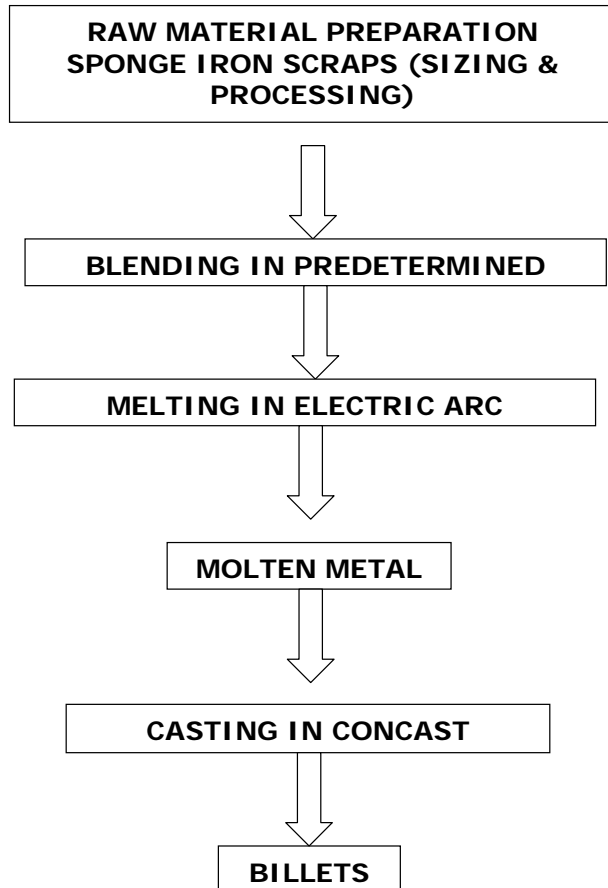
Sponge Iron is sandwiched between scraps, which are less rusty and contain higher carbon percentage. Sponge Iron with a lower percentage of carbon and cast iron with high percentage of carbon makes the mix charge perfectly to melt. The agitation of Furnace is so high that the Sponge Iron takes little time to attain molten metal. The reactive slag formed in one bath attains the same temperature that of molten metal so quickly that by addition of Sponge Iron into bath, nothing is held by slag. Sponge charging is discontinued once the metal bath level attains the two third height of crucible. Whatever Sponge Iron is to be charged should be consumed before the metal level attains two third heights.

Extra carbon either in the form of free carbon or excess carbon present in the scrap should be charged per ton of Sponge Iron. This is required to ensure F.C. recovery from FCO with the use of Sponge Iron the bath will have a rising tendency because of the presence of FCD in Sponge Iron therefore one bath should be suitably killed by slagging off the impurities from molten bath. The induced current circulates the charge in a direction opposite to but parallel with the current of primary coil. This current is induced in one outer layers of the charge but the heat produced is conducted quite rapidly to the interior. As soon as a pool of molten metal starts to form, the charge sinks and extra metal, as required, is being added. The current induced in the molten metal causes a rapid stirring action and helps in melting the rest of charge by washing molten metal against the solid scrap. Thus the uniformity of mixing the charge is assured and necessity of any manual stirring is avoided.

As soon as the mix charge is completely melted, necessary Ferro Alloys and deoxidizers are added. The temperature of liquid metal is allowed to rise in the Furnace till the correct pouring temperature is achieved which is checked with the help of Immersion Pyrometer. After that the furnace is fitted with the help of the hydraulic system. The hydraulic control ensures a smooth but rapid stop action in any attitude. Tilt speed is infinitely variable and maximum speed varies with the size of furnace. Maximum tilt can be done upto 95 degree.

The hot metal is poured in the pre-heated ladle after adding certain fluxes so that the temperature is maintained at about 1600 degree centigrade. Ladle is then carried by EOT crane over the concast machine where it is settled over the tendish of the concast machine. The bottom of ladle is opened by hydraulic system and hot metal starts pouring out in the concast machine. Through tendish, it passes through copper moulds. Copper moulds gives the particular desired shape and thereafter it is passed through straightening machine and finally rolled out over the conveyor system. The total system requires soft water for cooling of copper moulds. Rolled billets/slabs are cut into the desired sizes and lifted by rectangular magnets at finished yard for inspection and storage/dispatch.

PROCESS FLOW FOR MANUFACTURING M.S. BILLET



iii. TMT Bars & HR Strips

Process

The production of TMT Bars and HR Strips involves the following unit operations namely

- Stock Preparation
- Stock heating & soaking
- Rolling
- Cooling

Stock Preparation

Billet: Cut to definite length as per requirement of finished section, checking of surface defects, etc. Depending on the rolling campaign stock after preparation shall be stored near the reheating furnace.

Stock Heating & Soaking

This operation is carried out in double row oil fired reheating furnace of capacity 10 to 12 tones per hour. The charging shall be done by pusher at one end and discharging of heated & soaked stock shall be carried out at the other side through side door by an ejector. A set of burners along with blower and other facilities have been incorporated in the furnace for maintaining proper atmosphere. As per rolling schedule, the stocks after preparation are charged to furnace charging grid and three or four stocks at a time are allowed to fall on a charging roller table and are pushed inside the furnace by

pusher. The stocks are heated inside the furnace by combustion gas. Initially the temperature increases very fast till it reaches 800°C to avoid decarburisation. Subsequently temperature increases steadily to 1250°C and soaked at this temperature before it is discharged from the furnace by operating the ejector. The discharged billet/ingot/slab shall fall on mill approach table.

Rolling

Rolling is a process of passing heated & soaked feedstock between a pair of rolls to get desired deformation and elongation. The process of rolling for production of strips and TMT are discussed below:

Hot Rolled Strips

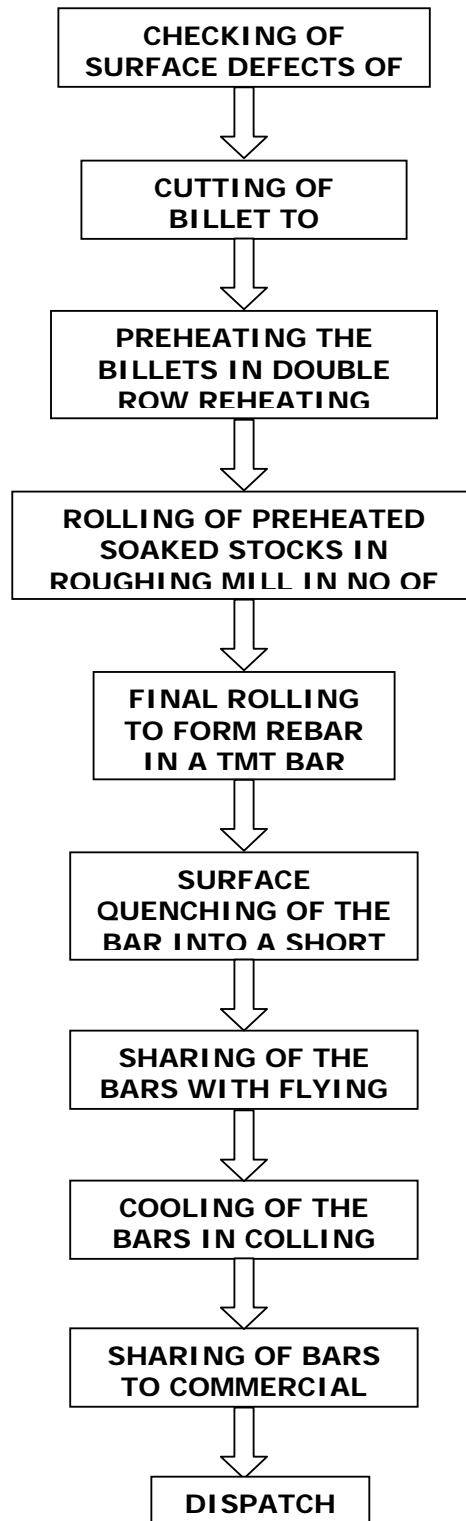
Billets after discharged from the reheating furnace are conveyed to bottom pass of first stand of Roughing mill train over roller table. The flat material is collected on the backside of the mill and fed manually to the top flat pass and the material is collected at the front of stand 1. Such to & fro-flat passes are continued till a definite thickness material is obtained. Depending on the required width, a suitable edging pass shall be given and then flat pass shall be continued. Since during starting of rolling, the stock temperature is quite high with low resistance to deformation, high reduction is to be followed with reasonable overloading in roughing stand. In stand 1 seven nos. passes are to be followed and the flat coming out shall be fed to second stand top pass and from this stand the flat is fed to 3rd stand. A small roller table is provided connecting the 3rd roughing stand and first stand of continuous strip mill. The flat is then allowed to pass through continuous stands with one pass in each stand. Depending upon the finishing gauges either 2 stands or 4 stands or 6 stands shall be used. After rolling the finished strip shall be coiled in coilers with linear speed about 5.5 m/s in 6th stand. After coiling, each coil shall be pushed out of the coiler and stored for dispatch.

TMT BAR

Heated & soaked billet after discharging from the reheating furnace are allowed to enter to bottom pass of first stand. The roll passes for Hot Rolled Strips, i.e. flat passes and that for TMT bar in first stand of roughing mill, i.e. box & edging passes are not same and as such separate set of rolls has to be taken for undertaking the rolling campaign of TMT bar. In pass 5 a square of about 50 mm will be available. Then oval-square pass sequence is continued in roughing mill train. In stand 1 an oval from pass 8 shall be conveyed over repeater to bottom pass of stand 2 for a square which is fed to same stand top pass over interest and repeater and an oval formed, conveyed over repeater to stand 3 bottom pass for formation of a 18 mm square. The material is then allowed to enter and pass through 280 mm mill train over repeater with one pass in each stand for formation of 11.7 mm round in the form of rebar in the last stand. A shear shall be used to crop the front end & tail end of the bar before it enters into the continuous mill. Through the guide pipe the bar enters into 4 nos. continuous mills. 8 mm re-bar at about 8.8 m/s. shall come out from the last stand.

Bar after leaving the last stand is allowed to enter into a short water pipe of TMT process through pinch roll. After surface quenching, the bar enters into a delivery pinch roll and with the help of flying shear the bar sheared into length to suit cooling bed. The sheared bars are collected in the manual type cooling bed and transferred manually to run out table. The bars are then cut to commercial length by a cold shear and collected in a collecting pocket and stored for dispatch.

PROCESS FLOW FOR MANUFACTURING TMT BARS & HR STRIPS



iv. Ferro Manganese Unit

Process

The project is for setting up 1 No. 9 MW electric arc furnaces for production of 15400 TPA Ferro manganese. The production process of silico manganese and Ferro manganese using electrolytic process involves five steps namely: -

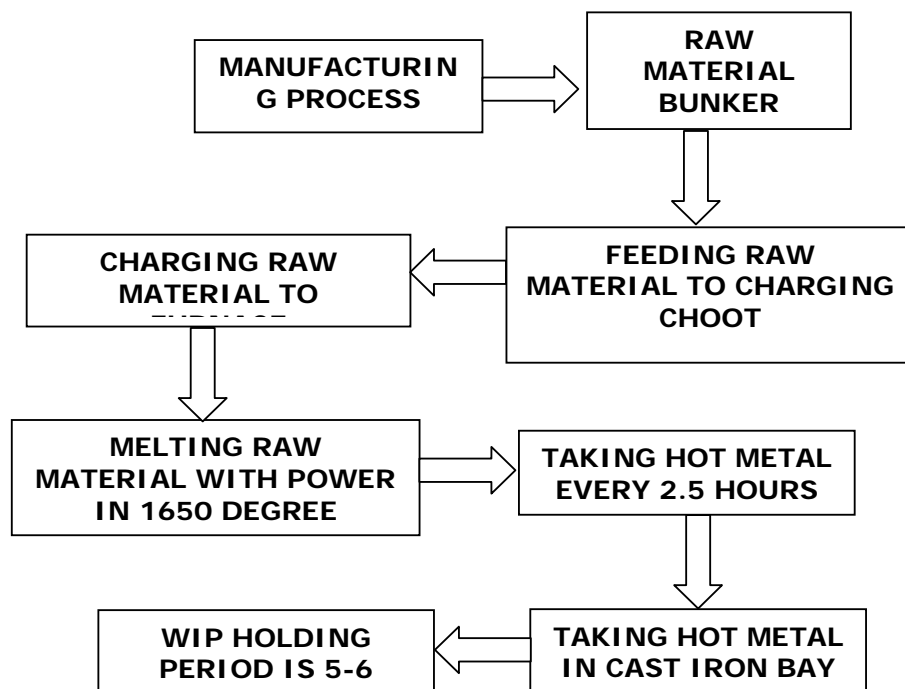
1. Raw material preparation plant
2. Stock house
3. Blending of inputs as per receipt
4. Electric arc melting & reduction smelting of the manganese with breeze and addition of iron turnings in case of Ferro manganese
5. Moulding of the alloys
6. Sizing of the alloys

The raw material preparation plant consists of crushers and screen through which the sized ore required for process is prepared.

The stock house comprises of four charging bins one each for manganese ore, coke breeze, quartzite dolomite. The raw materials are lifted to the charging platform of the EA Furnace with the help of electric hoist. As per predetermined charge mix, materials are fed into the furnace.

The Ferro Alloy making process consists mainly of melting manganese ore and reduction smelting of manganese ore with coke breeze. The molten alloy is poured into the mould with the help of ladle. The mould is cooled by circulation of cold water with the help of cooling towers.

PROCESS FLOW FOR MANUFACTURING FERRO MANGANESE



B. DETAILS OF PLANT & MACHINERY FOR

i. Sponge Iron Plant

Sl. No.	EQUIPMENTS	Rs. In Lacs					
		Kiln – III			Kiln – IV		
		Qty No/Lot	Unit Price	Total Price	Qty No/lot	Unit Price	Total Price
Raw Material Handling Area							
1	Weigh feeder	5	4.95	24.75	5	4.95	24.75
2	Conveyor Systems (Complete set)	1	9.00	9.00	1	9.00	9.00
3	Belts (Complete set)	2	2.50	5.00	2	2.50	5.00
Kiln Cooler Area							
4	Complete kiln & cooler assembly	1	185.00	185.00	1	185.00	185.00
5	Refractories (Bricks & Castables) Including Anchors	1	35.00	35.00	1	48.70	48.70
6	Hydraulic & Pneumatic System (Complete set)	1	4.26	4.26	1	4.26	4.26
7	Electrical Slip rings	1	2.80	2.80	1	2.80	2.80
8	Bimetallic slip rings	1	3.10	3.10	1	3.10	3.10
9	Air Blowers	15	0.13	1.88	15	0.13	1.88
10	Air Compressor	1	4.50	4.50	1	4.50	4.50
11	Lobe Compressor	1	0.88	0.88	1	0.88	0.88
12	Butterfly Dampers	21	0.04	0.88	21	0.04	0.88
13	Coal Injector	2	0.48	0.96	2	0.48	0.96
14	Kiln Feed Tube	1	3.08	3.08	1	3.08	3.08
15	Air Injection Tube	8	0.94	7.48	8	0.94	7.48
16	Radiation Protection Tube	8	0.84	6.75	8	0.84	6.75
17	Swirlers	9	0.05	0.41	9	0.05	0.41
18	C.B. Pipe	1	1.28	1.28	1	1.28	1.28
19	Coal throw Pipe	2	0.28	0.57	2	0.28	0.57
20	Nozzle Plates	14	0.05	0.70	14	0.05	0.70
21	Oil Burner (Complete set)	1	2.35	2.35	1	2.35	2.35
22	Oil Pump (Complete set)	1	0.95	0.95	1	0.95	0.95
23	Oil Water Nozzles (Complete set)	1	0.65	0.65	1	0.65	0.65
24	Gear box couplings (Complete set)	1	24.18	24.18	1	24.18	24.18
25	Double Pendulum Flap	2	1.10	2.20	2	1.10	2.20
26	Double Pendulum Valve	4	0.50	2.00	4	0.50	2.00
27	Cooling Tower	1	3.23	3.23	1	3.23	3.23
28	Grease pump & Lubrication system	1	1.51	1.51	1	1.51	1.51
29	Wet Scraper	1	8.42	8.42	1	8.42	8.42
30	Magnetic Separator		4.95	24.75			
31	Tramp Iron Separator		9.00	9.00			
TOTAL:				343.75			343.75
	Add.; i) Central Excise			55.00			55.00
	ii) Sales Tax			15.95			15.95
	Total			414.70			414.70
Grand Total for two units							829.39



Details of Plant & Machinery ordered of Sponge Iron Plant

Equipment	Name of Supplier	Status	Price (Rs. in Lacs)
Rotary Kiln & Cooler	Beekay Engineering Corporation	Order Placed	235.00
Kiln & Cooler Gear Boxes	New Allenberry Works	Order Placed	28.00
Gear Coupling	ABG Enterprises	Order Placed	5.25
Total			268.25

ii. M.S. Billet Casting (2 Furnaces)

Rs.in Lacs

Sl. No.	Particulars	Qty.	Amount	Suppliers Name
1.	3000KW, 8000 Kg medium frequency induction melting furnace comprising of a) One no. furnace crucibles of 8000 kg capacity b) Electrical power panel of 3000 KW.	2 2	161.46	Inductotherm (India) Pvt. Ltd.
2.	15/5 Ton * 21 Mtr. EOT Crane	2	45.57	Fecund Matflow Engg. Pvt. Ltd. & fabrication at site.
3.	20/5 Ton * 21 Mtr. EOT Crane	2	52.05	Fecund Matflow Engg. Pvt. Ltd. & fabrication at site.
4.	Circular lifting magnet, 1800 mm dia, lifting capacity 23MT Along with control panel unit and other accessories.	2	16.58	ISC Processors Pvt. Ltd., Kolkata
5.	Cooling Tower – 2200 LPM	2	6.00	Southern Cooling Towers P Ltd.
6.	Concast 6 mtr.	1	108.92	Concast India Ltd. Mumbai
7.	Concast cooling System, Hydraulic Pump/ Moulds	1	25.63	Concast India Ltd. Mumbai
8.	5 Ton capacity span Crane for Billet Handling	1	10.38	Fecund Matflow Engg. Pvt. Ltd. & fabrication at site.
9.	Rect. Lifting Magnet for ingot	2	5.53	ISC Processors Pvt. Ltd., Kolkata
10.	Furnace Transformer – 4000 KVA	2	38.20	Truvolt Engg. Co. P. Ltd., Kolkata
	TOTAL :		470.29	

Details of Plant & Machinery ordered of Billet Casting Plant

(Rs. in Lacs)

Equipment	Name of Supplier	Status	Price
Lifting Magnet	Sainart Devices	Order Placed	25.72
Induction Furnace	Megatherm Electronics Pvt. Limited	Order placed	225.00
E.O.T Crane	WMI Cranes Ltd	Order Placed	78.00
Furnace Transformers	Transformers & Rectifiers India Ltd.	Order Placed	20.40
Total			349.12

iii. Hot Rolling Mill

Sl. No.	Particulars	Rs. In Lacs	
		Qty.	Cost
1.	10/12 TPH pusher type oil fired reheating furnace complete with ejector, combustion, control panel, chimney, etc	1	62.00
2.	10 M long, 1200 mm barrel length with 600 mm pitch seamless tube Roller Table, complete with guards, aprons, plummer block, etc.	1	6.55
3.	410 mm, 3-high C.I. Mill stands complete with base plate, foundation bolt, tie rods, rest bar, pressure lock plates, etc.	3	17.40
4.	400 mm 3-high pinion stand suitable for 1250 HP, A.C. motor.	1	9.50
5.	740/100 RPM reduction gear box suitable for 1250 HP A.C. motor	1	9.50
6.	5 M.T. cast steel flywheel complete with pedestal, block, etc.	1	4.85
7.	Geared couplings (Size: 9, 11 & 13)	3	1.90
8.	1250 HP 930 RPM AC motor including motor base plate	1	14.00
9.	250 lpm lubrication system complete with tank, pump, filter, piping, etc.	1 set	1.96
10.	Wobbler type spindles & couplings (8 spindles & 16 coupling)	24	2.20
11.	2" Alligator shear	1	0.75
12.	Repeater (oval type)	3	1.25
13.	280 mm C.I. mill stands complete with base plates, foundation bolt, tie rods, rest bar, side bar, pressure lock plates, fibre bearings, etc.	4	11.76
14.	280 mm, 275 rpm double helical pinion stand suitable for 600 HP motor	1	3.40
15.	740/275 RPM reduction gearbox suitable for 600 HP motor.	1	3.20
16.	3 T flywheels complete with pedestal, block, etc.	1	2.60
17.	Geared couplings (size: 8 & 10)	2	0.70
18.	600 HP 730 RPM AC motor including motor base plate	1	8.00
19.	80 lpm lubrication system complete with tank, pump, filter, piping, etc.	1 set	1.45
20.	Universal spindle & coupling	9	3.78
21.	300 mm pinch roll complete with drive	1	1.20
22.	Square & Oval type repeaters	4	0.70
23.	360 mm swiveling type rotary shear complete with drive	1	1.30
24.	260 mm continuous mill stands complete with pinion stand, gear box, universal joint & couplings, geared couplings, roller bearings, lubrication system, base plate, etc.	4	36.40
25.	150 KW D.C. motor including based plates	4	8.70
26.	TMT line complete with water box, shear, pinch roll, instrumentation, cooling water supply system, etc.	1 set	120.00
27.	40 M long x 4 M manual operated cooling bed	1	32.00
28.	13 M long x 2 M wide collecting pocket	1	5.00
29.	Cold sear	1	4.45



30.	Rolls	Lot	18.50
31.	Guides & guards	Lot	1.00
32.	7.5 MT E.O.T. crane	1	9.00
33.	300/330mm mill stands complete with base plate, foundation bolt, etc.	6	38.90
34.	300 PCD pinion stand including base plates	6	20.40
35.	Reduction gear box	6	21.60
36.	Geared couplings	12	5.15
37.	Universal spindles & couplings	12	5.28
38.	Rolls	12	6.15
39.	Lubrication system	1 set	2.50
40.	Strip coiler with pinch roll	2	8.30
41.	25 M long coil conveyor & collector	1	8.00
42.	250 KW D.C. motor with base plate	6	19.50
43.	Duty, tax, freight, insurance, etc. @ 19% (Excise Duty Rs. 104.15 Lacs)		124.00
44.	Equipment Foundation & erection		38.22
TOTAL:			703.00

iv. Ferro Alloy Plant

(Rs. in lacs)

Sl.No.	Particular	NOS.	Total Amount
1	9 MVA submerged Electric Arc Furnace with Electrode Clamping and Slipping Device, Hydraulic Power Pack & Cylinders, Control Panel Copper Flexible Cables, Bus Bars, Bus Tubes with insulating supports, Refractory, Smoke Hood and tapping arrangements	1	238.84
2	Cooling Water System	1	13.27
3	CI Casting Pans	7	17.78
4	Slag Pots	3	11.43
5	Air Shield	1	0.51
6	Blowers	4	0.61
7	Blowers	3	0.46
8	Furnace Fans (Mantle Blower)	3	0.69
9	Ladle	2	3.18
10	Ladle Pre heater with Heating & Pumping Unit	2	6.10
11	Transfer Track With Ladle Car	1	3.05
	TOTAL		295.89

C. COST OF ELECTRIC INSTALLATION OF PROPOSED

i. Sponge Iron Plant

Rs.In Lacs

Sl. No.	Equipments	Kiln – III			Kiln – IV		
		Qty No/Lot	Unit Price	Total Price	Qty No/Lot	Unit Price	Total Price
1	Motors (complete set)	1	6.71	6.71	1	3.10	3.10
2	Programmable Logic Controls	1	7.21	7.21	1	7.21	7.21
3	Instrument & Control (complete set)	1	3.30	3.30	1	3.30	3.30
4	PCC, MCC Panels (complete set)	1	9.80	9.80	1	6.00	6.00
5	Capacitor & Its Controls	1	1.70	1.70			
6	Transfer (complete set)	1	5.20	5.20			
7	Power & Control Cables (complete set)	1	8.00	8.00	1	3.00	3.00
8	Inverter Panels (complete set)	1	6.90	6.90	1	6.90	6.90
			TOTAL	48.82			29.51
	Add,: i) Central Excise	16%		7.81			4.72
	ii) Sales Tax	4%		2.26			1.37
			TOTAL	58.90			35.60
	Grand Total for two units						94.50

ii. M.S. Billet Casting Plant (2 furnaces)

Sl. No.	Particulars	Qty.	Total Amount
1.	1000 KVA, 11 KV/415V, Auxiliary transformer, double copper wound, oil immersed.	1	4.76
2.	D.G. Set – 320 KVA	1	13.37
3.	LT Panel, switch gear, cabling, electrification including indoor substation.		25.38
4.	H.T. Sub-Station & Cables for Power line		31.57
TOTAL :			75.08

iii. Hot Rolling Mill

Rs. In Lacs

Sl. No.	Items	Qty.	Cost
1	36 KV 3 phase double break isolator with ESW	1 Set	0.45
2	36 KV station class LA	3 Nos.	0.45
3	36 KV outdoor Ct	3 Nos.	0.75
4	33/ 0110 KV outdoor PT	3 Nos.	0.75
5	36 KV VCB breaker	1 No.	3.00
6	Supervisory panel for breaker	1 No.	1.80
7	110 V, 100 AW battery bonnet with changer	2 Sets	3.55
8	36 KV hardwares	LS	1.50
9	Structural (7 MT approx)	LS	2.00
10	Earthing Materials	LS	1.00
11	36 KV Indoor VCB Panel Unit	1 Set	4.50
12	3 mvt 33/0.433 KV Indoor Transformer	1 No.	11.00



13	36 KV XLPE cables and accessories	Lot	2.84
14	415V 4W Bos Duct	Lot	7.30
15	LT Cables (power, connect etc.) & accessories	Lot	6.00
16	Main Lt Incomer Panel	1 Set	9.00
17	Reheating Furnace Panel	1 No	1.50
18	1250 HP AC Motor Starter Panel	1 Set	4.00
19	600 HP AC Motor Starter Panel	1 Set	3.40
20	150 KW X 4 Nos. DC Motor Drive Panel	1 Set each	-
21	250 KW X 6 Nos. DC Motor Drive Panel		37.80
22	Other PDB for Aux Loads	Lot	1.00
23	Power Factor Contract Panel & Capacitors	1 Set	3.06
24	Shop Lights etc	Lot	2.35
TOTAL :			109.00

The cost above includes excise duty Rs. 16.77 Lacs

iv. Ferro Alloy Plant

(Rs. in lacs)

Sl. No.	Particulars	Nos	Total Amount
1	Furnace Transformer	1	69.85
2	Cables & Joint Kit, SF6 with accessories Capacitor Banks& Internal Cables	1	19.56
3	Switch Gears, Lighting Arrestors CTS/PTS Isolators	1	16.04
4	Auxiliary Motors Starters Busbar, Switches, Controls	1	5.59
5	Line Drawing Charges		32.74
6	Auxiliary Transformer 1600 KVA	1	6.22
	TOTAL :		150.00

D. DETAILS OF CIVIL & BUILDING CONSTRUCTION

i. Sponge Iron Plant

Sl. No.	Description	Rs. In Lacs	
		Kiln III	Kiln IV
1.	CIVIL DETAILS: RCC FOR 3RD 100 TPD: (850 Cu. Mtrs. @ Rs.3500) TOR STEEL FOR 3RD 100 TPD (90 Mtrs. @ Rs.27000) RCC FOR 3RD 100 TPD: (700 Cu. Mtrs. @ Rs.3500) TOR STEEL FOR 3RD 100 TPD (70 Mtrs. @ Rs.27000)	29.75 24.30	24.50 18.90
2.	NON PLANT BUILDING (ADM. BUILDING, TIME OFFICE ETC.)	----	---
3.	STRUCTURAL BUILDING: FOR 3RD 100 TPD (550+150 MT. SPONGE IRON PLANT + POLLUTION CONTROL EQUIPMENT @ Rs.32000) STRUCTURAL BUILDING: FOR 4th 100 TPD (400 MT. @ Rs.32000)	224.00	128.00
TOTAL		278.05	171.40
GRAND TOTAL		449.45	

ii. M.S. Billet Casting Plant

Sl. No.	Description	Type of Construction	Measurement (L*B*H) (m)	Total Area (sq. m.)	Rate/Sq. m. Rs.	Amount (Rs. in lacs)
1	Main Factory Shed	RCC foundation, AC sheet roofing, MS joist column with angle bracing.	21 x 100 x 16	2100	3500	73.50
2	Lean-to-shed	- Do -	12 x 50 x 8	600	1800	10.80
3	Furnace Room	250 mm thick reinforced concrete about 1500 mm below ground level with RCC beams (250 x 400 mm) are lintel level. Furnace room wall crucible foundation and roof slab will be 250 mm thick.			L.S.	10.00
4	Store Room (2 Floors)	RCC frame structure building RCC roof with 250 mm brick work along with rolling shutter, steel windows and cement finish.	10 x 30	300	3500	10.50
5	Weigh bridge room	Brick wall foundation of 100 mm wide and 250mm thick RCC roof slab with plaster	10 x 5.75 x 2	58	3500	2.01

		finish and IPS flooring.				
6	Weigh Bridge foundations	RCC foundation and 625 mm thick brick work upto a height of 150 mm above ground level with 2 nos. tie beams and cement finish.	7.20 x 5.5 x 2	40	3500	1.39
7	Administrative Building (2 Floors)	RCC structure, RCC roofing with 250 mm thick wall, wooden doors, windows, MS grill, terrazzo floor finish, marble chips, with sanitary pipes and fittings.	20 x 5.5	110	4000	4.40
8	Underground Reservoir	RCC underground construction with 250 mm thick wall being 3 meter deep. Finish with water proofing compound and CI manhole covers. Underground Reservoir - 1, 65,000 Lt. 51,000 Lt. <u>54,000 Lt.</u> <u>2,70,000 Lt.</u>		270000 litre	5.50	14.85
9	Overhead Reservoir	RCC construction with 250 mm thick concrete wall at 1 meter above pump room.	1.75 x 5.25 x 1.50 (30,000 lt.)	13.78 cubic Mtr.		2.00
10	Sub-station (Indoor)	RCC pocket foundations 1500 mm below the existing ground level. Foundation of main and auxilliary transformers will be upto a height of 1.50 m from ground level.				
11	Security and Time Office (2 Floors)	RCC foundation, RCC roof slab, 250 mm thick brick wall with cement plasters, steel windows, wooden door.	4 x 5	40.00	3500	1.40
12	Generator Room, Meter Room, LT Room, Maintenance Room	RCC structure, 250 mm thick brick wall, RCC roof slab, tie beam, water proof floors.				
	a) Generator Room		5 x 3	15.00	3500	0.53
	b) Meter Room		5 x 3	15.00	3500	0.53
	c) LT Room		5 x 3	15.00	3500	0.53
	d) Maintenance Room		6 x 3	18.00	3500	0.63

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13	Pump Room and laboratory	RCC structure, 250 mm thick brick wall, RCC roof lab, plaster finish				
	a) Pump Room		5 x 6.5	32.50	3500	1.14
	b) Laboratory		5 x 6.5	32.50	3500	1.14
14	Toilet Block	RCC structure, 250 mm thick brick wall, RCC roof completely with piping and sanitary fillings.	6 x 6 2 Nos.	72.00	3500	2.52
15	Labour Quarters	RCC foundation, RCC roof slab, 250 mm thick brick wall with cement plasters, steel windows, wooden door.	20 x 10	200.00		7.00
TOTAL						147.85

iii. Hot Rolling Mill

(Rs. Lacs)

Item Description	Type of Building	Length (M)	Width (M)	Height (Crane rail) (M)	Area in Sq. M.	Rate/Sq. M (Rs.)	Total Cost
Main Plant Building	Steel structural with A.C. sheeting	140.0	324.0	7.5	3360.0	5500	184.8
Reheating Furnace bay	-do-	20.0	12.0	6.5	240.0	5000	12.0
Motor House No.1	Brick building with R.C.C. roofing	10.0	9.0	4.2	90.0	4600	4.14
Motor House No.2	-do-	8.0	7.0	4.2	56.0	4600	2.57
Motor House No.3	-do-	12.0	4.0	4.2	48.0	4600	2.20
H.T. room	-do-	5.0	7.0	4.2	35.0	4600	1.61
L.T. Room	-do-	10.0	7.0	4.2	70.0	4600	3.22
Battery Room	-do-	4.5	7.0	4.2	31.5	4600	1.45
Store	-do-	18.0	6.0	3.5	108.0	4600	4.97
Coiler Control Room	-do-	6.0	6.0	4.2	36.0	4600	1.66
Shop office	-do-	7.0	5.0	3.5	35.0	4600	1.61
Laboratory	-do-	6.0	5.0	3.5	30.0	4600	1.38
Pump Room (2 Nos.)	-do-	5.0	3.5	3.5	35.0	4600	1.61

Settling Tank	R.C.C.	18.0 9.0	7.0 5.0	3.5 (D) 3.5 (D)	441 M ³ 157.5 M ³	3600/M ³ 3600/M ³	15.88 5.67
Administrative Building	Brick building with R.C. roof	15.0	10.0	3.5	150.0 M ²	4600	6.90
Security Goomty	-do-	5.0	4.0	3.5	20.0	4600	0.92
Time office	-do-	5.0	4.0	3.5	20.0	4600	0.92
Canteen	-do-	12.0	6.0	3.5	72.0	4600	3.31
Ablution Block	Brick building with R.C.C. roofing	7.0	4.0	3.5	28.0	4600	1.29
D.C. Control Room (2 Nos.)	-do-	8.0	6.0	4.2	96.0	4600	4.41
Consumer's supervisory panel room	-do-	6.0	4.0	4.2	24.0	4600	1.10
Metering room	-do-	6.0	4.0	4.2	24.0	4600	1.10
Underground reservoir	R.C.C.	15.0	10.0	2.0 (D)	300 M ³	3600	10.80
Pump room for underground reservoir	Brick building with R.C.C. roofing	3.0	3.0	3.5	9.0	4600	0.41
Weighbridge goomty	-do-	3.0	3.0	3.5	9.0	4600	0.41
Cold sump for TMT line	R.C.C.	6.0	4.0	3.0	72 M ³	3600/M3	2.60
Pump room for TMT line & fuel oil station (2 Nos.)	Brick building with R.C.C. roofing	4.0	3.5	3.5	28 M ²	4600	1.28
Total :							280.22

iv. Ferro Alloy Plant

Rs. in lacs

Sl.No	Particulars	Dimensions	Area in	Rate per sq.m/	Amount
		W x L (in mtr.)	sq.mtr	(Rs.)	
1	Main Furnace Bay	19 x 72	2736.00	4000.00	109.44
2	Breaking & Packing Bay for FeMn	25 x 25	625.00	2500.00	15.63
3	Crane Bay Area	20 x 84	1680.00	2750.00	46.20
4	Store	15 x 20	300.00	2500.00	7.50
5	Furnace Foundation			LUMP SUM	20.00
6	Coke Shed	35 x 40	1400.00	2500.00	35.00
7	D.G. Set LT Room	25 x 8	200.00	2500.00	5.00
8	Office Building & Other Guest Room	20 x 10 x 2 floors	400.00	4000.00	16.00
9	Pump House & Water Reservoir	15 x 35	525.00	2500.00	13.13
10	Misc. civil work namely land filling,	25*10*10	250.00	250.00	7.11
	Drain etc.				
	Total:		7866.00		275.00

E. DETAILS OF MISCELLANEOUS FIXED ASSETS

i. Sponge Iron Plant

Sl. No.	Equipments	Kiln – III			Kiln – IV		
		Qty No./lot	Unit Price In Rs.	Total Price In Rs.	Qty No./lot	Unit Price In Rs.	Total Price In rs.
1	Pipes & Pipe fittings (Complete set)			1.00			1.00
2	Pull chord, Proximity sensors (Complete set)	1	0.80	0.80			
3	Switch Yard & other Misc. (Complete set)			4.25			
4	Fire Fighting Equipments			1.50			1.50
5	Computer & Printer			1.00			1.00
6	Water Pump	2	1.02	2.04			
			Total	10.59			3.50
	Add,: i) Central Excise	16%		1.37			0.56
	ii) Sales Tax	4%		0.40			0.16
		Total Rs./Lacs		12.78			4.22
	Grand Total	Rs. 17.00 Lacs					



ii. M.S. BILLET CASTING PLANT

Sl. No.	Particulars	Qty.	Amount (Rs. Lacs)
1.	Laboratory Equipments	1 Set	6.35
2.	Pollution Control Equipments <ul style="list-style-type: none"> - 44 KW/4 pole TEFC motor and manual star delta starter. - Ducting, Chimney, Swiveling hood etc. - Civil foundation - Mechanical erection, electrical cabling 	2 Set	25.63
3.	Plate Heat Exchange	2	2.77
4.	Water Distribution System including Pumps, Softening & D.M. Plant		17.50
5.	Air Compressor – 200 CFM	3	6.23
6.	Furniture & Office Equipments		2.50
7.	Fire Fighting Equipments	1 Set	1.90
8.	Charging Skips, Tendis, Spoons Ladle etc.	2 Set	23.34
9.	Pre-Heating Furnace		4.09
10.	Tools, Gas Cutting, Welding Sets		6.35
11.	Weighbridge – 50 MT		4.61
Total :			101.27

iii. Hot Rolling Mill

Description	Amount (Rs./ Lacs)
i) Water circulation system including connection charge & Cooling Tower	20.00
ii) Compressed Air System	8.00
iii) Fuel Oil System	5.00
iv) Office Furniture	2.00
v) Fire Fighting System	1.00
vi) Workshop Equipment	20.50
vii) Physical Laboratory	30.80
viii) Road Weighbridge	6.00
ix) Installation cost	15.50
x) Duty, Tax & Freight (Excise Duty Rs. 23.53 Lacs)	40.60
TOTAL	149.40

iv. Ferro Manganese Plant

(Rs. in lacs)

Sl. No.	Particulars	Nos	Total Amount
1	Pollution Control Equipment	1	42.55
2	Water Distribution System Cooling Tower including water treatment plant	1	8.26
3	Work Shop Equipments VIZ Bending Transformer	1	3.18
4	Air Compressor	1	2.35
5	EOT Crane 5 MT	1	13.27
6	Weigh Bridge	1	11.46
7	Raw Material Handling System	1	76.20
8	Dumper Fork Lift	1	11.05
9	Fire Fighting Equipment	1	0.95
10	Laboratory Equipment	1	3.18
11	Miscellaneous Tolls		2.57
	TOTAL:		175.00

F. Details of Total Cost of Captive Power Plant

Rs.In Lacs

Particulars	Revised *
Mechanical Equipment	1888.00
Electrical & Instrumentation and Central Panel	530.00
Total Equipment	2418.00
Spares @ 3%	73.00
Sub Total	2491.00
Taxes, duties, freight, insurance	
a) Excise duty @16% of 5	399.00
b) Central Sales Tax @4% of 5+6(a)	116.00
c) Freight & Transit Insurance charges @2.5% of 5+6(a)+6(b)	75.00
Erection, testing and commissioning cost @7% of Sl. No. 3	169.00
Sub Total	3463.57
Civil Works	266.43
Total works Cost	3730.00
Consultancy	70.00
	3800.00

* As revised after capitalization of Interest during Construction Period



G. Preliminary & Pre-Operative Expenses

The estimates of Preliminary & Pre-operative Expenses are given below: -

Particulars	(Rs./lacs)			
	SIP	BCP	HRM	FAP
Interest during Construction/implementation Period on Term Loan	37.33	58.63	91.00	65.63
Sub Total	37.33	58.63	91.00	65.63
Others				
Misc. Expenses & Charges	10.00	15.00	10.00	7.00
Start up Expenses for Trial Run		10.00	10.00	5.00
Know-how & Technicians' Fees	20.00	20.00	10.00	20.00
Sub Total	30.00	45.00	30.00	32.00
Total	67.33	103.63	121.00	97.63

Note: The Interest to be paid during construction period has been capitalized.

H. Infrastructure Facilities for Raw Materials and utilities like Water, Electricity, etc.

1. Availability of raw material

Raw material plays a major part in successful execution of any steel plant. The unique position of Vikash Metal & Power Ltd. ensures the procurement of raw materials at competitive rates from the neighboring areas. The brief details of availability of raw materials are given under the separate head:

i. Sponge Iron

The main raw materials required for the production of Sponge Iron are Iron Ore, Coal and Limestone. Iron Ore is available from mines in Bihar and Orissa. Coal is abundantly available from the mines in Bihar and West Bengal, Dolomite is available from Bhutan. Thus all the major raw materials are made easily available in and around the plant site within a distance of 300 kms. The Company is already tied-up with DVC for the supply of power at competitive rate.

ii. M.S. Billet Casting

The requirements of raw materials for manufacturing of Billet Casting are Sponge iron, M.S. Scraps, Ferro Manganese, Ferro silicon and Aluminum shots. The sponge iron and Ferro manganese will be sourced in-house. The availability of other materials would not pose any problem considering its past records. The Company is already tied-up with DVC for the supply of power at competitive rate.

iii. TMT Bars & HR Strips

For TMT the quantity of raw materials consumed per ton of production has been estimated after considering the standard yield of finished products from billet. Therefore the basic raw material is billet casting which will be sourced in-house. The availability of other materials would not pose any problem considering its past records. The Company is already tied-up with DVC for the supply of power at competitive rate.

iv. Ferro Manganese

The requirement of raw materials for production of Ferro manganese is manganese ore, coal/coke, dolomite and paste. Considering the background of promoter and location of existing plant of Ferro alloy within the group (Impex Ferro Tech), which is in close proximity therefore the availability of raw material, are ensured. The Company is already tied-up with DVC for the supply of power at competitive rate.

2. Transport

i. Sponge Iron

A fleet of trucks will be employed for surface transportation of the coal/ iron ore from the nearest pit head/ railhead. Limestone will be brought to the factory by rail cum road transport. Similar arrangement for transporting the finished goods has been made.

ii. M.S. Billet Casting

Sponge Iron will be available in house. For transporting the other material and finished goods the infrastructure as detailed for SIP and stated above will be in use.

iii. TMT Bars & HR Strips

M.S.Billet will be available in house. For transporting the other material and finished goods the infrastructure as detailed for SIP as stated above will be in use.

iv. Ferro Manganese

For transporting the material and finished goods the infrastructure as detailed for SIP and stated above will be in use.

3. POWER

i. Sponge Iron

The unit shall require 700 KW of Power, which will be sourced from the DVC. Most of the plant and machinery are either fully automatic or semi automatic and electrically operated through pre programmed process. Accordingly provisions for the first class cable laying, switches, control panels and damage free equipments installation have to be made. The other electrical installations such as transformers and allied essentials etc have been covered under this head.

ii. M.S. Billet Casting

The industry is power intensive and substantial amount of power is required at the high-tension line. Requirement of Power and distribution system is 9000 KW. The power requirement will be sourced from DVC in excess of those available in-house from CPP.

iii. TMT Bars & HR Strips

Based on estimated power consumption per tones of production of TMT Bars and HR Strips, the total connected load for the proposed rolling mill is 1500 KW, which will be sourced from DVC.

iv. Ferro Manganese

Electricity is one of the principal ingredients being used as fuel for melting & reducing manganese ore and forming Ferro manganese. Power required per tonne of Ferro manganese is 7650 KW. The required power is proposed to be made available from own CPP of 10 MW.

Stand-by Arrangements

The unit is already having DG sets, which shall run on diesel, easily available from the local dealers of oil companies situated near the plant site.

4. WATER

i. Sponge Iron

The production process requires water for cooling purposes. Water is also necessary for drinking and sanitation purpose. The unit shall install deep tube well for this purpose. Water from the cooler is recirculated after cooling through the cooling power along with fresh make up water. Water requirement for 200 TPD Sponge Expansion Project shall be as for circulation 550 cum and make-up 2x14 cum/Hr.



ii. M.S. Billet Casting

The unit has provided for the Deep Tube Well with Pump for sufficient flow of required water. Water will be stored on overhead tank for circulation and underground RCC Tank for re circulation. The test report of water is suitable in terms of softness and drinking. For circulation Soft Water: 100 cum/hr.

ICW: 350 cum/hr.

DCW: 75 cum/hr.

For Make-up: Soft Water: .25 cum/hr.

Industrial Water: 19 cum/hr.

iii. TMT Bars & HR Strips

Water will be required for quenching the bars. The total water requirement in the re-rolling mill is estimated at 325 Cum. The break up of the water requirement in the mill as follows:

Water Circulation System 300 Cum

Make up water 20 Cum

Drinking & Sanitation 5 Cum.

The mills' requirement of water shall be met from bore wells installed at the project site.

iv. Ferro Manganese

Water is essentially required to wash, wet and for cooling towers as well as meet the requirements of human consumption. The company will arrange for deep bore well, overhead RCC tank and dug up pond for storage of abundant water the production process requires continuous supply of water.

5. COMPRESSED AIR

i. Sponge Iron

Compressed Air will be required at a pressure of 5.7 kg/cm² at the rate of 1 cub meter per hour to run the dust extraction system, meant for Air Pollution Control Equipment.

ii. M.S. Billet Casting

Compressed Air will be used for supply of oxygen for combustion purposes.

iii. TMT Bars & HR Strips

Compressed Air will be used for lifting in pneumatically operation of the pusher of the pre-heater and for material handling.

iv. Ferro Manganese

Compressed Air will be required at a pressure of 5.70 Kg per sq. cm. @ 80 CFM to run the dust extraction system meant for air pollution control. To enable a proper compressed air flow, the company will install the desired air compressors.

I. PRODUCTS OF THE COMPANY

Products & Uses

VMPL is presently manufacturing Sponge Iron. With a view to integrate its vertical operation and to exploit economics of production it is proposing to expand its existing Sponge Iron Plant (SIP) and to install Plants for M.S. Billet Casting (BCP), Hot Rolling Mill (HRM), Ferro Alloy Plant (FAP) and Captive Power Plant (CPP) mainly out of waste heat recovery of SIP. The power to be generated from CPP will be used in-house.

i. Sponge Iron

Sponge Iron is one of three basic metallic with hot metal and scrap used in steel making. It is one of the purest forms of produced iron of consistent quality & composition, suited in steel making by the secondary steel producers. Sponge Iron has emerged as the major input source for the electric arc furnace / induction furnace routes of steel making.

ii. M.S. Billet Casting

Billets are semi finished products used for further processing into finished products to be used as feed stock for re-rolling mills such as wire rod mill, bar and rod mill etc. These billets are also used extensively in forge shops and machine shops for production of engineering goods.

iii. TMT Bars & HR Strips

These products to be manufactured in HRM belong to the family of long products of steel and are used in construction activities in the various sectors and fabrication industries. HR Strips are used in fabrication industries to cater the requirements of automobile body building, steel furniture, galvanized tubes, consumer durables namely refrigerator body, air conditioner etc. Construction sector, automobile industry and consumer durable goods industry have been the major sources of demand in the domestic steel industry for TMT Bars.

iv. Ferro Manganese

This alloy to be manufactured from FAP consist mainly of melting manganese ore and reduction melting of manganese ore with coke breeze. It is mainly consumed by steel industry and also by Foundries, Electrode Manufacturing Units and Alloy Steel.

MARKETING STRATEGY

The Company controls its marketing and selling activities centrally from its corporate office at Kolkata. The company approaches its customers directly and also receives enquiries from customers and supplies the materials to them. The Company generally enters into a quarterly/monthly agreements with the buyers depending on their requirements. It also sells the products through annual contract by tender to government and semi government users. The company also takes the locational advantages of its various depots and customer data base of its other group companies dealing in iron and steel and ferro alloy products in marketing and selling of its products.

BUSINESS STRATEGY

Considering the existing competition in the industry and future entrants, the Company has focused on the following business strategies:

With the intention to tap better margin yielding products and large domestic opportunities for these products, the company has laid down the strategy to manufacture TMT bars and rods through the integrated process by using the sponge iron produced by the company in the same premises which is used as raw material in the manufacture of billets and then these billets are re-rolled to manufacture the TMT products through the hot process.

The company will also produce ferro manganese. Sixty per cent of the raw material costs to manufacture ferro manganese is constituted by Power. The company shall set up a captive power plant using the waste heat recovery process to produce 10 MW of power which shall be utilized in the ferro plant. Waste Gases generated out of the Sponge iron plants shall be used to generate power and this process shall substantially reduce the cost to be incurred on power by the company.

The competitive strength of the company will increase considerably once all its manufacturing facilities are operational and it becomes a fully integrated mini steel plant.

FUTURE PROSPECTS

India has large and high quality deposits of several minerals such as iron ore, bauxite, manganese, chromite coal limestone kaolin and lead concentrate most of which are concentrated in the eastern region. The four states of West Bengal, Chattisgarh, Jharkhand and Orissa alone account for about 70% of the country's coal reserves, 55% of the iron ore content and 60% of the bauxite reserves. India's domestic demand for the minerals (hence minerals for eastern states) is poised for significant growth in the next 10-12 years making India one of the top global markets for steel products. The growth of the Chinese economy has accelerated the global demand for the basic materials resulting in



the global growth rates of steel, aluminum and coal which nearly doubled in the last two years as compared to the 90's. India is uniquely positioned to play a significant part in servicing this global demand due to its low cost advantage.

Capacity & Capacity Utilization

i. Sponge Iron

Year	2004-05	2005-06	2006-07	2007-08
Installed Capacity (TPA)	65000	130000	130000	130000
Capacity Utilization	70%	55%	90%	90%
Production (TPA)	45500	71500	117000	117000

ii. M.S. Billet Casting

Year	2006-07	2007-08	2008-09
Installed Capacity (TPA)	57000	57000	57000
Capacity Utilization	90%	90%	90%
Production (TPA)	51300	51300	51300

iii. TMT Bars & HR Strips

Year	2006-07	2007-08	2008-09	2009-10
Installed Capacity (TPA)	48000	48000	48000	48000
Capacity Utilization	50%	60%	70%	70%
Production (TPA)	24000	28800	33600	33600

iv. Ferro Manganese

Year	2006-07	2007-08	2008-09	2009-10
Installed Capacity (TPA)	15400	15400	15400	15400
Capacity Utilization	60%	70%	80%	80%
Production (TPA)	9240	10780	12320	12320

Purchase of Property

The following is the list of recent properties acquired by the company:

The company is in possession Of 9.65 acres of land in in Mouza: Poradiha, Thana; Santuri, Dist Purulia which it purchased in the year 2002 from private land owners vide two registered deeds bearing no 2696 and 2697 dated 2nd August 2002 .

The company has been allotted land in Mouza: Poradiha, Thana; Santuri, Dist Purulia for setting up of the proposed project by the State of West Bengal on a long term lease of 30 years vide indenture of lease dated 19th of April 04 entered into between Governor of West Bengal and Vikas Metal & Power Limited. The company has possession of 28 acres of land for which it pays an annual rent of Rs.1.12 lacs.

KEY INDUSTRY- REGULATIONS AND POLICIES

Post liberalization the Indian government has removed many of the barriers hindering the growth in the sector. But to fulfill the potential of the country's iron and steel industry, the government needs to eliminate the remaining barriers.

The key regulations and policies having a significant impact on iron and industry are as follows:

Incentives provided by Central Government and State Governments

The industry is a capital intensive industry and to encourage entrepreneurs the government provides various incentives such as rebate/exemptions from imposition of sales tax, excise duties and income tax.

Under The West Bengal Incentive Scheme, 2000 introduced by the Government of West Bengal the company is eligible for getting the following incentives and benefits for the existing sponge iron units comprising of Kiln I and Kiln II with capacity to produce 65000 TPA of sponge iron. The same has been confirmed by West Bengal Industrial Development Corporation Limited vide the eligibility certificated no. INC 2000/EC-165(C) dated 29th September 2003.

❑ State Capital Investment Subsidy:

The Company shall be eligible for a state capital investment subsidy at the rate of 25% of the fixed capital investment made subject to a limit of 250 lakhs.

❑ Industrial Promotion Assistant:

The company shall be entitled to an interest subsidy to the extent of 50% of the annual interest liability on loans from commercial banks/financial institutions/NBFC's approved by the Reserve Bank of India for the implementation of the approved project, subject to a limit of Rs.100 lakhs per annum for seven years. The annual interest liability shall be the net interest after allowing subsidy under any other scheme to which the project under consideration is entitled.

❑ Waiver of Electricity Duty:

The company shall also be eligible for waiver of electricity duty on the electricity consumed by the approved project for its production/operational activity for a period of 5 years commencing from the start of the commercial production of the company.

❑ Employment Generation Subsidy:

The company shall also be eligible for employment generation subsidy in the form of reimbursement to the extent of 50% of the expenditure incurred for the approved project by the company for paying its contribution towards Employee State Insurance, Employees Provident Fund for a period of 7 years.

❑ Remission of Stamp duty and Registration Fee:

The company shall also be eligible for exemption of 50% of the stamp duty and registration fee, which is to be paid while registering the documents relating to the purchase /acquisition of land where the buildings of the approved project are proposed to be set up within the state.



Regulated Monopoly Industry Structure for Coal

Coal is a major raw material for the production of steel but it is a heavily regulated industry and participation from the private sector is not permitted. Over 85% of the country's coal requirements are met by Coal India Limited.

Infrastructure Limitations

The industry is dependant on the state of infrastructure available as huge quantities of material needs to be transported. The high cost of transportation coupled with inadequate service capacity acts as a hindrance. Any policy decision by the government in developing infrastructure has a direct positive impact on the industry.

Pollution Control Norms

Sponge iron production is a highly polluting process and companies are required to comply with stringent polluting norms. To comply with global standards of pollution norms and WTO agreement signed by the government the government may take further stringent measures to curb pollution which may affect the existing units.

C. HISTORY AND CORPORATE STRUCTURE OF THE ISSUER COMPANY:

Incorporation and Initial Progress:

The company was originally incorporated as Vikash Metal Private Ltd. on 4th July, 1996 and later converted into a public limited company as Vikash Metal Limited vide fresh certificate of incorporation dated 13th December, 2002 and was subsequently renamed as Vikash Metal & Power Limited on the 22nd of December 2003.

Important events in the History of the Company are as follows:

Year	Events
1996	Incorporation
1997	Profit in the very first year of incorporation
2002	Converted into public limited company and alteration of Memorandum of Association and fresh certificate of incorporation.
2003	From being a company which traded in dolomite and iron and steel products, the company ventured into manufacture of sponge iron and the 1 st Kiln with a capacity to produce 100 TPD was commissioned.
2004	Commencement of Production of Kiln II in June 2004

Main Objects

The main objects of the company as set forth in the memorandum of association of the company are as follows.

- ❑ To carry on the business of manufacturer, producers, assemblers, filters, engineers, converters, processors, founders, moulders, casters, forgers, makers, fabricators, erectors, smelters, refiners, drawers, snickers, miners, repairs, repairers, rollers, rerollers, stores, formers, extruders, reconditioners, machinists, finishers, exporters, importers, traders, suppliers, dealers, distributors, stockists, buyers, sellers, agents or merchants, and otherwise deal in all kinds of sponge iron and all kinds of sponge iron and its products, pig iron and its products, hot briquettes iron and its products, wrought iron and its products, metal scraps, ferro alloys, caste iron, steels, alloy steels, carbon steels, tool alloy steel, tor steel, special and stainless steel, shafting bars, rod, flats, square from scraps, billets, pre-reduced billets, ingots, channel, pole, shits, wire, rails, joist, squares, structural, rollers, ferrous and non-ferrous casting of all kind. And in particular ferrous casting and chilled casting, malleable and special alloy casing, steel castings, gun metal, copper, brass, and aluminum castings, copper and foundry works of all kinds, steel and metal goods and any of the by-products which will be obtained in the process of manufacturing of these products and to establish workshops for manufacture of any equipment required for any of the industries which the company can undertake and to deal in such equipment and to carry on any business or activity connected or required for the attainment of the above objects.
- ❑ To carry on In India or elsewhere the business to generate, receive produce transmit, distribute supply or otherwise to deal in electric power by establishing thermal power plant, hydraulic power plant, atomic power plant, wind power plant, solar power plant, gas based power plant where the gases generated from waste, husk, biomass etc or other power plants based on any source of energy as may be developed or invented in future and for this purpose acquire concessions, facilities or licenses from electricity board, Government, semi government, local and other authorities and bodies.
- ❑ To carry on in India and elsewhere the trades or business of iron-masters, steel makers, Steel converters, manufacturers, miners, smelters, engineers, tin plate makers and iron Founders, in all their respective branches. To search for, get, work, raise, make, Merchantable, sell and deal in iron, coal, iron stone, lime stone, manganese, Ferro- Manganese, magnetite clay, fire clay, brick earth, bricks and other materials, minerals and substances and to manufacture and sell briquettes and other fuel and generally to undertake and carry on any business, transaction or operation commonly undertaken or carried on by exporters, prospectors, or concessionaires and to search



for win, work, get, calcine, reduce, amalgamate, dress, refine, and prepare for the market any quartz and ore and minerals and mineral products, plant and machinery and other things capable of being used in connection with mining metallurgical operations or required by the workmen and others employed by the Company.

Changes in the Memorandum of Association:

Since our incorporation following changes have taken place in our Memorandum of Association:

Date of Amendment	Amendment
13-Dec-02	Change in the name of the company pursuant to the change in the status of the company from Private Limited to Public Limited Company. The certificate for the change of name was issued on December 13th 2002.
21-Jan-03	Change in the name of the company to Vikas Metal & Power Limited from Vikash Metal Limited. The certificate for the change of name was issued on January 22nd 2003.
16-Aug-99	Increase in the authorised share capital of the company from Rs. 5 lacs to Rs.25 lacs.
16-May-02	Increase in the authorised share capital of the company from Rs. 25 lacs to Rs.200 lacs.
29-Oct-02	Increase in the authorised share capital of the company from Rs. 200 lacs to Rs.500 lacs.
27-Feb-04	Increase in the authorised share capital of the company from Rs. 500 lacs to Rs.900 lacs.
3- Dec- 04	Increase in the authorised share capital of the company from Rs.900 lacs to Rs.1100 lacs.
30-March-05	Increase in the authorised share capital of the company from Rs.1100 lacs to Rs.4000 lacs.
17-Jan-05	The main objects clause of the company was amended to include manufacturing electric power as one of the objects of the company.

The details of the capital raised are given in the section Capital Structure on page 5 of the Draft Prospectus.

Subsidiaries of the Issuers Company

The company has no subsidiaries as on the date.

Shareholders agreements

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

Strategic Partners

The company as on date has no strategic partners.

Financial Partners

The company also has no financial partners.

D. MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As of March 2005, the Company has seven (7) Directors of which the Company has only one (1) full time director.

Board of Directors

The following table sets forth the details regarding the Board of Directors.

Sl.No.	Name, Designation, Fathers name, Occupation and age	Date of Appointment	Other Directorship
1	Mr. Vimal Kumar Patni, 55 Chairman S/o Dharam Chand Jain 227/1A,AJC Bose Road, Kolkata-700020. Industrialist	4 th July 96'	1. Impex Ferro Tech Limited. 2. Impex InfoTech Limited. 3. Impex Industries Limited. 4. VSN Agro Products Pvt. Limited. 5. Dhodhwala Enterprises Private Limited.
2	Mr. Vikash Patni, 28 Managing Director S/o Vimal Kumar Patni 227/1A,AJC Bose Road, Kolkata-700020. Industrialist	1 st April 03'	1. Dhodwala Enterprises Pvt Limited 2. Patni Metal & Ferro Alloys Pvt Limited
3	Mr. Virendra Kumar Jain, 34 Director 47/1A,S.N.Roy Road Kolkata-700038 Industrialist	6 th May 02'	1. Impex Ferro Tech Limited 2. Impex Cement Pvt.Limited
4	Mr. Akash Patni, 26 Director S/o Vimal Kumar Patni 227/1A,AJC Bose Road, Kolkata-700020. Industrialist	6 th May 02'	1. Impex InfoTech Limited. 2. Brahmand Udyog (P) Ltd. 3. Enerzier Commerce (P) Ltd. 4. Unilever Enterprises (P) Ltd.
5	Mr. Vijay Mal Lodha, 61 Independent Director. S/o Late Mangi Lal Lodha 7,Sarat Bose Road Kolkata-700020. Industrialist	10 th March 05'	1. Kusum Electrical Industries Limited. 2. Impex Ferrotech Limited. 3. Jay Vijay Metal Udyog (P) Ltd.
6	Mr. Chhatar Singh Dugar, 54 Independent Director S/o Chain Roop Dugar. 5,S.R.Das Road, Kolkata-700026. Tax Consultant	10 th March 05'	1. Impex Ferro Tech Limited. 2. Gaurav Agencies Pvt. Limited. 3. Glorex Business Pvt. Limited.
7	Mr. Vijay Kumar Jain, 39 Independent Director S/o Rameshwar D. Jain. 53,Jubilee Park, Ground Floor Kolkata-700033. Businessman	10 th March 05'	1. Vee Point Commerce (P) Ltd. 2. Vibgyor Vyapar (P) Ltd. 3. Mohini Dealing (P)Ltd.

BRIEF PROFILE OF THE DIRECTORS (Promoters).

Mr.Vikash Patni, Mr. Vimal Kumar Patni, Mr. Akash Patni, being the Promoter Directors of the Company, their profiles are mentioned under the head 'Promoters'. Please refer to page 73 of this Draft Prospectus for further details.



BORROWING POWERS

- ❑ The Board may, from time to time and at its discretion, subject to the provisions of Sections 58-A, 292, 293 and 370 of Act and the Regulations made there under and directions issued by Reserve Bank of India 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.
- ❑ The Board may raise or secure the repayment or payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular by the Issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, 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.
- ❑ Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special rights, as to redemption, surrender, drawing, allotment of shares, appointment of Director and otherwise, Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.
- ❑ Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferor has been delivered to the Company together with the certificate or certificates of the debentures.

Terms of Appointment & Compensation of Managing Director

Mr. Vikash Patni was appointed as Managing Director of the Company in the Board Meeting held on 1st April, 2003 w.e.f from that date for a period of 5 years on a total consolidated salary of Rs 30000.00 (Rupees Thirty Thousand Only) P.M.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & SUB-COMMITTEES

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance will be applicable to us immediately upon seeking in principle approval from the Stock Exchanges for listing of our Equity Shares on the various stock exchanges.

To comply with the SEBI Guidelines in relation to corporate governance the Issuer company have already appointed three independent additional directors Mr. Vijay Jain, Vijay Mal Lodha and Chatter Singh Dugar in the Board of Directors of the company with effect from 10.03.2005. 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. Akash Patni (Non Executive)

Mr. Chatter Singh Dugar (Non Executive / Independent Director)

Mr. Nitin Didwania the Company Secretary shall assist the Committee in the proceedings.

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. Vijay Jain

Members: Mr. Vikash Patni

Mr. Vimal Kumar Patni

The Company Secretary of the Company, Mr. Nitin Didwania, shall attends its meetings and assist the meeting.

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.

Shareholding of the Directors

The shareholding of our directors on the date of the issue of the Draft Prospectus is as follows.

Sr. No.	Name of Director	No. of Shares.	Date acquired.
1	Mr. Vikash Patni	1520800	04-07-96 06-09-96 14-02-01 21-07-04 30-12-04
2	Mr. Vimal Kumar Patni	2324600	04-07-96 06-09-96 14-02-01 21-07-04 30-12-04
3	Mr. Akash Patni	1259300	21-07-04
4	Mr. Virendra Kumar Jain	3000	13-03-03
5	Mr. Chattar Singh Dugar	Nil	
6	Mr. Vijay Kumar Jain	Nil	
7	Mr. Vijay Mal Lodha	Nil	

Interest of the Directors

All the non executive directors of Vikash Metal & Power Ltd. may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

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

The Managing Director of Vikash Metal & Power Ltd. is interested to the extent of remuneration paid to him for services rendered to the Company (For more details, please refer "Related Party Disclosures" as mentioned under Sr. No. of the Auditors' Report given in this Draft Prospectus). Further, the Directors are interested to the extent of Equity Shares that they are holding and or allotted to them



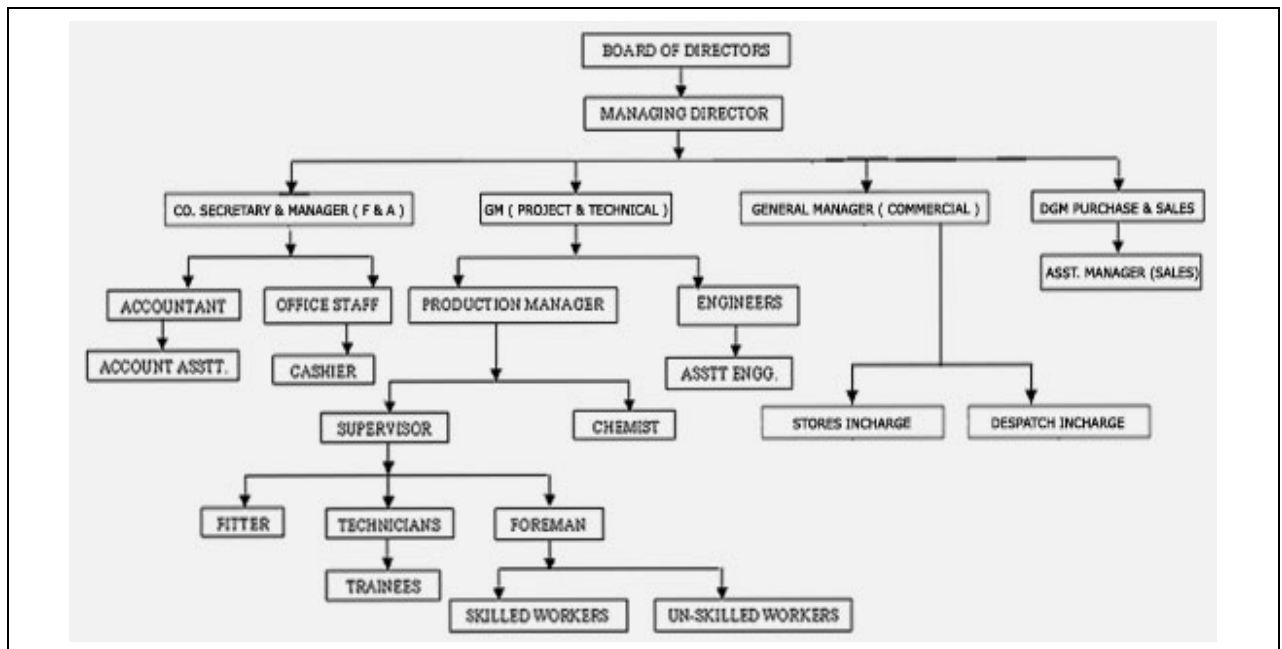
out of the present Issue, if any, in terms of the Draft Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Prospectus, the Company has not entered into any Contract, Agreements or Arrangements 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 the contracts, agreements or arrangements which are proposed to be entered with them.

Changes in Directors during Last Three Years

Sl.No	Name	Date of appointment	Date of cessation	Reason
1.	Akash Kumar Patni	06.05.2002	-	NA
2.	Virendra Kumar Jain	06.05.2002	-	NA
3.	Vijay Mal Lodha	10.03.2005	-	NA
4.	Chattar Singh Dugar	10.03.2005	-	NA
5.	Vijay Jain	10.03.2005	-	NA

MANAGEMENT ORGANISATION STRUCTURE



Source: www.vikashmetallpower.com

Key Managerial 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:

VIKASH METAL & POWER LIMITED

Details of our key managerial personnel are as follows:

SrNo	Name	Designation	Age (Yrs.)	Qualification	Date of Joining	Experience (Yrs.)	Previously Employed
1.	Mr. S. Ganguly	General Manager (Commercial)	62	B.Com	20.02.03	35	N.A.
2.	Mr. D. Dutta	GM (Project)	43	B.Sc, A.M.I.E. (Tech), M.I.I.M, PGSQC	28.10.04	25	M/s Otto India (P) Ltd.
3.	Mr. G.C. Das	General Manager (Production)	33	B.E Mech	27.02.04	10	Engineering and Industrial Consultancy Services
4.	Mr. N.K. Lodha	Senior. Manager (Commercial)	55	B.Com (H)	09.07.04	23	Fort William Industries
5.	Mr. Nitin Didwania	Company Secretary & Manager(F&A)	26	B.Com (H), ACA, ACS	25.06.04	2	M/s Guwahati Carbon Ltd.
6.	Mr. M. Pachlangia	Deputy General Manager (Purchase)	39	B.Com (H), IMM	03.01.04	20	Bhushan Ltd.
7.	Mr. Ajit Kumar Patni	Senior Executive					
8.	Mr. P.K. Chajjer	Deputy Manager (F&A)	36	B.Com (H)	01.07.02	14	M/s Winlam Industries Ltd
9.	Mr. S.Jain	Asst. Manager (Sales & Mktg)	26	B.Com (H)	01.09.03	4	Kaveri Supply & Services (P) Ltd.
10.	Mr. T.K. Jain	Asst. Manager (F&A)	24	B.Com (H)	22.12.03	3	Industrial Pumps & Motor Agency

All the above employees, Key Managerial Personnel are our permanent employees.

Shareholding of our Key Managerial Personnel

None of the Key Managerial Personnel hold any shares of the company as on the date of this Draft Prospectus

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

**Changes in Key Managerial personnel**

Following key managerial personnel have joined the Company during the last one-year

Sl No.	Name of the Person	Designation	Date of Joining
1.	Mr. Nitin Didwania	Company Secretary & DGM (F&A)	25.06.04
2.	Mr. D. Dutta	GM (Project)	28.10.04
3.	Mr. N.K. Lodha	Senior. Manager (Commercial)	09.07.04

Family relation with Key Managerial Personnel (KMP)

No family relation exists between the promoters and KMP.

EMPLOYEES**Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme**

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

Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company makes ex-gratia payments to its officers as and when it deems fit.

E. PROMOTERS



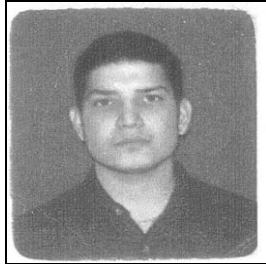
Mr.Vimal Kumar Patni, Mr.Vikash Patni and Mr.Akash Patni along with Brahmand Udyog Private Limited and Sahyogi Distributors Private Limited have promoted Vikash Metal &Power Limited. A brief profile of the promoters is given herewith:

PROMOTERS AND THEIR BACKGROUND.

Mr. V.K. Patni, the Chairman of the company is a commerce graduate. After having a very successful industry experience at senior management levels, he co-founded the Impex Group in the year 1995. Mr. Patni contributes with his experience and provides guidance to the senior management of the company.

Mr. Vikash Patni (Managing Director) aged about 28 years is a Commerce Graduate and an MBA from Tasmac University, Canada. He is the elder son of Mr. Vimal Kumar Patni. He joined the company in the year 2003 and is instrumental in the setting up and implementation of the first phase of the project and is looking after all the commercial aspects of the Company.

Mr. Akash Patni (Director) aged 26 years is a qualified Chartered Accountant. He is the son of Mr. Vimal Kumar Patni. He has been inducted into the Company's board of directors for his expertise in the area of finance and management. He is responsible for finance, cost control and establishing management information system for the Company.

Name of the Promoter	Mr. Vimal Kumar Patni	Mr. Vikash Patni	Mr. Akash Patni
Photo of the promoters			
Driving Licence No.	Not Available	WB20.012748	WB 19 .026874
Passport Details	T-872870	B1930318	B-2392448
Pan No.	AEVPP4117L	31(4)/V-164/KOL	AIMPP5138N
Voter Id No	WB/18/113/054744	Not available	Not available
Name of Bank and Branch	Punjab National Bank C.R. Avenue Branch	Punjab National Bank C.R. Avenue Branch	Punjab National Bank C.R. Avenue Branch
Bank Account No.	Savings 0102117299	Savings 0102109351	Savings 0102132845

We confirm that the permanent account number, Bank account number, passport number and voter ID No. of, Mr Vimal Kumar Patni, Mr Vikash Patni, Mr Akash Patni have been submitted to the NSE and BSE at the time of filing of this document with them.

Brahmand Udyog Private Limited

The company was incorporated on 8th July 1998 having its registered office at 35, C.R. Avenue, Kolkata-700012 as Brahmand Udyog Private Limited. The company is presently not carrying on any business activity.

Date of Incorporation	8 th July 1998
Registration No	21-87459 of 1998
Nature of Business	Investment in Shares
PAN No.	AACCB2748K
Banker	Punjab National Bank. 31, C.R. Avenue, Kolkata.
Bank Account No.	Current 892413

The present directors of the company are:

Name of Director	Date of Appointment
Akash Patni	16.08.02
Sunita Patni	16.08.02



Sahyogi Distributors Private Limited

The company was incorporated on the 29th of March 1996 having its registered office at 35, C.R. Avenue; Kolkata-700012. The company is presently not carrying on any business activity.

Date of Incorporation	29 th of March 1996
Registration No	21-78921 of 1996
Nature of Business	Investment Company
PAN No.	AAECS0679N
Banker	Punjab National Bank. 31, C.R. Avenue, Kolkata.
Bank Account No.	Current 894882

The present directors of the company are:

Name of Director	Date of Appointment
Rajesh Patni.	01.07.03
Sunita Patni.	01.07.03

We confirm that the permanent account number, Bank account number, the company registration numbers and the addresses of the Registrar of Companies where the company have been re, Brahmand Udyog Private Limited and Sahyogi Distributors Private Limited have been submitted to the NSE and BSE at the time of filing of this document with them

Common Pursuits

There are no common pursuits in the business of the Company and other Companies promoted by the Promoter other than as described in the Draft Prospectus:

Interest of the Promoters

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

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

Name of the Concern	Type of Concern	Interested party
Impex Infotech Ltd	Company	Vimal Kumar Patni Akash Patni
Impex Ferro Tech Ltd	Company	Vimal Kumar Patni Virendra Kumar Jain
VSN Agro Products Pvt Ltd	Company	Vimal Kumar Patni
Impex Cements Pvt Ltd	Company	Virendra Kumar Jain
Dodhwala Enterprises Pvt Ltd	Company	Vimal Kumar Patni Vikash Patni
Patni Metal & Ferro Alloys Pvt Ltd	Company	Vikash Patni

Except as disclosed above and Related party transaction on Page 84, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

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

Related Party Transactions

For details of related party transactions please refer to page 84 of the Draft Prospectus.

Relationship between the Promoters, Directors and Key Managerial Personnel

Mr. Vimal Kumar Patni is the father of Mr. Vikash Patni & Mr. Akash Patni and there exist a father-son relationship between them. Mr. Virendra Kumar Jain is the younger brother of Mr. Vimal Kumar Patni. Except as stated otherwise, there is no relation between any promoters, Director and Key Managerial Personnel of the company.

F. Currency of Presentation

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

G. Dividend Policy

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



IV. FINANCIAL STATEMENT

A. AUDITORS' REPORT

To

The Board of Directors
Vikash Metal & Power Ltd.
35, C.R. Avenue,
Kolkata- 700 012

Reg. Initial Public Offer of Vikash Metal & Power Limited – Auditors' Report as required by Part II of
Schedule II of the Companies Act, 1956

Dear Sirs,

1. We have examined the financial information of Vikash Metal & Power Ltd. (the Company) annexed to this report which has been prepared in accordance with requirements of :
 - a. Clause B of Part II of Schedule II of the Companies Act, 1956
 - b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and
 - c. The terms of reference received from the company, requesting us to carry out the work, proposed to be included in the prospectus of the company in connection with its public issue.

2. We have examined the attached restated summary statement of assets and liabilities of the Company as at 31st March 2000, 2001, 2002, 2003, 2004 and as at 31st December, 2004 and the attached restated summary statement of profit and loss for each of the years / period ended on those dates ("summary statements") (see Annexure I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion appropriate and more fully described in the notes appearing in Annexure III to this report. We have also examined and found correct the accounts of the Company for the period from April 1, 2004 to December 31, 2004 prepared and approved by the Board of Directors of the Company. These summary statements have been extracted from the financial statements for the year ended 31st March, 2003 and 2004 audited by us and from the financial statements for the year ended 31st March, 2000, 2001 and 2002 audited by other auditors and adopted by the Board of Directors /members for the respective years. Based on our examination of these summary statements we confirm that:
 - a. The impact of changes in accounting policies adopted by the Company as and for the year ended 31st March, 2004 have been adjusted with retrospective effect in the attached summary statements:
 - b. There are no prior period items which are required to be adjusted in the summary statements in the years to which they relate:
 - c. The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - d. There are no qualifications in the auditor's reports, which require any adjustments in the summary statements.

3. Significant accounting policies adopted by the Company and the notes pertaining to the audited financial statements are enclosed as Annexure IV.

4. We have examined the following other financial information of the Company proposed to be included in the Prospectus as approved by you and annexed to this report.
 - a. Accounting ratios based on the restated profits relating to earning per share, net asset value and return on net worth are enclosed in Annexure V;
 - b. Capitalization statement as at December 31, 2004 is enclosed in Annexure VI;
 - c. Statement of Tax Shelter is enclosed in Annexure VII;
 - d. Details of secured and unsecured loans as at 31st December, 2004 appearing in Annexure VII.
 - e. Details of loans and advances as at 31st December, 2004 appearing in Annexure IX.
 - f. Details of Sundry Debtors as at 31st December, 2004 appearing in Annexure X;
5. In our view, the financial information mentioned above have been prepared in accordance with Part II of Schedule II of the Act.
6. We further confirm that the Company does not have any subsidiary within the meaning of section 4 of the Companies Act, 1956.
7. This report is intended solely for your information for inclusion in the Prospectus for the proposed Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For S.Jaykishan

CHARTERED ACCOUNTANTS

(VIVEK NEWATIA)

PARTNER

M.No. 062636

DATE: The 5th day of May, 2005

PLACE: KOLKATA



ANNEXURE-I

STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The assets and liabilities of the company as at the end of each five financial years ended on 31 March, 2000, 2001, 2002, 2003 & 2004 and as at 31 st December, 2004 are as set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

Rs.In Lacs

Particulars	As at 31.03.200 0	As at 31.03.200 1	As at 31.03.200 2	As at 31.03.200 3	As at 31.03.200 4	As at 31.12.200 4
Fixed Assets:						
Gross Block	4.01	4.21	4.21	52.92	1,192.62	2,388.47
Less: Depreciation	0.32	0.59	0.97	1.98	35.02	107.37
Net Block	3.69	3.62	3.24	50.94	1,157.60	2,281.10
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	3.69	3.62	3.24	50.94	1,157.60	2,281.10
Capital work-in progress	-	-	1.87	643.90	795.16	2.67
Total Fixed Assets (A)	3.69	3.62	5.11	694.84	1,952.76	2,283.77
Investments (B)	9.85	9.85	9.85	-	-	-
Current Assets, loans and Advances:						
Inventories	0.02	0.02	-	-	186.47	369.16
Sundry Debtors	19.51	13.52	16.00	-	277.42	554.85
Cash & Bank Balances	0.69	11.47	1.74	10.97	11.28	27.84
Loans and Advances	10.11	14.30	26.64	275.91	489.48	328.91
Total (C)	30.33	39.31	44.38	286.88	964.65	1,280.76
Liabilities and Provisions:						
Secured Loans	2.18	1.90	0.22	406.88	1,358.73	1,656.18
Unsecured Loans	8.50	21.10	23.25	46.97	253.63	300.25
Current Liabilities and Provisions	9.86	4.81	2.54	49.49	390.16	342.60
Share Application Money	18.76	1.00	8.30	279.45	28.90	-
Deferred Tax Liability	-	-	-	0.27	14.87	83.93
Total (D)	39.30	28.81	34.31	783.06	2,046.29	2,382.96
Net worth (A+B+C- D)	4.57	23.97	25.03	198.66	871.12	1,181.57
Represented by						
Share Capital (I)	3.91	22.67	22.67	199.97	857.97	1,035.92
Reserves	0.80	1.42	2.46	1.78	17.21	148.95
Less Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserves) (II)	0.80	1.42	2.46	1.78	17.21	148.95
Miscellaneous Expenditure (To the extent not written off (III))	0.14	0.12	0.10	3.09	4.06	3.30
Net Worth (I+II-III)	4.57	23.97	25.03	198.66	871.12	1,181.57

Notes: Term loan from banks are secured by way of first charge on the entire Fixed Assets of the company- both present and future on pari passu basis with the bankers of the project. The facility is further personally guaranteed by the Directors of the Company.

Working Capital loans are secured by way of first charge on Book Debts, Stock and other Current Assets of the Company and second charge over the fixed assets both present and future of the Company. The facility is further personally guaranteed by the Directors of the Company.

ANNEXURE-II

SUMMARY STATEMENT OF PROFITS & LOSSES AS RESTATED

We report that the profits of the company for the five financial years ended on 31 st March, 2000, 2001, 2002, 2003 & 2004 and for the nine month period ended on 31 st December, 2004 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

Rs. In Lacs

Particulars	For the Year Ended					Nine Mths Ended
	31.03.00	31.03.01	31.03.02	31.03.03	31.03.04	31.12.04
Income						
Turnover on Products Traded by the company	47.76	28.73	26.62	7.24	-	-
Turnover on Products Manufactured by the company	-	-	-	-	794.33	2406.35
Sales	47.76	28.73	26.62	7.24	794.33	2406.35
Other Income						
Sundry Balance Written Back	-	-	0.02	-	0.02	-
Interest	0.05	-	0.67	0.06	-	0.09
Commission Received	0.29	4.08	5.68	1.00	185.01	-
Carriage (Net)	-	(0.77)	4.63	1.56	-	-
Insurance claim received	-	-	-	-	0.27	0.62
Sub Total	0.34	3.31	11.00	2.62	185.30	0.71
Increase (Decrease) in Inventories	(0.16)		(0.02)	-	2.54	88.65
TOTAL INCOME (A)	47.94	32.04	37.60	9.86	982.17	2495.71
Expenditure						
Purchases	30.88	19.99	25.77	6.84	-	-
Raw Materials Consumed	-	-	-	-	592.50	1,564.12
Manufacturing Expenses	-	-	-	-	194.14	395.05
Administrative Expenses	10.65	4.32	3.95	0.98	19.80	71.23
Interest	1.92	2.45	2.11	0.69	102.94	149.78
Depreciation	0.34	0.27	0.38	0.41	32.34	73.98
Staff Costs	3.74	4.33	3.80	1.23	6.91	22.92
Preliminary Expenses Written Off	0.02	0.02	0.02	0.02	1.01	0.76
TOTAL EXPENDITURE (B)	47.55	31.38	36.03	10.17	949.64	2277.84
Net profit before Tax and extraordinary items. (A-B)	0.39	0.66	1.57	(0.31)	32.53	217.87
Provision for Current Tax	0.18	0.03	0.53	-	2.49	17.08
Provision for Deferred Tax	-	-	-	(0.12)	14.60	69.06
Income Tax for Earlier year	-	-	-	0.11	(0.01)	-
Net Profit after Tax and Extraordinary Items	0.21	0.62	1.04	(0.30)	15.45	131.73

ANNEXURE-III

Notes to adjustments and groupings

1. Depreciation amounting to Rs. 0.14 lacs excess charged in the financial year ending 31st March, 2004 and written back in the period ended 31st December, 2004 has been adjusted in the periods to which it relates.
2. Provision for Deferred Tax amounting to Rs. 69.06 lacs has been made for the nine months period ended 31st December, 2004 and the annexed Statement of Assets and Liabilities and Statement of Profit and Loss recomputed accordingly.

The components of deferred tax liabilities/assets as on 31.12.2004 are as under:

	As at 31.12.2004 (Rs. in lacs)
Components of Deferred Tax Liability:	
Depreciation	237.38
Components of Deferred Tax Asset:	
Unabsorbed Depreciation	153.45
Net Deferred Tax Liability	83.93

ANNEXURE-IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. Basis of preparation of financial statements

- a) The financial statements have been prepared under the historical cost convention, and in accordance with the generally accepted accounting principles & the provisions of the Companies Act, 1956.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

2. Fixed Assets.

- a. Expenditure which are of capital nature are capitalized at a cost which comprises of purchase price and all other expenditure directly attributable to the cost of bringing the assets to its working condition for the intended use.
Assets under Erection/installation are shown as Capital -Work-In -Progress.
Capital assets and Capital work-in-progress are net of CENVAT credit availed/available on the basis of approval of the concerned authority.
- b. Depreciation on Fixed Assets is calculated on Straight Line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- c. Leasehold land is amortised over the period of lease.

3. Recognition of Income and Expenditure.

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

4. Inventories

Inventories are valued at lower of cost and Net Realisable value.

Cost is determined on FIFO Basis.

Cost of Finished goods comprise of material cost, labour & manufacturing overheads incurred in bringing the inventories to their present location and condition.

5. Sales

Sales are inclusive of Excise Duty and net of rate differences/returns. Sale of scrap is accounted for on cash basis.

6. Retirement Benefit

Retirement benefits in the form of provident fund are accounted on accrual basis and the Company's contribution is charged to Profit & Loss Account for the year.

7. 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 recognised 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.

8. Preliminary Expense

Preliminary expenses are being amortized over a period of 5 years as per Sec 35 D of the Income Tax Act, 1961.

9. Contingent Liabilities

Contingent liabilities are not provided for in the accounts and are shown separately through notes on account.

B. Notes on account

For the year ended 31st March, 2004 and for the nine months period ended 31st December, 2004.

1. Contingent liability not provided for in respect of:

As at 31st December, 2004:

Letter of Credit in favour of Damodar Valley Corporation Rs. 12.98 lacs. (FDR for Rs. 3.25 lacs has been pledged with the Bank as margin).

As at 31st March, 2004:

Bank Guarantee given to Pollution Control Board Rs. 5.00 lacs (FDR for Rs. 1.25 lacs has been pledged with the Bank as margin)

2. Estimated amount of commitments on capital account (Net of Advances)– Rs. 5.00 lacs (as at 31st March, 2004 – Rs. 220.68 lacs)

3. As per the requirements of Accounting Standard 2 issued by the Institute of Chartered Accountants of India on "Valuation of Inventories", the company has provided liability in respect of excise duty on stock of finished goods lying at the end of the year, resulting in increase in the value of inventories and corresponding increase in current liabilities by Rs. 1.96 lacs (as at 31st March, 2004 – Rs. 0.33 lacs). However, this accounting treatment has no impact on the profit/loss for the period.
4. Certain Unsecured loans, Advances, Sundry debtors & Sundry creditors are subject to confirmation.
5. In the opinion of the Board of Directors, the Current Assets and loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the accounts.
6. Advances to others include Rs. Nil (Previous year – Rs. 17.10 lacs) to a Company under the same management.
7. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

A) Capacity and Production:

	Class of Goods	Sponge Iron
i)	Licensed Capacity	Not Applicable
ii)	Installed Capacity	65,000 M. T. (P.Y. 32,500 M.T.)
	(Per annum on continuous process basis, as certified by the Management and not verified by the auditors being technical matter)	
iii)	Production	27,318.120 M.T. (11,876.070 M.T.)

B) Stock of Finished Goods:

Quantity	Value (Rs. In Lacs)
213.510 M. T.	15.52
(37.710 M.T.)	(2.54)

C) Raw Materials consumed:

	Qty in MT	Value in Rs. Lacs
Iron Ore	55037.852	1118.28
	(21541.360)	(414.69)
Coal	21536.340	444.86
	(9681.70)	177.81
Dolomite	297.340	0.96
	(Nil)	(Nil)

D) Stores and Spares Consumed:

	Value in Rs. Lacs	Utilisation
Indigenous	103.91	100%
	(73.53)	(100%)
Imported	Nil	Nil
	(Nil)	(Nil)

Note: Figures in Brackets indicate previous year's figures.

8. Figures for the period ended 31st December, 2004 being for nine months are not comparable.
9. Provision for Income Tax has been made on book profit u/s 115JB of the Income Tax Act, 1961.
10. The Company has adopted Accounting Standard – 22, "Accounting for Taxes on Income", and accordingly:
 - a. The net deferred tax liability amounting to Rs. 0.39 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.
 - b. The Company has provided for deferred tax asset of Rs. 0.12 lacs and deferred tax liability of Rs. 14.60 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:

(Rs. in lacs)

	As at 31.03.2004	As at 31.03.2003
Components of Deferred Tax Liability:		
Depreciation	79.74	0.46
Components of Deferred Tax Asset:		
Unabsorbed Depreciation	64.87	0.19
Net Deferred Tax Liability	14.87	0.27

11. Vikash Metal & Power Limited was incorporated on the 4th July, 1996 and is promoted by the Patni group. The company started its operations by trading of dolomite, iron & steel products etc. After trading for a period of five years the promoters are now setting up an integrated steel project at Purulia, West Bengal. Commercial production for the first phase of the plant comprising of two Sponge Iron (Coal based) Rotary Kilns of 100 TPD each has already commenced. Commercial production in one unit commenced on and from August, 2003 and the other one commenced from June, 2004.



12. INFORMATION ON RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18 (AS-18) :

Name of related party and nature of relationship

NAME OF THE RELATED PARTY	NATURE OF RELATIONSHIP
Impex Infotech Limited	Control of Key Managerial Personnel
Impex Ferrotech Limited	Control of Key Managerial Personnel
Impex Metal & Ferro Alloys Pvt. Limited	Control of Key Managerial Personnel
Manju Cement Co. (P) Ltd.	Control of Key Managerial Personnel
Vimal Kumar Patni	Director
Vikash Patni	Managing Director
Ajit Kumar Patni	Key Managerial Person

Rs.In.Lacs

Transaction	2001	2002	2003	2004	Period ended 31.12.04
Directors and Key Managerial Personnel					
Unsecured Loans from Directors	5.35	5.50	24.05	56.05	-
Salary paid	-	-	-	4.80	3.60
Companies under the Control of Key Managerial Personnel					
Loans Given	-	-	-	17.10	-
Investments Made	9.85	9.85	-	-	-
Purchases	-	-	-	-	1.85

13. Earnings per Share

Particular	Unit	As on 31 st March					31.12.04
		2000	2001	2002	2003	2004	
Numerator used for calculating Basic and Diluted Earning per Share (Adjusted Profit)	Rs. In Lakhs	0.21	0.62	1.04	(0.30)	15.45	131.73
Weighted average No. of shares used as denominator for calculating Basic and Diluted EPS	No. of Shares	39100	62229	226700	450147	4012248	9023356
Nominal Value of Share	Rs.	10	10	10	10	10	10
Basic and Diluted Earning per Share	Rs.	0.54	1.00	0.46	(0.07)	0.39	1.95*

* Annualised

ANNEXURE-V

SUMMARY OF ACCOUNTING RATIOS

Accounting Ratios	31.03.00	31.03.01	31.03.02	31.03.03	31.03.04	31.12.04
Earnings per share (Rs) ⁺	0.54	1.00	0.46	(0.07)	0.39	1.95*
Return on net worth %	4.60	2.59	4.16	(0.15)	1.77	11.15
Net asset value per share (Rs)	11.69	10.57	11.04	9.93	10.15	11.41
No. of equity shares of Rs. 10 each	39100	226700	226700	1999700	8579700	10359200

⁺Calculated as per AS-20

* Annualised

ANNEXURE-VI

CAPITALISATION STATEMENT

Particulars	Rs/Lacs	
	Pre Issue as at 31.12.2004	Post Issue (at an offer Price of Rs.20)
Short Term Debt	704.92	704.92
Long Term Debt	1251.51	7,456.51
Total Debt	1956.43	8,161.43
Shareholders' Fund		
Share Capital	1035.92	3,511.96
Reserves & Surplus	148.95	2,624.99
Sub-Total	1184.87	6,136.95
Less: Preliminary Expenses not written off	3.30	3.30
Total Shareholders Fund	1181.57	6,133.65
Long Term Debt/Equity	1.06	1.22

ANNEXURE-VII

TAX SHELTER STATEMENT

(Rs. in lacs)

PARTICULARS	2000	2001	2002	2003	2004	31 st Dec 2004
Tax rate(Including Surcharge)	38.50%	39.55%	35.70%	36.75%	35.875%	36.59%
Profits	0.39	0.66	1.58	(0.31)	32.38	217.87
Tax at Notional rate	0.15	0.26	0.56	-	11.62	79.72
Diff. between Tax Depreciation & Book Depreciation	(0.49)	(0.57)	(0.14)	(0.03)	(215.60)	(490.19)
Other Adjustments	0.57	-	(0.05)	0.34*	183.21*	272.32*
Net adjustments	0.08	(0.57)	(0.09)	0.31	(32.39)	(217.87)
Tax (saving) /expense thereon	0.03	(0.23)	(0.03)	-	(11.62)	(79.72)
Taxation	0.18	0.04	0.53	-	-	-
Tax Adjustments *	-	-	-	-	2.49	17.08
Total taxation	0.18	0.04	0.53	-	2.49	17.08

Tax has been paid under section 115JB of the income tax act on book profits in respect of financial year 2003-2004

*Unabsorbed depreciation carried forward



ANNEXURE-VIII

STATEMENT OF SECURED AND UNSECURED LOANS

I Details of Secured Loans

(Rs in lacs)

Particulars	31.03.00	31.03.01	31.03.02	31.03.03	31.03.04	31.12.04
Secured Loans						
(A) Term Loans from Banks						
Bank Of India Term Loan –I	-	-	-	291.85	474.33	474.24
Bank Of India Term Loan –II	-	-	-	-	165.66	180.81
United Bank of India Term Loan – I	-	-	-	-	-	454.95
United Bank of India Term Loan – II	-	-	-	-	-	121.30
Central Bank of India Term Loan	-	-	-	110.74	450.00	-
Total (A)	-	-	-	402.59	1089.99	1231.30
(B) From Banks For Working Capital						
Bank Of India	-	-	-	-	129.39	193.32
United Bank Of India	-	-	-	-	-	211.35
Central Bank of India	-	-	-	-	128.79	--
Total (B)	-	-	-	-	258.18	404.67
(C) Loans for purchase of motor cars / equipments						
HDFC Bank Ltd	-	-	-	4.28	2.44	0.98
ABN AMRO Bank Ltd	-	-	-	-	4.17	2.95
ICICI Bank Ltd	-	-	-	-	3.95	5.48
Kotak Mahindra Bank Ltd	-	-	-	-	-	10.81
Citi Bank Car Loan	2.18	1.91	0.22			
Total (C)	2.18	1.91	0.22	4.28	10.56	20.22
Total (A+B+C)	2.18	1.91	0.22	406.87	1,358.73	1,656.19

II. Details of Unsecured Loans

Rs. In Lacs

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.12.2004
From Directors	-	5.35	5.50	24.05	56.05	-
From Others	8.50	15.75	17.75	22.92	197.58	300.25
Total	8.50	21.10	23.25	46.97	253.63	300.25

ANNEXURE IX

Details of Loans & Advances

(Rs in lacs)

(Unsecured, Considered good) Advances- recoverable in cash or in kind	31.03.2004	31.12.2004
For Capital Goods	182.82	51.98
For Expenses	9.68	23.59
For Others	35.30	32.54
Security & Other Deposits	4.17	0.58
Share Application	3.50	3.50
Balances with Excise Department	31.77	4.30
Cenvat Credit Receivable	55.34	13.13
Advance to Suppliers	152.27	188.82
Prepaid Expenses	5.13	0.98
T.D.S Receivable	9.49	9.49
Sub- Total	489.48	328.91

ANNEXURE X

Details of Sundry Debtors

Age wise Break-up of Sundry Debtors

(Rs in Lacs)

Particulars	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.12.2004
Less than six months	19.51	13.52	16.00	-	274.98	396.27
More than six months	-	-	-	-	2.44	158.59
Total	19.51	13.52	16.00	-	277.42	554.86

PRINCIPAL TERMS OF LOANS SANCTIONED BY THE BANKS

1. The brief terms of sanctions from **United Bank of India** are mentioned hereunder:

Assets Financed	Plant & Machinery, Stocks and working capital requirements of Sponge Iron Plant, Billet Casting Plant, Ferro alloy Plant, Hot rolling mill and Captive power plant.
Margin	Term Loan I & II: 54.20% by way of Promoters contribution.
	Term Loan III 25% by way of Promoters contribution. Against Cash Credit: Stock 25% and Book Debt 40%. Against Letter of Credit cum Letter of Guarantee 10% by way of cash Margin.
	Against Letter of Credit (F) Limit 10% by way of cash margin.
Finance Amount	Term loan I - Rs.450 lacs Term loan II - Rs.120lacs Term loan III - Rs.1657lacs Cash Credit - Rs.309 lacs Letter of credit cum guarantee - Rs.900lacs
Rate of Interest Term Loan	Term Loan I & II : @ 11.50% p.a. (BPLR+ .75%) with monthly rest. Term Loan III : @ 11% p.a. (BPLR + .25%) with monthly rests. Cash Credit: @ 11% p.a. (BPLR+.25%) with monthly rests.
Repayment	Term Loan I : By 8 equal half-yearly instalment of Rs. 56.25 lacs each commencing from April 2005 and ending October 2008. Term Loan II : By 8 equal half-yearly instalments of Rs. 15 lacs each commencing from April 2005 and ending October 2008. Term Loan III : Is to be repaid as under: March 2006 Rs. 12 Lacs September 2006 Rs. 12 lacs March 7 to March 11 Rs. 181.50 lacs by 9 half-yearly instalments payable in March & September.

Security	<p>For Term Loan I & II Primary : 1st pari-passu charge on company's fixed immovable & movable assets(present & future) with other consortium member banks.</p> <p>For Term Loan III; 1st Pari-passu charge with other consortium member bank on company's fixed immovable & movable assets (presents& future).</p> <p>Cash Credit : 1st Pari-passu hypothecation charge on current assets comprising stock of raw materials, WIP , finished goods, spares & tools , book debts etc. ranking with other consortium banks.</p>
Personal Guarantee	<p>Mr. Vimal Patni : Rs. 23.21 lacs</p> <p>Mr. Vikash Patni : Rs. 5.79 lacs</p> <p>Mr. Akash Patni ; Rs. 5.45 lacs</p> <p>Mr. Virendra Jain ; Rs. 6.14 lacs</p> <p>Smt. Premlata Patni ; Rs. 17.85 lacs</p> <p>Mr. Ajit Patni : Rs. 62.63 lacs</p>

2. The brief terms of sanctions from UCO Bank are mentioned hereunder:

NATURE OF FACILITY	To part finance the setting up of DRI, Captive Power Plant, Billet Casting Pant and Rolling Mill & Ferro Manganese Plant.
Margin	<p>Term Loan: 39%, any escalation in the cost of the project shall be borne by the company.</p> <p>I. CASH CREDIT: STOCK-25%, BOOK DEBTS-40%(BOOK DEBTS UPTO 6 MONTHS WILL ONLY BE CONSIDERED FOR CALCULATION OF DRAWING POWER)</p> <p>Bank Gurantee: 10%(Cash FDR)</p> <p>Letter of Credit: 10%(Cash FDR)</p>
Finance Amount	<p>Term Loan – Rs.2197 lacs</p> <p>Cash Credit –Rs.300 lacs</p> <p>BANK Gurantee Limit-Rs.150 lacs</p> <p>Letter of Credit – Rs.750 lacs for the import of coal for trading under consortium agreement.</p>
Rate of Interest Term Loan	<p>Term Loan @ 11% p.a.</p> <p>Cash Credit: @ 11% p.a. linked to BPLR.</p>

Repayment	Term Loan: Sponge Iron Plant-with equal half yearly installments starting from March 06 for Rs.36lacs ending on March 11(year not mentioned). For other plants with equal half yearly instalment of Rs.200 lacs starting from March 07 ending on March 11(total half yearly installments will be Rs.236lacs from March 07 to March 11.Interest during construction period to be serviced as and when charged.
Security	<p>For Term Loan :1st Mortgage charge on plant and building and other immovable fixed assets & 1st charge by way of hypothecation of all the movable plant and machinery and other movable assets related to all the plants of the company situated at Poradiha.</p> <p>Cash Credit:1st par passu hypo charge with existing & future WC lenders on current assets ,i.e raw materials ,SIP ,finished goods etc.</p>

3. The brief terms of sanctions from Bank of India are mentioned hereunder:

Nature of Facility	To part finance the setting up of DRI, Captive Power Plant, Billet Casting Pant and Rolling Mill & Ferro Manganese Plant.
Margin	<p>Term Loan: 39%.</p> <p>Cash Credit I: 25%.</p> <p>Cash Credit II: 40%</p> <p>Bank Gurantee: Not mentioned</p> <p>Letter of Credit: Not mentioned.</p>
Finance Amount	<p>Term Loan I- Rs.470 lacs for the purchase of fixed assets for new plant for the manufacturing units.</p> <p>Term Loan II- Rs.180 lacs for the financing of pollution control equipment and other machineries.</p> <p>Term Loan III-Rs.424 lacs</p> <p>Term Loan IV-Rs.1926 lacs</p> <p>Cash Credit I –Rs.190 lacs</p> <p>Cash Credit II –Rs.90 lacs</p> <p>Bank Gurantee Limit-Rs.200 lacs</p> <p>Letter of Credit –Rs. 1000 lacs</p>
Rate of Interest Term Loan	0.50% below BPLR presently @ 10.25% p.a. with monthly rests or as may be notified by the bank from time to time .The ROI is liable to change.
Repayment	Term Loan I: Half yearly installments of Rs.47 lakhs each commencing on April 2005.The last installment payable in October 2008.

	<p>Term Loan II: Half yearly instalments of Rs.18 lakhs commencing from April 2005.The last instalment payable is on Oct 2008.</p> <p>Term Loan III: 11 Half yearly instalments of Rs.38.55 lakhs commencing from March 2006.</p> <p>Term Loan IV: 9 Half yearly instalments of Rs.214 lacs commencing from March 2007.</p> <p>*Interest to be serviced separately.</p>
Security	<p>For Term Loan I: EQM of Factory L&B, moveable plant and machineries (net block)</p> <p>For Term Loan II: EQM of factory L&B, moveable plant and machinery.</p> <p>Cash Credit: Hypothecation of all items including stock and raw materials.</p>

B. FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of all the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or are given in the Offer document under the head "Financial Information of Group Companies".

1. IMPEX FERRO TECH LIMITED

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. 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. The Company further went for expansion in the year 2000-01, when the third furnace having a rating of 7.5 MVA was installed and the same commenced production in April 2002. The company has been awarded ISO 9001 : 2000 certification for manufacture and supply of different types of ferro alloy metals like ferro-manganese, silico-manganese and ferro chrome. Encouraged by the market acceptance for its products the company has further installed four submerged arc furnace of 8.25 MVA capacity for manufacturing high carbon silico manganese and converting a part of High Carbon ferro manganese output into medium carbon ferro manganese through SSM converter route. The fourth furnace of the company commenced commercial production in September 2004.

Board of Directors

The following are the Board of Directors of Impex Ferro Tech Limited Ltd as of:

Name	Designation
Mr. Vimal Kumar Patni	Chairman
Mr. Suresh Kumar Patni	Managing Director
Mr. Virendra Kumar Jain	Whole Time Director
Mr N.K.Jain	Director
Shri C.S.Dugar	Director
Shri V.M.Lodha	Director
Shri P.N.Khandelwal	Director

The financial highlights for the last 3 years are given below

	(Rs.in lacs)		
Year Ended March 31	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	7200.63	6373.56	5676.26
Profit after tax (PAT)	241.81	176.65	271.83
Share Capital ⁽¹⁾	1634.20	1350.00	1249.50
Reserves (excluding revaluation reserve)	808.32	566.49	642.80
Miscellaneous Expenses	9.37	5.76	6.40
Earnings per share (EPS)	1.68	1.41	2.20
Net Asset Value (NAV) per share	14.89	14.15	15.09
Networth	2433.15	1910.73	1885.90

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.

Share Quotation

Highest and lowest price of equity as quoted on BSE (Designated stock Exchange) in the last six months

Month	High (Rs.)	Low (Rs.)	No. of shares traded
February 05	48	14.85	118787986
March 05	36.50	22.20	10792701
April 05	29.90	23.60	2906385

Source www.bseindia.com

Market value on the filing date of the Prospectus with the Registrar of Companies (Will be updated)

Last issue by Impex Ferro Tech Limited

In December 2004, Impex Ferro Tech Ltd made a public issue of 80,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 800 Lacs.

Current market price

The scrip was trading at a price of Rs. 24.75 as on 09/05/2005.

Particulars of changes in Capital Structure since the date of issue

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

Statement regarding cost and progress of implementation schedule

The Funds requirement

Particulars	Amount (Rs. in lacs)
Installation of SSM Converter and 8.25 MVA Furnace.	1312.70
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92
Total	1587.62

Utilisation of issue proceeds

Issue Proceeds	800.00
Installation of SSM Converter and 8.25 MVA Furnace	525.08
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92

Implementation Schedule

The project was being implemented at the existing plant site and there being sufficient place for installation of the 4th Furnace having the capacity of 8.25 MVA

The schedule of implementation of the project is given as follows:

Particulars	Schedule for implementation
Construction of Building and Civil Works	May 2004
Installation of Plant & Machinery and other equipments	July 2004
Trial Run	August 2004
Commercial Production	August 2004

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

2. 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 have been deployed in the shares of IFTL.

Board of Directors

The following are the Board of Directors of Dhodwala Enterprises Pvt. Ltd.

Name	Designation
Mr. Dharam Chand Patni	Director
Mr. Vimal Kumar Patni	Director
Mr. Vikash Patni	Director

The financial highlights for the last 3 years are given below

(Rs.in lacs)

Year Ended March 31	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	0.36	0.17	0.13
Profit after tax (PAT)	0.04	0.01	0.01
Share Capital ⁽¹⁾	95.03	61.79	49.52
Reserves (excluding revaluation reserve)	138.07	5.08	0.07
Miscellaneous Expenses	0.45	0.21	0.09
Earnings per share (EPS)	0.00	0.00	0.00
Net Asset Value (NAV) per share	24.48	10.79	10.00
Networth	232.65	66.66	49.50

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered

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

3. 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 have been deployed in the shares of IFTL.

Board of Directors

The following are the Board of Directors of Patni Metals & Ferro Alloys Pvt. Limited

Name	Designation
Mr. Vikash Patni	Director
Smt. Babita Jain	Director
Mr.Naresh Kumar Jain	Director

The financial highlights for the last 3 years are given below

(Rs.in lacs)

Year Ended March 31	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	3.27	4.17	3.80
Profit after tax (PAT)	0.22	0.15	0.08
Share Capital ⁽¹⁾	97.54	77.50	49.52
Reserves (excluding revaluation reserve)	80.70	0.32	0.17
Miscellaneous Expenses	0.43	0.31	0.10
Earnings per share (EPS)	0.02	0.02	0.02
Net Asset Value (NAV) per share	18.23	10.00	10.01
Networth	177.81	77.51	49.59

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered

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

4. 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 have been deployed in the shares of IFTL.

Board of Directors

The following are the Board of Directors of Vsn Agro Products Private Limited

Name	Designation
Mr. Vimal Kumar Patni	Director
Mr. Suresh Kumar Patni	Director
Mr.Naresh Kumar Jain	Director

The financial highlights for the last 3 years are given below

(Rs.in lacs)

Year Ended March 31	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	0.29	0.09	0.08
Profit after tax (PAT)	0.07	0.01	0.01
Share Capital ⁽¹⁾	93.08	62.78	59.78
Reserves (excluding revaluation reserve)	121.33	0.07	0.06
Miscellaneous Expenses	0.40	0.13	0.13
Earnings per share (EPS)	0.01	0.00	0.00
Net Asset Value (NAV) per share	22.99	9.99	9.99
Networth	214.01	62.72	59.71

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered

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

5. 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

Board of Directors

The following are the Board of Directors of Impex Cements Pvt. Ltd.

Name	Designation
Mr. Ajit Kumar Patni	Director
Smt. Vineeta Jain	Director
Mr. Virendra Kumar Jain	Director

The financial highlights for the last 3 years are given below

Year Ended March 31	(Rs.in lacs)		
	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	0.40	0.45	0.20
Profit after tax (PAT)	0.06	0.00	0.01
Share Capital ⁽¹⁾	105.79	89.47	49.67
Reserves (excluding revaluation reserve)	65.34	0.01	0.00
Miscellaneous Expenses	0.49	0.42	0.13
Earnings per share (EPS)	0.01	0.00	0.00
Net Asset Value (NAV) per share	16.13	9.95	9.97
Networth	170.64	89.06	49.54

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered

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

6. 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 following are the Board of Directors of Impex Infotech Limited

Name	Designation
Mr. Akash Patni	Managing Director
Mr. Vimal Kumar Patni	Director
Mr. Gautam Bagchi	Director
Smt. Sangeeta Patni	Director

The financial highlights for the last 3 years are given below

(Rs.in lacs)			
Year Ended March 31st	2004 (Audited)	2003 (Audited)	2002 (Audited)
Total Income	208.56	42.65	0.00
Profit after tax (PAT)	(93.77)	(82.99)	0.00
Share Capital ⁽¹⁾	174.28	174.28	5.00
Reserves (excluding revaluation reserve)	(176.76)	(82.99)	0.00
Miscellaneous Expenses	1.23	1.65	7.71
Earnings per share (EPS)	(5.38)	(4.76)	0.00
Net Asset Value (NAV) per share	(0.21)	5.14	(5.44)
Networth	(3.71)	89.64	(2.71)
No. of shares	1742800	1742800	50000

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered

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

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

(To be updated for March 2005 figures)

Overview of the Business of the Company

i. The Company

The Company was incorporated on 4th July 1996 as a private limited company under the Companies Act, 1956 and subsequently converted into a Public Limited Company on 13th December 2002. The company is presently engaged in the manufacturing of sponge iron with an installed capacity to produce 65000 TPA. Encouraged with the market acceptance for its products (due to its quality ISO 9001:2000) and the growing demand for sponge iron by the consuming industry the company is setting up a forward integration project where the unit will manufacture mild steel billets and further process the same into rerolled TMT Bars and hot rolled strips utilizing a part of sponge iron from its existing sponge iron manufacturing facility at the same premises. The company is also expanding its Sponge Iron manufacturing facility from 65000 TPA to 130000 TPA and is also setting up a submerged arc furnace of capacity 9 MVA to produce ferro manganese and 10MW captive power plant to meet its internal power requirements. The company has already acquired the requisite land admeasuring 36 acres.

The sponge iron unit set in phase I of the project is eligible for incentives under the West Bengal Incentive Scheme 2000.

ii. Proposed Installed Capacities:

The proposed installed capacities for various products are as follows:

PROJECT	Capacity
Addition of two new kilns of 100 TPD each to the existing sponge Iron plant	65,000 MTPA.
M.S.Billet Casting Plant	57,000 MTPA.
TMT Bars & HR Strips Plant	48,000 MTPA.
Ferro Manganese Plant	15,400 MTPA.
Captive Power Plant	10MW.

Significant developments subsequent to the last financial year

- Commencement of Commercial Production of Sponge Iron Kiln II of Phase I of the project from June 2004.
- Awarded an ISO 9001:2000 certification for manufacturing of its products
- Loan Tie up for Rs. 6204.50 Lacs for the Phase II of the Mini Integrated steel project completed.

Factors that may affect results of the operations

- Fluctuation and increase in raw material prices
- New Competitive businesses
- Government rules and regulation relating to Steel Industry
- Any slowdown in the economic growth in general and infrastructural growth in particular

Discussion on Results of Operations:

A summary of financial highlights of selected data from audited accounts of the Company is given below.

(Rs in lacs)

	For the year ended		For Nine Mths Ended
	31.03.2003	31.03.2004	31.12.2004
Operational Income	7.24	794.33	2406.35
Other Income	2.62	185.3	0.71
Increase (Decrease) in Inventories	0	2.54	88.65
	9.86	982.17	2495.71
Expenditure			
Purchases	6.84		
Raw Material Consumed	0	592.5	1,564.12
Manufacturing Expenses	0	194.14	395.05
Administrative Expenses	0.98	19.8	71.23
Staff Costs	1.23	6.91	22.92
	9.05	813.35	2053.32
EBIDTA	0.81	168.82	442.39
Interest	0.69	102.94	149.78
Depreciation	0.41	32.34	73.98
Preliminary Expenses Written Off	0.02	1.01	0.76
PBT	-0.31	32.53	217.87
Provision for taxation	0	17.08	86.14
PAT	-0.31	15.45	131.73

Since the company was mainly into trading of dolomite and other steel products upto the financial year 2002-03 the figures are not comparable and therefore have not been compared.

Comparison of nine-month period ended Dec 2004 with FY ended March 2004

- Sales Revenues:** With the commissioning of the Kiln II of Sponge Iron Plant on 1st June 2004 with an identical capacity of 100 TPD as of the existing Kiln I which was commissioned in August 2003, the sales of the Company grew by nearly 200% (from Rs.794.33 lacs to Rs.2406.35 lacs) for the nine month period ended 31st December 2004.

- b. **Profit after Tax (PAT):** During the period under review PAT increased from Rs 15.45 lacs to Rs 131.73 lacs. As a percentage of sales, PAT increased from 1.95% to 5.47% for the nine month period ended 31st December 2004. The increase is on account of commercial production of Kiln II of the Sponge Iron Plant from June 2004 onwards.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5. OF SEBI DIP GUIDELINES

1. Unusual or infrequent events or transactions

There have been no events which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operation

With an overall upsurge in the Indian economy, the demand of iron and steel is at an all time high. This increase has resulted into demand of iron and steel products and the company is suitably placed to benefit out of this situation as the demand for the products is from the construction, social infrastructure and various other user industry

The increased initiative of the government in the infrastructure development has also led to high requirement of steel products.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales , revenue or income from continuing operations

Uncertainty exists over the availability and price of the raw materials namely Iron Ore, Coal etc, and finished product viz. sponge iron, steel billets and TMT bars etc. The risk on account of the above price fluctuation is reduced to a significant extent considering the fact that a rise in the price of basic raw material will be passed on in the form of increased price of the finished product. To our knowledge, there are no known trends and uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the company from continuing operations.

4. Future relationship between costs and income

, To our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Total turnover of each major industry segment in which the Company operates

The company currently produces only sponge iron and 100% of the turnover of the company in the last one year has come from sale of sponge iron.

6. New Products or business segments.

The Company shall operate in the following business segments – Sponge Iron, MS.Billet, TMT Bars & Ferro Manganese. The Company is also in the process of setting up a 10MW captive power plant at the site for captive consumption.

By setting up a captive power plant which will produce power through non-conventional resources we will also qualify for CDM (Clean Development Mechanism) benefits.

7. Seasonality of business

The business of the company is not seasonal.

8. Dependence on single or few suppliers/customers

Currently there are many suppliers of iron ore manganese ore and coal in India and dependence on few suppliers is not likely to occur. The company has got linkages for coal with Mahanadi Coal fields Limited.

The company sells its existing product sponge iron to various dealers in eastern and northern India and dependence on single or few customers is non-existent

9. Competitive Conditions:

The company is suitably placed to have a competitive edge over its competitors due to the following reasons:

- ❑ Integrated Steel Plant with captive power generation out of waste heat & gas, environment friendly, as the pollutants are judiciously utilised to generate power.
- ❑ Substantial in-house Capacity for sponge iron production
- ❑ Captive power generation for Ferro Alloy Plant
- ❑ State of Art rolling mill facilities
- ❑ Market reputation of the promoters

The fragmented structure of the sector possesses a good opportunity for a medium/large industry house to distinguish itself from the lot and create a position of strength by having a diversified product mix and a varied product penetration along with the necessary infrastructure for quality production.

10. Details of any encumbrances over the property of the Company and guarantees given by the Company to any other party:

Vikash Metal & Power Limited has been sanctioned Term Loan and Working Capital Facilities by Bank of India, United Bank of India and UCO Bank .

The Term Loans and Working Capital have been secured by mortgage of the immovable properties and hypothecation of the current Assets of the company.

The Company has not extended any guarantees to any other party.

11. Details of Material Developments after the date of last Balance Sheet

The Directors confirm that there have been no events or circumstances except as mentioned in this draft prospectus since the date of the last financial statements, which materially and adversely affect or are likely to affect the trading or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.



V. LEGAL AND OTHER INFORMATION

A. OUTSTANDING LITIGATIONS OR DEFAULTS

Litigation involving the Company

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.

There are no other outstanding litigations including statutory dues, commercial disputes, patent disputes etc. No Criminal proceedings have been launched against the Company or any of the Directors for any of the offenses under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956.

The Company has not defaulted in meeting any economic offences, statutory dues, Bank dues, institutional dues and any dues to instrument holders of debentures, fixed deposits.

CONTINGENT LIABILITIES AGAINST THE COMPANY.

As on 31st December 2004 the contingent liability outstanding against our company is as follows:

Particulars	(Rs. In Lacs)
Contingent Liability in respect of Letter of Credit in favour of Damodar Valley Corporation (FDR for Rs.3,24,500/-has been pledged with the bank as margin)	12.98
Capital commitment	5.00

LITIGATIONS:

LITIGATIONS AGAINST THE COMPANY.

Sl.No	Court/Department	Case No.	Background	Current Status	Amount involved
1	ACCT-Dharamtala Circle, Kolkata.	118/F/02-03	Unjustified demands from the sales tax department towards tax, interest for the 4Q.E.31/3/2001 vide order dated 27/6/03	An appeal filed before the ACCT is pending for disposal	2.01 lacs

2	Commisioner of Central Excise, Bolpur	C.No.II (8)16/AE/CE/Bol/05 Dated 27 th April 2005	Show cause notice issued by the excise department for violation of rules.	The Company has voluntarily paid a sum of Rs.5,16,742/ and the case is pending for issue of final order	5.16 Lacs
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LITIGATIONS AGAINST THE GROUP COMPANY

The Income Tax Authority Kolkata had conducted a search & seizure operation on 05.01.2004 on the office and factory premises on the Impex group of companies including the resident of Directors. The Income tax investigation department has prepared their appraisal report and sent to the concerned authority for further processing in the above search and seizure matter.

B. GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the company can undertake this Issue and its current and proposed business activities and no further major approvals from any statutory authority are required to continue those activities.



The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sl.No	Issuing Authority	Registration/License No.	Nature of Registration/License
1	Registrar of Companies West Bengal at Kolkata	21-80353 dated January 21, 2003	Certificate of Incorporation
2	Office of Joint Director Foreign Trade	0296009857 dated August 22, 1996	Importer-Exporter Code Number
3	Ministry of Commerce & Industry	620/SIA/IMO/2003, dated March 05, 2003,	SIA Acknowledgment No. for Sponge.
		1111/SIA/IMO/2005, dated March 11, 2005	SIA Acknowledgment No. for Sponge, billets, Rolling Mill and Ferro Alloys.
4	Assistant Commissioner, Commercial taxes, Bowbazar Circle	BW/2644 dated September 02, 1996	Certificate under Rule 8 of the West Bengal Sales Tax Rules, 1995,
5	Municipal Commissioner, The Kolkata Municipal Corporation	304710003012	Certificate of Trade license
6	Assistant Commissioner, Commercial Taxes	1954 (BW) C (Central) dated February 14, 2003	Certificate registering as a dealer under Section 7(1)/7(2) of the Central Sales Tax Act, 1956 under rule 5 of the Central Sales Tax (Registration and Turnover) Rules, 1957.
7	Superintendent of Central Excise, IISCO-I Burnpur Division Asansol	AAACV8850AXM001 dated September 19, 2002	Central Excise Registration Certificate
8	Directorate of Factories, Government of West Bengal	167/R I, dated April 16, 2004	Certificate of Registration under factories Act
9	Directorate of Industries Government of West Bengal	INC (2000) EC-165(C) dated September 29, 2003	Certificate of Registration under West Bengal Incentive Scheme
10	West Bengal Industrial Development Corporation Ltd	INC-2000 (177)/General/2572 dated September 29 th , 2003	Eligibility certificate under West Bengal Incentive Scheme, 2000
11	West Bengal Pollution Control Board.	<input type="checkbox"/> 2164-145/WPB/SEE (ko)-GEN/2003 dated March 03, 2005. <input type="checkbox"/> 10237-2N-543/2004.	Consent to operate sponge iron, billet and ferro manganese plant under sections 25 and 26 of the Water (Prevention and Control of Pollution)

			Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981
12	Office of the Regional Provident Fund Commissioner	ENF/WB/DGP/41861/13898/17957	Certificate confirming that the provisions of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 and the schemes provided there under namely EPF Scheme, Family Pension Scheme and Deposit Linked Insurance Scheme, are applicable to the Company
13	Damodar Valley Corporation	Agreement executed on 30 th day of September 2004	For supply of 33KV power.
14	Damodar Valley Corporation	Coml./Allocation –114 dated February 08,2005	Approval for Supply of power of 9.2 MVA by the month of August 2005.
15	Ministry of Coal & Mines	47012/1/2003-CPAM/CPD	Coal Linkage for sponge iron plant.
16	Income Tax Department	CALV01098G	TAN No.
17	Office of the Assistant Commissioner, Service Tax, West Bengal	111/ST/VMPL/GTS/PRL/04-05	ServiceTax Registration No
18		19531278055	VAT Registration No.

Approvals applied for and not yet received

1. The company has made an application dated Nov 13th 2004 addressed to The Municipal Commissioner, The Kolkata Municipal Corporation seeking the issuance of the fresh Trade license in the amended name of Vikash Metal & Power Ltd.
2. Application dated May 10, 2005 to the West Bengal Pollution Control Board for setting up of Hot Rolling Mill Plant.



VI. OTHER REGULATORY AND STATUTORY DISCLOSURES

1. AUTHORITY FOR THE PRESENT ISSUE

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extraordinary General Meeting of the Company held on 19th February, 2005. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 25th January, 2005.

2. PROHIBITION BY SEBI

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

3. 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: -

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;

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;

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);

In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document+ firm allotment+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

Since Vikash Metal & Power Limited does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, Hence the company is coming out with an issue under Clause 2.2.2.

Clause 2.2.2 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 specifies that, An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a)(i)The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii)The "project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, atleast 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b)(i) The minimum post-issue face value capital of the company shall be Rs. 1000 Lacs

OR

(b)(ii) There shall be a compulsory market making for at least 2 years from the date of listing of the shares subject to the followings:

- Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
- Market makers undertake to ensure that the bid-ask spread (difference between quotations for Sale and purchase) for their quotes shall not at any time exceed 10%;
- The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company)

The company is eligible for the Issue as it satisfies sub clause (b)(i) of the said Clause 2.2.2 and as per sub clause (a)(ii) the Project has more than 15% participation from Scheduled Commercial Banks, of which the appraisers have undertaken to participate for more than 10% and the company shall ensure minimum of 10% allotment in the public issue to QIBs, failing which the entire subscription monies shall be refunded.

The Company also undertakes that the number of prospective allottees in the Issue shall be at least 1000 failing which the entire subscription amount will be refunded.

The Company fulfils the criteria as stated in clause 2.2.2 (a) (ii) of SEBI (DIP) Guidelines 2000 as amended as in each of the projects individually the participation from the Scheduled Banks/ financial Institutions is above the required limits of 15% and for each project individually and overall the appraisers have participated in excess of 10% of the project cost as required.

The company has reserved Rs.250 lacs being 10% of Rs.2500 lacs (Issue Size) for equity participation from QIBs

As per clause 2.2.2B of SEBI (DIP) Regulations:

(ii) "Project" means the object for which the monies proposed to be raised to cover the objects of the issue.

(v) As per Section 2.2.2B(v) of SEBI (Disclosure and Investors' Protection) Guidelines, inserted vide SEBI/CFD/DIL/DIP/ Circular No. 11 dated August 14, 2003, 'Qualified Institutional Buyer' shall mean:

- a. Public financial institution as defined in section 4A of the Companies Act, 1956;
- b. Scheduled Commercial banks;
- c. Mutual funds;
- d. Foreign Institutional Investor registered with SEBI;
- e. Multilateral and Bilateral development financial institutions;
- f. Venture Capital funds registered with SEBI;
- g. Foreign Venture Capital investors registered with SEBI;
- h. State Industrial Development Corporations;
- i. Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA);
- j. Provident Funds with minimum corpus of Rs. 25 Crores;
- k. Pension Funds with minimum corpus of Rs. 25 Crores;

Based on the above data the Lead Manager has certified vide its certificate dated 5th May , 2005 that the Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Guideline 2.2.2 of SEBI (DIP) Guidelines, 2000.



4. DISCLAIMERS

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

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 DRAFT PROSPECTUS. LEAD MANAGER, MICROSEC INDIA LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT 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 DRAFT 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 MICROSEC INDIA LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 9th May 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:

"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 DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;

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 OFFER DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;

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 THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED AT THE TIME OF FILING OF THE DRAFT PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLETED AT THE TIME OF REGISTRATION OF THE DRAFT PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF OFFER DOCUMENT 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 OFFER DOCUMENT."

5. CAUTION

The company and the Lead Manager accepts no responsibility for statements made otherwise than in the Draft 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 own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Vikash Metal & Power Limited.

All information shall be made available by Vikash Metal, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

6. DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Prospectus does not, however, constitute 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 into whose possession this Draft Prospectus comes is required to inform him or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

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 filed with SEBI for observations and SEBI has given its observations and the Draft Prospectus has been filed with RoC as per the provisions of the Companies Act. 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. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

7. DISCLAIMER CLAUSE OF THE STOCK EXCHANGE: {will be added after receipt from the respective stock exchange}

NSE

BSE



8. FILING OF PROSPECTUS WITH THE BOARD AND THE REGISTRAR OF COMPANIES

A copy of the Draft Prospectus, along with the documents required has been filed with SEBI (Head Office) Mittal Court, 'B' Wing, 1st Floor, 224 Nariman Point, Mumbai- 400 021. A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, West Bengal located at Nizam Palace, 2nd MSO Building, 2nd floor, 234/4, A.J.C.Bose Road, Kolkata-700020.

9. LISTING

Initial listing applications have been made by the company to The Stock Exchange, Mumbai (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.

10. 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."**

11. CONSENTS

The written consents of Directors, Company Secretary, Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors, Tax Auditors, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, West Bengal located at Nizam Palace, Kolkata as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

12. EXPERT OPINION

The Company has not obtained any expert opinions related to the present Issue, except the opinion of the Tax Auditors, S. Jaykishan , Chartered Accountants on the tax benefits available to the investors.

13. PUBLIC ISSUE EXPENSES

Public Issue expenses are estimated as follows:

(Rs. in lacs)

Sl. No.	Particulars	Amount
1	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	35.00
2	Printing & Stationery, Distribution, Postage, etc.	60.00
3	Underwriting Commission, Brokerage & Selling Commission	75.00
4	Advertisement & Marketing Expenses	50.00
5	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	20.00
6	Contingencies	10.00
	Total	250.00

* The total expenses are inclusive of service tax.

14. Details of Fees Payable

(Rs.in lacs)

Name of the party	Amount	% of Total Issue Expenses	% of Total Issue Size
Lead Managers	27.55	11.02%	1.10%
Registrars to the issue.	4.00	1.60%	0.16%
Advisors/Auditors	3.45	1.38%	0.14%
Total	35.00	14.00%	1.40%

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at the Registered Office of the Company. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) / letter(s) of allotment / share certificate(s) by registered post.



15. UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

Since the company does not propose to underwrite the issue there is no underwriting commission being payable. Brokerage will be paid @ 1.5% on the nominal value of the equity shares on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the brokers columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

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

16. PREVIOUS PUBLIC OR RIGHTS ISSUES (DURING THE LAST FIVE YEARS)

Vikash Metal & Power Ltd has not made any public or rights Issue since its incorporation.

17. PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the Draft Prospectus under "Capital Structure", the company has not issued any Equity Shares for consideration otherwise than for cash.

18. Particulars in regard to Vikash Metal & Power Ltd and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 that made any capital Issue during the last three years

Impex Ferro Tech Ltd.

In December 2004, Impex Ferro Tech Ltd one of the Group Company made a public issue of 80,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 800 Lacs. The details of which is as follows:

Name of the company	Impex ferro tech ltd.
Year of Issue	2004
Type of Issue	Public issue of Equity Shares
Amount of Issue	800 Lacs
Date of closure of Issue	31 st December 2004
Date of completion of delivery of share certificates	27.02.2005
Date of completion of the project	September 2004
Rate of dividend paid	Nil

19. PROMISE VIS-À-VIS PERFORMANCE

Listed Ventures of Promoter

Impex Ferro Tech Ltd.

The Company has made a Public Issue in December'2004 of 80,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 800 Lacs.

Statement regarding cost and progress of implementation schedule

The Funds requirement (objects)

Particulars	Amount (Rs. in lacs)
Installation of SSM Converter and 8.25 MVA Furnace.	1312.70
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92
Total	1587.62

Utilisation of issue proceeds

Issue Proceeds	800.00
Installation of SSM Converter and 8.25 MVA Furnace	525.08
Repayment of unsecured loan	225.00
Issue and listing expenses	49.92

Implementation Schedule

The Company had 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. The third furnace was installed in April 2002. Encouraged by the demand for its products, the company decided to further expand 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 schedule of implementation of the project is given as follows:

Particulars	Proposed date	Actual Date
Construction of Building and Civil Works	May 2004	May 2004
Installation of Plant & Machinery and other equipments	July 2004	August 2004
Trial Run	August 2004	September 2004
Commercial Production	August 2004	September 2004

20. Outstanding Debenture or Bond Issues

The Company does not have any outstanding debentures or bonds.



21. Outstanding Preference Shares

The Company does not have any outstanding preference shares.

22. Change if any to the auditor during last 3 years and reasons thereof

Auditor of the company for the FY 02-03 and FY 02-01 was Sanjay Jain & Associates and for the FY 03-04 was S Jay Kishan.

23. Capitalisation of Reserves or Profits

Except as stated in the Prospectus under "Capital Structure", the Company has not issued any Equity Shares on capitalisation of profits or reserves.

24. Revaluation of assets.

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

25. Investors Grievances Mechanism:

Impex Ferro Tech Ltd

The Registrar to the Issue handles investors' grievances. A fortnightly status report of the complaints received and redressed by them is being forwarded to the Company. The Company would also be coordinating with the Registrar to the issue in attending to the grievances of the investors.

The Company has formed share transfer cum investor grievance committee comprising

Chairman: Mr. Chatter Singh Dugar

Members: Mr. Suresh Kumar Patni

Mr. Naresh Kumar Jain

This committee specifically looks into the redressing transfer of shares, non-receipt of the declared dividends etc.

The Board of directors of the company adheres to the following schedule in respect of below mentioned complaints

Nature of the Complaint	Time Taken
Non-receipt of the refund warrants or share certificates.	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
Change of Address notification	Within 7 days of receipt of information
Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Pradip Kumar Agarwal as Compliance Officer who directly deals with the Board with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints.

Mechanism Evolved for Redressal of Investor Grievances

Vikash Metal & Power Ltd

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, (name), for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the

Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances

The company estimate that the average time required by it or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed, Shri Nitin Didwania, Company Secretary, Vikash Metal & Power Limited as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Vikash Metal & Power Ltd

35, Chittaranjan Avenue, 6th Floor Kolkata-700 012

Ph: +91-33- 22115115

Ph: +91-33-22116114,

Fax: +91-33- 22115390

E-mail: info@vikashmetalconpower.com

VII. ISSUE INFORMATION

1. TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Prospectus, Application Form, the Revision Form, and other terms and conditions as may be incorporated in the Allotment Advice, 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 and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

i. Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

ii. Mode of payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders at their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

iii. Face Value and Issue Price

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. 20/- is Two times of the Face Value.

iv. 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;
- ✓ The right of free transferability;
- ✓ Right to receive surplus on liquidation; 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.

v. Marketable Lot

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of 250 Equity Shares.

vi. Nomination Facility to Investor

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the Case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Share Transfer Agent of

the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

vii. 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 issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a 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."

viii. Arrangements for Disposal of Odd Lots

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

ix. Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of Vikash Metal & Power Ltd" of this Draft Prospectus.

2. ISSUE PROCEDURE

i. Principal Terms And Conditions Of The Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Draft Prospectus, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

ii. 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 Managers to the Issue, 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.

iii. Application may be made by:

a)	Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
b)	Hindu Undivided Families through the Karta of the Hindu Undivided Family
c)	Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
d)	Indian Mutual Funds registered with SEBI

e)	Indian Financial Institutions & Banks
f)	Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
g)	State Industrial Development Corporations
h)	Insurance Companies registered with Insurance Regulatory and Development Authority
i)	Provident Funds with minimum corpus of Rs.2500 Lacs
j)	Pension Funds with minimum corpus of Rs.2500 Lacs
k)	Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company
l)	Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
m)	Permanent and Regular employees of the Company
n)	Non-Resident Indians (NRIs) on repatriation / non-repatriation basis
o)	Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis

iv. Applications not to be made by:

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

v. Applications by Hindu Undivided Families (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

vi. Minimum and Maximum Application Size

Applications should be for minimum of 250 Equity Shares and in multiples of 250 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

vii. Option to Subscribe

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository. The investor shall have the option to either to receive the security certificates or to hold the Equity Shares in demat form with a depository.

viii. Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue, and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company.

ix. 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.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

x. Instructions for Applications by NRIs/FIIs (on Repatriable Basis):

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
3. In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
5. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at
6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
7. Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

xi. Instructions for Applications by Indian Mutual Funds & Indian and Multilateral Development Financial Institutions:

1. A separate application must 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. The applications made by the Asset Management Company or Trustees / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

2. Indian Mutual Funds & Indian and Multilateral Development Financial Institutions should apply in this Public Issue based upon their own investment limits and approvals.
3. Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. 20/- per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue at places mentioned in the application form.
4. A separate single cheque / bank draft must accompany each application form.

xii. Terms of Payment

The entire Issue price of Rs. 20/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

xiii. General Instructions for Applicants

Applications must be made only on the prescribed Application Form and should be completed 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.

1. Thumb impressions and signatures other than in English/ Hindi/ Bengali 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.
2. Bank Account Details of Applicant
The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository must be mentioned by the applicant correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.
3. Applicants should 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.
4. Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

xiv. Payment Instructions

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
3. A separate cheque / bank draft must accompany each application form.
4. All cheques / bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and drawn marked: **"HDFC Bank – A/C Vikash Metal & Power Limited"**.

5. Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

xv. Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, superscribing the envelope "Vikash Metal & Power Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Kolkata only.

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

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.

xvi. Other Instructions

a. Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

b. 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.

NRIs/ FIIs applying on a repatriation basis or Indian Mutual Funds & Indian and Multilateral Development Financial Institutions shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public Category shall be treated as multiple applications.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/draft must accompany each application form.

c. PAN / GIR Number

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications 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.

d. Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the

Registrar to the Issue:

- a) a tripartite agreement dated [?] with NSDL, us and Registrar to the Issue;
- b) a tripartite agreement dated [?] with CDSL, us and Registrar to the Issue.

- ✓ An applicant has the option of seeking allotment of Equity Shares only in electronic form. However, the allottee has an option to hold shares in physical mode.
- ✓ Separate applications for electronic and physical shares by the same applicant shall be considered as multiple applications and would be liable to be rejected.
- ✓ The applicant seeking allotment of shares in the electronic form must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) appearing under the heading 'Request for Shares in Electronic Form'.
- ✓ An applicant who wishes to apply for shares in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- ✓ Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
- ✓ For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- ✓ The Registrar to this Issue will directly send non-transferable allotment letters/refund orders to the applicant.
- ✓ Incomplete/incorrect details given under the heading 'Request for Shares in Electronic Form' in the application form shall be treated as an invalid application and shall be liable to be rejected.
- ✓ The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/her DP.
- ✓ It may be noted that the electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- ✓ One time cost of dematerialisation of shares would be borne by the Company. The one time cost refers to the demat charges for the shares opted for in this Issue by an investor.

in electronic form. Subsequent charges for dematerialisation of physical shares held by the investors would have to be borne by the investor.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. Refund will be made by Cheque or demand drafts drawn in favour of the sole/first applicant (including the details of his/her savings/current account number and the name of the bank with whom the account is held) to the Issue and will be despatched by Registered Post/ Speed Post for amounts above Rs.1,500 and by Certificate of Posting otherwise. Such refund orders will be payable at par at all the collection centres.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

BASIS OF ALLOTMENT

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

i. Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 250 Equity Shares.

ii. Reservation for Retail Individual Investor

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

i. A minimum of 10% of the issue is to be compulsorily allotted to the QIBs.

ii. 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.

- iii. The balance net offer of securities to the public shall be made available for allotment to:
 - a. Individual applicants other than retail individual investors, and;
 - b. Other investors including Corporate bodies/ institutions irrespective of the number of securities applied for.
- iv. The unsubscribed portion of the net offer to any one of the categories specified in (ii) or (iii) shall / may be made available for allotment to applicants in the other category, if so required.

The term 'Retail Individual Investor' means an individual investor who applies for securities of or for value of not more than Rs. 1,00,000/-.

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 Manager 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.

LETTERS OF ALLOTMENT OR REFUND ORDERS

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company Shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

DESPATCH OF REFUND ORDERS

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company.

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

The Company agrees that as far as possible allotment of Equity Shares 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 despatched to the applicants within 30 days from the date of the closure of the Issue. However applications received after the closure of Issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

UNDERTAKING BY THE COMPANY:

The Company undertakes:

- a) that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- b) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalisation of basis of allotment.
- c) that the funds required for despatch of refund orders/ allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- d) that the promoter's 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.
- e) that the certificates of the Equity Shares / refund orders to the non-resident Indians shall be dispatched within specified time.
- f) that no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

UTILIZATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a) all monies received out of this Issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73;
- b) details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and
- c) details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company further certifies that:

- a) the utilisation of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised.
- b) the details of all unutilised monies out of the funds received under promoter's contribution and reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.

VIII. DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Main Provisions of the Articles of Association of Vikash Metal & Power Limited

The Articles of Association of the Company, inter alia, includes following clauses:

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

4. The Company in General Meeting may, by an Ordinary Resolution from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General meeting resolving upon the creation thereof shall, direct, and if no direction be given, as the Directors shall determine, and in particular, such shares (either redeemable or non-redeemable) may be issued with a preferential right to dividends and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company is increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

INTEREST MAY BE PAID OUT OF CAPITAL

26. Where any shares are issued for the purpose of raising money to defray the expenses of the Construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

LIEN

38. The company shall have a first and paramount lien upon all the shares (other than fully paid up shares registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest of such shares and equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 thereof is to have full effect. 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 a waiver of the Company's lien, if any, on such shares. The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause.

FORFEITURE OF SHARE

41. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during some time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment.

42. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state a day in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

DEMATERIALISATION OF SECURITIES

64A. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

1. For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such With a depository, 'SEBI' means the Securities & Exchange Board of India; established under Section 3 of the Securities & Exchange Board of India Act, 1992 and

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt With in accordance With the provisions of the Depositories Act, 1996.

2. The Company shall be entitled to dematerialise securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

3. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted bylaw, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

4. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company.

6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

7. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

8. Notwithstanding anything contained in the Act or these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. .

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

TRANSFER OF FULLY AND PARTLY PAID SHARES

52. The Instrument of Transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and the registration thereof.

53. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).

61. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

62. For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

REGISTER OF TRANSFERS

51. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

TRANSFER FEE

63. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party, such fee, if any, as the Directors may require.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

55. Subject to the provision of section 111 of the act and section 22A of the securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the director shall within 1 month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

59. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

60. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, is entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE IN PROHIBITING REGISTRATION OF A TRANSFER

64. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

POWER TO BORROW

66. The Board may, from time to time, at its discretion subject to the provisions of Section 292 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; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

CONDITIONS ON WHICH MONEY MAY BE BORROWED.

67. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, 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).

REGISTER OF MORTGAGES ETC. TO BE KEPT

71. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125, 127 and 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board of Directors,

ANNUAL GENERAL MEETING

75. The company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

EXTRAORDINARY GENERAL MEETING

76. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.



REGULATION OF THE MEMBERS TO STATE OBJECT OF MEETING

77. Any valid requisition so made by members must state the object or objects *of* the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.

ON RECEIPT OF REQUISITIONS DIRECTORS TO CALL MEETING AND IN DEFAULT REQUISITIONISTS MAY DO SO.

78. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represents either a majority in value of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of tile delivery of the requisition as aforesaid.

NUMBER OF DIRECTORS

111. 1. Until otherwise determined by a General Meeting of the Company and subject to tile provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors, (if any) shall not be less than three nor more than twelve.

The first Directors of the Company were the following

- i. Mr. Vimal Kumar Patni
- ii. Mr. Vikash Patni

RETIREMENT AND ROTATION OF DIRECTORS

129. At every Annual General Meeting of the Company, one-third if such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

ASCERTAINMENT OF DIRECTORS RETIRING BY ROTATION AND FILLING OF VACANCIES.

130. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became directors on the same day, those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.

RETIRING DIRECTOR ELIGIBLE FOR RE ELECTION

131. A retiring Director shall be eligible for re-election.

APPOINTMENT OF ALTERNATE DIRECTOR

114. The Board may appoint an Alternate Director to act for-a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director when he returns to that State. If the terms of office of the Original Director are determined before he so retuns to that state, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

ADDITIONAL DIRECTORS

115. Subject to the provisions of Sections 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under the Article 111. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

DIRECTORS' POWER TO FILL CASUAL VACANCIES

118. Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

DIRECTORS MAY ACT NOTWITHSTANDING ANY VACANCY

121. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by the Article 111 hereof, the continuing Directors not being less than two, may act for the purpose of increasing the number of directors to that number or for summoning a General Meeting but for no other purpose.

SECRETARY

156. The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the Board comprises only three Directors, neither of them shall be the Secretary. The Secretary appointed by the directors pursuant to this Article shall be a whole-time Secretary. The Directors may also at any time appoint some person, who need not be Secretary, to keep the registers required to be kept by the Company.

THE SEAL ITS CUSTODY AND USE

157. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

(b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

158. Every Deed or other instrument, to which the seal of the Company is required' to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share, the Seal shall be affixed in accordance with the Article 19(a).

ISSUE OF BONUS SHARES

172. Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend a11d in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures, or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, a11d that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

UTILIZATION OF UNDISTRIBUTED CAPITAL PROFITS.

173. A General Meeting may resolve that any surplus money arising from the realisation of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

RESOLVING ISSUES OF FRACTIONAL CERTIFICATES

174. For the purpose of giving effect to any resolution under the two last preceding Articles hereof the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capital fund, and such appointment shall be effective.

THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

160. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

DIVIDEND ONLY TO BE PAID OUT OF PROFITS

161. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;

1. If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
2. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.

INTERIM DIVIDEND

162. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

CALLS IN ADVANCE NOT TO CARRY RIGHTS TO PARTICIPATE IN PROFITS.

163. Where the capital is paid in advance of calls, such capital may carry interest, but shall not in respect thereof confer a right to dividend or participate in profits.

DIVIDEND TO BE KEPT IN ABEYANCE

165. The Board may retain the dividends payable upon shares in respect of which any person is under Article 60, entitled to become a member on which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

DEDUCTION OF MONEY OWED TO THE COMPANY

167 No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares while any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either along or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

DIRECTORS TO KEEP TRUE ACCOUNTS

175. (1) The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act, with respect to

- a) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
- b) all sales and purchases of goods by the Company.
- c) the Assets and liabilities of the Company.

(2) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.

(3) The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

(4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.

(5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

IX. OTHER INFORMATION

List of Material Contracts and document for inspection

The following contracts not being contracts entered in the ordinary course of business carried on by Vikash Metal & Power Limited which are or may be deemed material contracts have been attached to the copy of this Prospectus delivered to the Registrar of Companies, West Bengal, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Vikash Metal & Power Limited at 35, Chitta Ranjan Avenue, Kolkata – 700012 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Prospectus to until the date of closing of the Issue.

Material Contracts

- i. Memorandum of Understanding dated 15th April 2005 with Microsec India Limited, appointing them as Lead Manager to the Issue.
- ii. Memorandum of Understanding dated 4th May 2005 signed with Maheshwari Datamatics Pvt. Limited, appointing them as Registrar to the Issue.
- iii. Tripartite Agreement dated _____ between the Company, NSDL and Maheshwari Datamatics Private Limited, Registrar to the Issue.
- iv. Tripartite Agreement dated _____ between the Company, CDSL and Maheshwari Datamatics Pvt. Limited, Registrar to the Issue.

Documents for Inspection

- a. Memorandum and Articles of Association of Vikash Metal & Power Ltd., as amended from time to time.
- b. Certificate of Incorporation of Vikash Metal & Power Pvt. Ltd. dated July, 4th 1996.
- c. Fresh Certificate of Incorporation consequent upon change of name on conversion to Public Ltd. Company of Vikash Metal & Power Ltd. dated December 13th, 2002
- d. Resolution Passed by the Board of Directors at their meeting held on 25th January 2005, for the proposed Public Issue.
- e. Resolution passed under Section 81(1A) of the Act, at the EGM of the Company held on 19th February 2005.
- f. Initial listing applications made to NSE, BSE.
- g. Copies of Annual reports of Vikash Metal & Power Limited for the year ended 31st March 2000, 2001, 2002, 2003, and 2004 and Audit report for nine month period ended as on 31st December.
- h. Sanction letters received from the banks for Phase II of the project

Name of Bank	Date of Sanction
UCO Bank	14 th March 2005
United bank of India	21 st February 2005
Bank of India	27 th April 2005

- i. Consent from the Directors, Compliance Officer, Auditor, Lead Manager, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, and Legal Advisor to the Issue to act in their respective capacities.
- j. Auditor's report on the financial statement of the company dated 5th May 2005 and included in the Draft Prospectus.
- k. Tax Benefit Certificate dated 5th May 2005 from S.Jaykishan, Auditors of the Company.
- l. Copy of the Auditors Certificate dated 9th May 2005 from S.Jaykishan, Chartered accountants regarding the Sources and Deployment of Funds as 9th May 2005.
- m. Copies of listing applications made to NSE, & BSE for permission to list the Equity Shares offered through this Prospectus and for an official quotation of the Equity Shares of the Company.
- n. Copies of Quotations obtained for purchase of Plant & Machineries.
- o. Copies of in-principal approvals from NSE & BSE.
- p. Due Diligence Certificate dated 9th May 2005 from Microsec India Ltd.
- q. SEBI Acknowledgement Card dated_____.
- r. Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.
- s. Due diligence certificate dated [•] to SEBI from Microsec India Ltd. SEBI observation letter[•] dated [•].

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Draft Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Vimal Kumar Patni

Mr. Vikash Patni

Mr. Akash Patni

Mr. Virendra Kumar Jain *

Mr. Chhatar Singh Dugar *

Mr. Vijay Kumar Jain *

Mr. Vijay Mal Lodha *

(* Through their constituted power of attorney Mr. Vikash Patni)

Signed By the Manager Finance and Compliance Officer

Place: Kolkata

Date: 2005

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